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Form **990**Department of the Treasury
Internal Revenue Service**Return of Organization Exempt From Income Tax**

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

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

OMB No 1545-0047

2011Open to Public
Inspection**A** For the 2011 calendar year, or tax year beginning **JUL 1, 2011** and ending **DEC 31, 2011**

| | | | |
|---|--|------------|---|
| B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending | C Name of organization BRONSON BATTLE CREEK HOSPITAL | | D Employer identification number 38-2776791 |
| | Doing Business As | | E Telephone number 269-245-8496 |
| | Number and street (or P.O. box if mail is not delivered to street address) | Room/suite | |
| | 300 NORTH AVENUE | | G Gross receipts \$ 101,143,444. |
| | City or town, state or country, and ZIP + 4 BATTLE CREEK, MI 49017 | | H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶ |
| F Name and address of principal officer FRANK SARDONE 301 JOHN STREET, KALAMAZOO, MI 49007 | | | |
| I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c)() (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527 | | | |
| J Website: ▶ WWW.BRONSONBATTLECREEK.COM | | | |
| K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶ L Year of formation: 1987 M State of legal domicile: MI | | | |

Part I Summary

| | | | |
|---|---|---------------------|---------------------|
| Activities & Governance | 1 Briefly describe the organization's mission or most significant activities HEALTHCARE SERVICES | | |
| | 2 Check this box <input type="checkbox"/> 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) | 21 | |
| | 4 Number of independent voting members of the governing body (Part VI, line 1b) | 18 | |
| | 5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) | 1653 | |
| | 6 Total number of volunteers (estimate if necessary) | 464 | |
| | 7a Total unrelated business revenue from Part VIII, column (C), line 12 | 1,198,136. | |
| 7b Net unrelated business taxable income from Form 990-T, line 34 | 14,059. | | |
| Revenue | 8 Contributions and grants (Part VIII, line 1h) | 1,742,063. | 1,975,975. |
| | 9 Program service revenue (Part VIII, line 2g) | 201,115,561. | 97,321,559. |
| | 10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) | 5,313,347. | -67,649. |
| | 11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 3,487,676. | 1,814,545. |
| | 12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 211,658,647. | 101,044,430. |
| Expenses | 13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) | 205,470. | 143,650. |
| | 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) | 90,568,212. | 42,448,845. |
| | 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) | 118,553,742. | 56,836,703. |
| | 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) | 209,327,424. | 99,429,198. |
| 19 Revenue less expenses Subtract line 18 from line 12 | 2,331,223. | 1,615,232. | |
| Net Assets or Fund Balances | 20 Total assets (Part X, line 16) | 243,019,945. | 162,591,557. |
| | 21 Total liabilities (Part X, line 26) | 92,661,357. | 36,914,613. |
| | 22 Net assets or fund balances Subtract line 21 from line 20 | 150,358,588. | 125,676,944. |

Part II Signature Block

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

| | | |
|-------------------------------|--|--|
| Sign Here | Signature of officer <i>Mary M. Meitz</i> | Date 11/13/12 |
| | Type or print name and title MARY MEITZ, SR. VP OF FINANCE/CFO | |
| Paid Preparer Use Only | Print/Type preparer's name PLANTE & MORAN, PLLC | Preparer's signature <i>James M. Hurlburt</i> |
| | Firm's name ▶ PLANTE & MORAN, PLLC | Firm's EIN ▶ 38-1357951 |
| | Firm's address ▶ P.O. BOX 307 SOUTHFIELD, MI 48037-0307 | Phone no. 248-352-2500 |

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☒ No

SCANNED DEC 18 2012

RECEIVED

NOV 19 2012

OGDEN, UT

7 G18

Part III Statement of Program Service Accomplishments

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

☒ X

1 Briefly describe the organization's mission:

WE SERVE TOGETHER TO PROVIDE EXCELLENT CARE FOR OUR COMMUNITY AND TO
PROMOTE WELLNESS FOR OUR COMMUNITY AND TO PROMOTE WELLNESS FOR THE
WHOLE PERSON WITH ACCESS AND COMPASSION FOR ALL.

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 \$ 53,662,793. including grants of \$ 143,650.) (Revenue \$ 83,897,551.)

THE MISSION STATEMENT OF THE HOSPITAL IS AS FOLLOWS:

WE SERVE TOGETHER TO PROVIDE EXCELLENT CARE FOR OUR COMMUNITY AND TO
PROMOTE WELLNESS FOR THE WHOLE PERSON WITH ACCESS AND COMPASSION FOR
ALL.

4b (Code) (Expenses \$ 17,209,090. including grants of \$ 0.) (Revenue \$ 13,599,000.)

MEDICAID: IN 2011, BRONSON BATTLE CREEK HOSPITAL'S MEDICAID COST WAS
\$17,209,090 AND MEDICAID NET REVENUE WAS \$13,599,000.

BRONSON BATTLE CREEK HOSPITAL PROVIDES A DISPROPORTIONATE AMOUNT OF
CARE TO THE SEGMENT OF THE
POPULATION USING MEDICAID. IN 2011, APPROXIMATELY 16.4 PERCENT OF
BRONSON BATTLE CREEK HOSPITAL'S PATIENTS WERE MEDICAID RECIPIENTS. WE
HAVE MEDICAID ENROLLERS ON SITE TO HELP THOSE WITHOUT INSURANCE ENROLL
IN MEDICAID, OR REFER THEM TO COMMUNITY RESOURCES. EXPENDITURES RELATED
TO THE OPERATION OF THE HOSPITAL.

4c (Code) (Expenses \$ 5,234,085. including grants of \$ 0.) (Revenue \$ 0.)

BAD DEBT: IN 2011, IN FURTHERANCE OF ITS MISSION, BRONSON BATTLE CREEK
HOSPITAL INCURRED \$5,234,085 IN BAD DEBT (AT CHARGES) TO PROVIDE CARE
TO ITS PATIENTS.

4d Other program services (Describe in Schedule O)

(Expenses \$ 9,586,293. including grants of \$) (Revenue \$)

4e Total program service expenses 85,692,261.

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)? <i>If "Yes," complete Schedule A</i> | 1 X | |
| 2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? | 2 X | |
| 3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> | 3 | X |
| 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? <i>If "Yes," complete Schedule C, Part II</i> | 4 | X |
| 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? <i>If "Yes," complete Schedule C, Part III</i> | 5 | X |
| 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? <i>If "Yes," complete Schedule D, Part I</i> | 6 | X |
| 7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> | 7 | X |
| 8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> | 8 | X |
| 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? <i>If "Yes," complete Schedule D, Part IV</i> | 9 | X |
| 10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> | 10 X | |
| 11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | |
| a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> | 11a X | |
| 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? <i>If "Yes," complete Schedule D, Part VII</i> | 11b X | |
| 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? <i>If "Yes," complete Schedule D, Part VIII</i> | 11c | X |
| 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? <i>If "Yes," complete Schedule D, Part IX</i> | 11d X | |
| e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> | 11e X | |
| f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> | 11f X | |
| 12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i> | 12a | X |
| b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional</i> | 12b X | |
| 13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> | 13 | X |
| 14a Did the organization maintain an office, employees, or agents outside of the United States? | 14a | X |
| 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? <i>If "Yes," complete Schedule F, Parts I and IV</i> | 14b | X |
| 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 United States? <i>If "Yes," complete Schedule F, Parts II and IV</i> | 15 | X |
| 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 United States? <i>If "Yes," complete Schedule F, Parts III and IV</i> | 16 | X |
| 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? <i>If "Yes," complete Schedule G, Part I</i> | 17 | X |
| 18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> | 18 | X |
| 19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> | 19 | X |
| 20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> | 20a X | |
| b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? | 20b X | |

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Part IV Checklist of Required Schedules (continued)

| | Yes | No |
|--|--------------|----|
| 21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> | 21 X | |
| 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? <i>If "Yes," complete Schedule I, Parts I and III</i> | 22 | X |
| 23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> | 23 X | |
| 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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> | 24a | X |
| b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | 24b | |
| c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | 24c | |
| d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | 24d | |
| 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? <i>If "Yes," complete Schedule L, Part I</i> | 25a | X |
| 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? <i>If "Yes," complete Schedule L, Part I</i> | 25b | X |
| 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? <i>If "Yes," complete Schedule L, Part II</i> | 26 | X |
| 27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> | 27 | X |
| 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? <i>If "Yes," complete Schedule L, Part IV</i> | 28a | X |
| b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> | 28b X | |
| c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> | 28c X | |
| 29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> | 29 | X |
| 30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> | 30 | X |
| 31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> | 31 | X |
| 32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> | 32 | X |
| 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? <i>If "Yes," complete Schedule R, Part I</i> | 33 | X |
| 34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> | 34 X | |
| 35a Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 35a X | |
| 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)? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 35b X | |
| 36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> | 36 | X |
| 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? <i>If "Yes," complete Schedule R, Part VI</i> | 37 | X |
| 38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? | 38 X | |

Note. All Form 990 filers are required to complete Schedule O

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Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck 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 | 234 | |
| 1b | Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable | 0 | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? | X | |
| 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 | 1653 | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | X | |
| 3a | Did the organization have unrelated business gross income of \$1,000 or more during the year? | X | |
| 3b | If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O | X | |
| 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, securities account, or other financial account)? | | X |
| 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? | | X |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | X |
| c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T? | | |
| 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? | | X |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? | | |
| 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? | | X |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? | | X |
| 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? | | X |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | | X |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? | | |
| 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? | | |
| 9 | Sponsoring organizations maintaining donor advised funds. | | |
| a | Did the organization make any taxable distributions under section 4966? | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? | | |
| 10 | Section 501(c)(7) organizations. Enter | | |
| 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. See the instructions for additional information the organization must report on Schedule O | 13a | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans | 13b | |
| c | Enter the amount of reserves on hand | 13c | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? | 14a | X |
| b | If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O | 14b | |

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Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O. | 21 | |
| b Enter the number of voting members included in line 1a, above, who are independent | 18 | |
| 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? | X | |
| 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? | | X |
| 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? | X | |
| 5 Did the organization become aware during the year of a significant diversion of the organization's assets? | | X |
| 6 Did the organization have members or stockholders? | X | |
| 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? | X | |
| b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? | X | |
| 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: | | |
| a The governing body? | X | |
| b Each committee with authority to act on behalf of the governing body? | X | |
| 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 | | X |

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? | | X |
| 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? | | |
| 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? | X | |
| b Describe in Schedule O the process, if any, used by the organization to review this Form 990. | | |
| 12a Did the organization have a written conflict of interest policy? If "No," go to line 13 | X | |
| b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? | X | |
| c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done | X | |
| 13 Did the organization have a written whistleblower policy? | X | |
| 14 Did the organization have a written document retention and destruction policy? | X | |
| 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 | X | |
| b Other officers or key employees of the organization | X | |
| 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? | X | |
| 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? | X | |

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed **NONE**

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 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 during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization **AMY BARNES - 269-245-8496**
300 N. AVENUE, BATTLE CREEK, MI 49017

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. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former** directors or trustees that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

| (A) Name and Title | (B) Average hours per week (describe hours for related organizations in Schedule O) | (C) Position (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) NEIL NYBERG DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |
| (2) DONALD R. PARFET DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |
| (3) WILLIAM C. RICHARDSON DIRECTOR | 1.00 | X | | | | | | 0. | 634. | 0. |
| (4) BERNARD A. ROEHR DIRECTOR/CHIEF OF STAFF | 1.00 | X | | | | | | 0. | 8,509. | 0. |
| (5) EILEEN B. WILSON-OYELARAN DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |
| (6) CHARLES L. ZELLER DIRECTOR | 1.00 | X | | | | | | 0. | 618. | 0. |
| (7) BARBARA L. JAMES CHAIRPERSON | 1.00 | X | | | | | | 0. | 1,574. | 0. |
| (8) RANDALL W. EBERTS VICE CHAIR | 1.00 | X | | | | | | 0. | 1,280. | 0. |
| (9) GEOFFREY A. WARDWELL SECRETARY | 1.00 | X | | | | | | 0. | 598. | 0. |
| (10) FLOYD L. PARKS TREASURER | 1.00 | X | | | | | | 0. | 1,197. | 0. |
| (11) FRANK J. SARDONE PRESIDENT | 6.00 | X | | X | | | | 0. | 573,034. | 15,545. |
| (12) SCOTT C. GIBSON DIRECTOR/PAST CHIEF OF STAFF | 1.00 | X | | | | | | 0. | 1,218. | 0. |
| (13) JAMES E. GREENE DIRECTOR | 1.00 | X | | | | | | 0. | 1,726. | 0. |
| (14) JAMES S. GUNDERSON DIRECTOR | 1.00 | X | | | | | | 0. | 1,116. | 0. |
| (15) BRENDA L. HUNT DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |
| (16) WILLIAM D. JOHNSTON DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |
| (17) MAHESH C. KARAMCHANDANI DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |

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) NELSON KARRE DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |
| (19) MARIAN G. KLEIN DIRECTOR | 1.00 | X | | | | | | 0. | 493. | 0. |
| (20) STEVEN J. LINS DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |
| (21) TABRON LA JUNE MONTGOMERY DIRECTOR | 1.00 | X | | | | | | 0. | 0. | 0. |
| (22) DENISE BROOKS-WILLIAMS PRESIDENT & CEO | 50.00 | | | X | | | | 0. | 266,988. | 15,868. |
| (23) KENNETH TAFT EXECUTIVE VICE PRESIDENT | 1.20 | | | X | | | | 0. | 310,651. | 16,743. |
| (24) JAMES FALAHEE SR VP LEGAL & LEG. AFFAIRS | 10.00 | | | X | | | | 0. | 207,311. | 17,901. |
| (25) SCOTT LARSON SR VP MEDICAL AFFAIRS/CMO | 6.00 | | | X | | | | 0. | 244,943. | 10,260. |
| (26) JOHN HAYDEN VP & CHIEF HR OFFICER | 2.40 | | | X | | | | 0. | 172,808. | 12,404. |
| 1b Sub-total | | | | | | | | 0. | 1,794,698. | 88,721. |
| c Total from continuation sheets to Part VII, Section A | | | | | | | | 1,496,690. | 167,778. | 30,203. |
| d Total (add lines 1b and 1c) | | | | | | | | 1,496,690. | 1,962,476. | 118,924. |

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 **9**

| | 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 | | X |
| 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 | X | |
| 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 | | X |

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 |
|---|--------------------------------|---------------------|
| TIS, 34605 TWELVE MILE RD, FARMINGTON HILLS, MI 48331 | IT SUPPORT | 11,698,263. |
| REGIONAL MEDICAL LABS 175 COLLEGE STREET, BATTLE CREEK, MI 49037 | LABORATORY SERVICES | 8,234,309. |
| TRINITY, 34605 TWELVE MILE RD, FARMINGTON HILLS, MI 48331 | VARIOUS PROF. SERVICES | 4,278,159. |
| AGILITY 560 FIFTH STREET NW, GRAND RAPIDS, MI 49504 | PROFESSIONAL THERAPY SERVICES | 2,291,797. |
| SODEXHO, 74 NORTH WASHINGTON STREET, BATTLE CREEK, MI 49017 | DIETARY & HOUSEKEEPING SERVICE | 2,093,014. |

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 **22**

SEE PART VII, SECTION A CONTINUATION SHEETS

Form 990 (2011)

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

| (A) Name and title | (B) Average hours per week | (C) Position (check all that apply) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|--|---|-----------------------|---------|--------------|------------------------------|--------|---|---|--|
| | | Individual trustee or director | Institutional trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (27) ANNE REGLING EXECUTIVE VP OF OPERATIONS | 50.00 | | | | X | | | 153,546. | 0. | 845. |
| (28) MARY MEITZ VICE PRESIDENT & CFO | 16.00 | | | | X | | | 0. | 167,778. | 15,869. |
| (29) THOMAS IGNACZAK VP MEDICAL AFFAIRS | 50.00 | | | | | X | | 139,048. | 0. | 7,361. |
| (30) TAREK EL SHAARAWY MD PHYSICIAN | 50.00 | | | | | X | | 438,565. | 0. | 89. |
| (31) KERRI L MURRAY MD PHYSICIAN | 50.00 | | | | | X | | 381,958. | 0. | 4,349. |
| (32) CHRISTOPHER L WILHELMSON MD PHYSICIAN | 50.00 | | | | | X | | 204,385. | 0. | 845. |
| (33) PHILIP L DAWSON MD PHYSICIAN | 50.00 | | | | | X | | 179,188. | 0. | 845. |
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| | | | | | | | | | | |
| Total to Part VII, Section A, line 1c | | | | | | | | 1,496,690. | 167,778. | 30,203. |

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 | 1 a Federated campaigns | 1a | | | | | |
| | b Membership dues | 1b | | | | | |
| | c Fundraising events | 1c | | | | | |
| | d Related organizations | 1d | 100,096. | | | | |
| | e Government grants (contributions) | 1e | 337,610. | | | | |
| | f All other contributions, gifts, grants, and similar amounts not included above | 1f | 1,538,269. | | | | |
| | g Noncash contributions included in lines 1a-1f \$ | | 4,855. | | | | |
| | h Total. Add lines 1a-1f | | | 1,975,975. | | | |
| Program Service Revenue | 2 a NET PATIENT SVC REV | Business Code | 622110 | 95679278. | 95679278. | | |
| | b PHARMACY | | 446110 | 1,069,715. | 540,829. | 528,886. | |
| | c MEDICAID DSH REVENUE | | 622110 | 572,566. | 572,566. | | |
| | d | | | | | | |
| | e | | | | | | |
| | f All other program service revenue | | | | | | |
| | g Total. Add lines 2a-2f | | | 97321559. | | | |
| Other Revenue | 3 Investment income (including dividends, interest, and other similar amounts) | | | -119,327. | | | -119,327. |
| | 4 Income from investment of tax-exempt bond proceeds | | | | | | |
| | 5 Royalties | | | | | | |
| | 6 a Gross rents | (i) Real | 153,245. | | | | |
| | b Less rental expenses | (ii) Personal | 99,014. | | | | |
| | c Rental income or (loss) | | 54,231. | | | | |
| | d Net rental income or (loss) | | | 54,231. | | | 54,231. |
| | 7 a Gross amount from sales of assets other than inventory | (i) Securities | 51,678. | | | | |
| | b Less cost or other basis and sales expenses | (ii) Other | 0. | | | | |
| | c Gain or (loss) | | 51,678. | | | | |
| | d Net gain or (loss) | | | 51,678. | | | 51,678. |
| | 8 a 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 | | | | | | |
| | 9 a Gross income from gaming activities See Part IV, line 19 | a | | | | | |
| | b Less direct expenses | b | | | | | |
| | c Net income or (loss) from gaming activities | | | | | | |
| | 10 a Gross sales of inventory, less returns and allowances | a | | | | | |
| | b Less cost of goods sold | b | | | | | |
| c Net income or (loss) from sales of inventory | | | | | | | |
| Miscellaneous Revenue | | | Business Code | | | | |
| 11 a OTHER REVENUE | | 900099 | 748,124. | 703,878. | 44,246. | | |
| b SERVICES TO AI & PHO O | | 900099 | 625,004. | | 625,004. | | |
| c CAFETERIA REVENUE | | 722210 | 387,186. | | | 387,186. | |
| d All other revenue | | | | | | | |
| e Total. Add lines 11a-11d | | | 1,760,314. | | | | |
| 12 Total revenue. See instructions. | | | 101044430. | 97496551. | 1198136. | 373,768. | |

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 | 143,650. | 143,650. | | |
| 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 | 1,316,140. | | 1,316,140. | |
| 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 | 33,010,053. | 29,709,048. | 3,301,005. | |
| 8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions) | 789,906. | 710,915. | 78,991. | |
| 9 Other employee benefits | 4,948,160. | 4,453,344. | 494,816. | |
| 10 Payroll taxes | 2,384,586. | 2,146,127. | 238,459. | |
| 11 Fees for services (non-employees) | | | | |
| a Management | 6,322,248. | 5,690,023. | 632,225. | |
| b Legal | 151,713. | | 151,713. | |
| c Accounting | | | | |
| d Lobbying | | | | |
| e Professional fundraising services. See Part IV, line 17 | | | | |
| f Investment management fees | | | | |
| g Other | 5,473,734. | 4,926,361. | 547,373. | |
| 12 Advertising and promotion | 209,178. | | 209,178. | |
| 13 Office expenses | 453,044. | 407,740. | 45,304. | |
| 14 Information technology | 5,862,203. | 53,123. | 5,809,080. | |
| 15 Royalties | | | | |
| 16 Occupancy | 2,070,976. | 1,863,878. | 207,098. | |
| 17 Travel | 2,935. | | 2,935. | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 123,531. | 111,178. | 12,353. | |
| 20 Interest | | | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 6,724,904. | 6,052,414. | 672,490. | |
| 23 Insurance | 177,768. | 159,991. | 17,777. | |
| 24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.) | | | | |
| a UBI TAXES | 94. | 94. | | |
| b MEDICAL SUPPLIES | 16,692,592. | 16,692,592. | | |
| c BAD DEBT | 5,234,085. | 5,234,085. | | |
| d QUALITY ASSURANCE TAXES | 2,719,228. | 2,719,228. | | |
| e All other expenses | 4,618,470. | 4,618,470. | | |
| 25 Total functional expenses. Add lines 1 through 24e | 99,429,198. | 85,692,261. | 13,736,937. | 0. |
| 26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. | | | | |

Check here ☐ if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

| | | (A) Beginning of year | | (B) End of year |
|---|---|--------------------------|--------------|--------------------|
| Assets | 1 Cash - non-interest-bearing | 5,585. | 1 | 20,804,731. |
| | 2 Savings and temporary cash investments | | 2 | |
| | 3 Pledges and grants receivable, net | | 3 | |
| | 4 Accounts receivable, net | 19,862,698. | 4 | 17,745,450. |
| | 5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L | | 5 | |
| | 6 Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) | | 6 | |
| | 7 Notes and loans receivable, net | | 7 | |
| | 8 Inventories for sale or use | 3,325,377. | 8 | 3,728,465. |
| | 9 Prepaid expenses and deferred charges | 1,101,832. | 9 | 853,235. |
| | 10a Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D | 10a 81,088,729. | | |
| | b Less accumulated depreciation | 10b 4,938,698. | 10c | 76,150,031. |
| | 11 Investments - publicly traded securities | 50,012,742. | 11 | 273,746. |
| | 12 Investments - other securities. See Part IV, line 11 | 58,381,097. | 12 | 28,220,085. |
| | 13 Investments - program-related. See Part IV, line 11 | | 13 | 2,785,466. |
| | 14 Intangible assets | 438,688. | 14 | 0. |
| | 15 Other assets. See Part IV, line 11 | 15,256,577. | 15 | 12,030,348. |
| 16 Total assets. Add lines 1 through 15 (must equal line 34) | 243,019,945. | 16 | 162,591,557. | |
| Liabilities | 17 Accounts payable and accrued expenses | 25,988,229. | 17 | 18,281,510. |
| | 18 Grants payable | | 18 | |
| | 19 Deferred revenue | 133,858. | 19 | 0. |
| | 20 Tax-exempt bond liabilities | | 20 | |
| | 21 Escrow or custodial account liability. Complete Part IV of Schedule D | | 21 | |
| | 22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L | | 22 | |
| | 23 Secured mortgages and notes payable to unrelated third parties | | 23 | |
| | 24 Unsecured notes and loans payable to unrelated third parties | | 24 | |
| | 25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D | 66,539,270. | 25 | 18,633,103. |
| | 26 Total liabilities. Add lines 17 through 25 | 92,661,357. | 26 | 36,914,613. |
| Net Assets or Fund Balances | Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34. | | | |
| | 27 Unrestricted net assets | 146,853,270. | 27 | 122,814,766. |
| | 28 Temporarily restricted net assets | 3,292,140. | 28 | 2,647,000. |
| | 29 Permanently restricted net assets | 213,178. | 29 | 215,178. |
| | Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34. | | | |
| | 30 Capital stock or trust principal, or current funds | | 30 | |
| | 31 Paid-in or capital surplus, or land, building, or equipment fund | | 31 | |
| | 32 Retained earnings, endowment, accumulated income, or other funds | | 32 | |
| | 33 Total net assets or fund balances | 150,358,588. | 33 | 125,676,944. |
| | 34 Total liabilities and net assets/fund balances | 243,019,945. | 34 | 162,591,557. |

Form 990 (2011)

Part XI Reconciliation of Net Assets

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

☒

| | | | |
|---|---|---|--------------|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 101,044,430. |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 99,429,198. |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 1,615,232. |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 150,358,588. |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | -26,296,876. |
| 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 | 125,676,944. |

Part XII Financial Statements and Reporting

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

☐

- 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?
- b Were the organization's financial statements audited by an independent accountant?
- c If "Yes" to line 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.
- 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 separate 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?
- 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.

| | Yes | No |
|----|-----|----|
| 2a | | X |
| 2b | X | |
| 2c | X | |
| 3a | | X |
| 3b | | |

Form 990 (2011)

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

BRONSON BATTLE CREEK HOSPITAL

Employer identification number

38-2776791

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[illegible]

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2011

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

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

Section A. Public Support

| Calendar year (or fiscal year beginning in) ► | (a) 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. Do not include gain or loss from the sale of capital assets. (Explain in Part IV.) | | | | | | |
| 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 section 501(c)(3) organization, check this box and stop here | | | | | | <input type="checkbox"/> |

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 from 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 | | <input type="checkbox"/> |
| b 33 1/3% support test - 2010. If the organization did not check a 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 | | <input type="checkbox"/> |
| 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 | | <input type="checkbox"/> |
| 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 | | <input type="checkbox"/> |
| 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 | | <input type="checkbox"/> |

Schedule A (Form 990 or 990-EZ) 2011

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

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

Section A. Public Support

| Calendar year (or fiscal year beginning in) ► | (a) 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 section 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.** Complete this part to provide the explanations required by Part II, line 10, Part II, line 17a or 17b, and Part III, line 12. Also complete this part for any additional information. (See instructions)

EFFECTIVE JULY 1, 2011 TRINITY HEALTH-MICHIGAN DIVESTED ITS INTEREST AS A SHAREHOLDER OF BATTLE CREEK HEALTH SYSTEM TO BRONSON HEALTHCARE GROUP, INC. THE NEW NAME OF THE FILING ORGANIZATION IS BRONSON BATTLE CREEK HOSPITAL. AS A PART OF THIS TRANSACTION, BRONSON BATTLE CREEK HOSPITAL CHANGED ITS YEAR-END FROM JUNE 30 TO DECEMBER 31. IN RESPONSE, BRONSON BATTLE CREEK HOSPITAL IS FILING A SHORT PERIOD RETURN FOR THE TIMEFRAME JULY 1, 2011 - DECEMBER 31, 2011.

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, 8, 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

BRONSON BATTLE CREEK HOSPITAL

Employer identification number

38-2776791

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? | | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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? | | <input type="checkbox"/> Yes <input type="checkbox"/> 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).

| | |
|--|--|
| <input type="checkbox"/> Preservation of land for public use (e g , recreation or education) | <input type="checkbox"/> Preservation of an historically important land area |
| <input type="checkbox"/> Protection of natural habitat | <input type="checkbox"/> Preservation of a certified historic structure |
| <input type="checkbox"/> Preservation of open space | |

2 Complete lines 2a through 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 Tax 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, and not on a historic structure listed in the National Register | 2d |

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 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 (ASC 958), 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 (ASC 958), 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 (ASC 958) 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 acquisition, 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

- c Beginning balance
 d Additions during the year
 e Distributions during the year
 f Ending balance

| | Amount |
|----|--------|
| 1c | |
| 1d | |
| 1e | |
| 1f | |

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

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

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

| | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|--|------------------|----------------|--------------------|----------------------|---------------------|
| 1a Beginning of year balance | 213,178. | 103,606. | 113,799. | | |
| b Contributions | | 151,529. | | | |
| c Net investment earnings, gains, and losses | 2,457. | 3,661. | 2,025. | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | -45,618. | -12,218. | | |
| f Administrative expenses | | | | | |
| g End of year balance | 215,635. | 213,178. | 103,606. | | |

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ☐ .00 %
 b Permanent endowment ☒ 100.00 %
 c Temporarily restricted endowment ☐ .00 %

The percentages in lines 2a, 2b, and 2c should equal 100%.

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

- (i) unrelated organizations
 (ii) related organizations

| | Yes | No |
|--------|-----|----|
| 3a(i) | X | |
| 3a(ii) | | X |
| 3b | | |

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

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

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

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--------------------------|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land | | 2,911,000. | | 2,911,000. |
| b Buildings | | 54,557,660. | 1,829,886. | 52,727,774. |
| c Leasehold improvements | | | | |
| d Equipment | | 23,620,069. | 3,108,812. | 20,511,257. |
| e Other | | | | |

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c)) ☒ 76,150,031.

Schedule D (Form 990) 2011

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 | | |
| (3) Other | | |
| (A) PENSION- BBCH ST | | |
| (B) INVESTMENTS | -8,461,412. | END-OF-YEAR MARKET VALUE |
| (C) BRONSON INVESTMENT FUND | 36,681,497. | END-OF-YEAR MARKET VALUE |
| (D) | | |
| (E) | | |
| (F) | | |
| (G) | | |
| (H) | | |
| (I) | | |
| Total. (Col (b) must equal Form 990, Part X, col (B) line 12.) | 28,220,085. | |

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 |
|---|----------------|---|
| (1) | | |
| (2) | | |
| (3) | | |
| (4) | | |
| (5) | | |
| (6) | | |
| (7) | | |
| (8) | | |
| (9) | | |
| (10) | | |
| Total. (Col (b) must 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) ASSETS LIMITED TO USE (DONOR FUNDS) | 2,862,591. |
| (2) TIS LT ASSET (RIGHT TO USE IT) | 8,708,714. |
| (3) PHYSICIAN GUARANTEE (NET OF AMORTIZATION) | 224,716. |
| (4) ALTERNATE ELECTRICITY LT ASSET | 332,488. |
| (5) MCL DUE TO RML LT ASSET | -98,161. |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 15) | 12,030,348. |

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

| 1. (a) Description of liability | (b) Book value |
|---|--------------------|
| (1) Federal income taxes | |
| (2) PENSION LIABILITIES | 17,459,205. |
| (3) DEFERRED COMP 457 LIABILITY | 273,746. |
| (4) LT ASSET RETIREMENT OBLIGATION | 693,345. |
| (5) RETIREE LIFE INSURANCE LIABILITY | 206,807. |
| (6) | |
| (7) | |
| (8) | |
| (9) | |
| (10) | |
| (11) | |
| Total. (Column (b) must equal Form 990, Part X, col (B) line 25) | 18,633,103. |

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 (ASC 740).

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

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

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

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

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

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; 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.

PART V, LINE 4: ROY CAMPBELL ENDOWMENT FUND - \$29,410 - PROVIDES

NURSING SCHOLARSHIPS FOR STUDENTS AT KELLOGG COMMUNITY COLLEGE. THE

BRIEDE CHARITABLE REMAINDER TRUST - \$30,398 - FOR PROJECTS DESIGNED TO

IMPROVE PATIENT CARE AND SERVE THE COMMUNITY. FOVETTE DUSH ANNUITY BENEFIT

- 155,827 - TO SUPPORT SPECIAL NEEDS IN PEDIATRICS AND OUR FAMILY BIRTH

CENTER. SPECIAL NEEDS COULD INCLUDE SUCH THINGS AS THE COST OF MEDICAL

CARE, PHARMACEUTICALS, EXTENDED THERAPY AND MEDICAL EQUIPMENT AS WELL AS

BASIC NEEDS LIKE FOOD, BLANKETS, CAR SEATS AND CLOTHING.

Part XIV Supplemental Information (continued)

PART X, LINE 2: THE HOSPITAL HAS ADOPTED ACCOUNTING STANDARDS RELATED
TO UNCERTAIN TAX POSITIONS AND, ACCORDINGLY, REVIEWED ALL TAX POSITIONS.
THE EVALUATED POTENTIAL EXPOSURE RELATED TO UNCERTAIN TAX POSITIONS WAS
FOUND TO BE IMMATERIAL.

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

BRONSON BATTLE CREEK HOSPITAL

Employer identification number

38-2776791

Part I Financial Assistance and Certain Other Community Benefits at Cost

- 1a** Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
- b** If "Yes," was it a written policy?
If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year
- ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities
☐ Generally tailored to individual hospital facilities
- 3** Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year
- a** Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care.
☐ 100% ☒ 150% ☐ 200% ☐ Other _____ %
- b** Did the organization use FPG to determine eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care
☒ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %
- c** If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care
- 4** Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?
- 5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
- b** If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?
- c** If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?
- 6a** Did the organization prepare a community benefit report during the tax year?
- b** If "Yes," did the organization make it available to the public?

| | Yes | No |
|----|-----|----|
| 1a | X | |
| 1b | X | |
| 3a | X | |
| 3b | X | |
| 4 | X | |
| 5a | X | |
| 5b | | X |
| 5c | | |
| 6a | X | |
| 6b | X | |

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

| 7 Financial Assistance and Certain Other Community Benefits at Cost | | | | | | |
|--|--|--------------------------------------|--|--------------------------------------|--|-------------------------------------|
| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
| a Financial Assistance at cost (from Worksheet 1) | | | 3274648. | | 3274648. | 3.48% |
| b Medicaid (from Worksheet 3, column a) | | | 15000881. | 13599000. | 1401881. | 1.49% |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d Total Financial Assistance and Means-Tested Government Programs | | | 18275529. | 13599000. | 4676529. | 4.97% |
| Other Benefits | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | 40 | 40,472 | 869,850. | | 869,850. | .92% |
| f Health professions education (from Worksheet 5) | 9 | 48 | 227,395. | | 227,395. | .24% |
| g Subsidized health services (from Worksheet 6) | | | | | | |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | 13 | 3,331 | 80,489. | | 80,489. | .09% |
| j Total. Other Benefits | 62 | 43,851 | 1177734. | | 1177734. | 1.25% |
| k Total. Add lines 7d and 7j | 62 | 43,851 | 19453263. | 13599000. | 5854263. | 6.22% |

Part II Community Building Activities Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1 Physical improvements and housing | 1 | 0 | 6,934. | | 6,934. | .01% |
| 2 Economic development | 1 | 30 | 1,266. | | 1,266. | .00% |
| 3 Community support | 6 | 516 | 9,664. | | 9,664. | .01% |
| 4 Environmental improvements | | | | | | |
| 5 Leadership development and training for community members | 2 | 530 | 2,443. | | 2,443. | .00% |
| 6 Coalition building | 5 | 55,822 | 170,489. | | 170,489. | .18% |
| 7 Community health improvement advocacy | | | | | | |
| 8 Workforce development | 1 | 63 | 19,375. | | 19,375. | .02% |
| 9 Other | 3 | 632 | 8,672. | | 8,672. | .01% |
| 10 Total | 19 | 57,593 | 218,843. | | 218,843. | .23% |

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

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

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

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

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

Section B. Medicare

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

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

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

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit.

Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6.

Check the box that describes the method used.

☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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 ADVANCED IMAGING SERVICES OF B.C. | RADIOLOGY / IMAGING | 51.00% | .00% | 49.00% |
| 2 PHYSICIAN HOSPITAL ORGANIZATION OF BATTLE CREEK | CONTRACTING SERVICES | 50.00% | .00% | 50.00% |
| 3 REGIONAL MEDICAL LABORATORIES, INC. | LABORATORY SERVICES | 50.00% | .00% | 50.00% |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

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

1 BRONSON BATTLE CREEK HOSPITAL
 300 NORTH AVENUE
 BATTLE CREEK, MI 49016

Licensed hospital
 General medical & surgical
 Children's hospital
 Teaching hospital
 Critical access hospital
 Research facility
 ER-24 hours
 ER-other

Other (describe)

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)

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

Part V Facility Information (continued) **BRONSON BATTLE CREEK HOSPITAL**

| | Yes | No |
|--|-----|----|
| 10 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300</u> % If "No," explain in Part VI the criteria the hospital facility used. | X | |
| 11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply): a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI) | X | |
| 12 Explained the method for applying for financial assistance? | X | |
| 13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply): a <input type="checkbox"/> The policy was posted on the hospital facility's website b <input type="checkbox"/> The policy was attached to billing invoices c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available on request g <input type="checkbox"/> Other (describe in Part VI) | X | |

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? | X | |
| 15 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine patient's eligibility under the facility's FAP: a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI) | | |
| 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? If "Yes," check all actions in which the hospital facility or a third party engaged: a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI) | | X |
| 17 Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply): a <input type="checkbox"/> Notified patients of the financial assistance policy on admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI) | | |

Part V Facility Information (continued) **BRONSON BATTLE CREEK HOSPITAL****Policy Relating to Emergency Medical Care**

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

| | Yes | No |
|-----------|----------|----|
| 18 | X | |
| | | |

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

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

If "Yes," explain in Part VI.

| | | |
|-----------|--|----------|
| | | |
| 20 | | X |
| | | |
| 21 | | X |

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

If "Yes," explain in Part VI.

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

PART I, LINE 7: THE BEST AVAILABLE DATA WAS USED TO CALCULATE THE COST AMOUNTS REPORTED IN ITEM 7. FOR CERTAIN CATEGORIES, PRIMARILY TOTAL CHARITY CARE AND MEANS-TESTED GOVERNMENT PROGRAMS, SPECIFIC COST-TO-CHARGE RATIOS WERE CALCULATED AND APPLIED TO THOSE CATEGORIES. THE COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES. IN OTHER CATEGORIES, THE BEST AVAILABLE DATA WAS DERIVED FROM THE HOSPITAL'S COST ACCOUNTING SYSTEM.

PART I, LN 7 COL(F): THE FOLLOWING NUMBER, \$5,234,085, REPRESENTS THE AMOUNT OF BAD DEBT EXPENSE INCLUDED IN TOTAL FUNCTIONAL EXPENSES IN FORM 990, PART IX, LINE 25. PER IRS INSTRUCTIONS, THIS AMOUNT WAS EXCLUDED FROM THE DENOMINATOR WHEN CALCULATING THE PERCENT OF TOTAL EXPENSE FOR SCHEDULE H, PART I, LINE 7, COLUMN (F).

PART II: COMMUNITY BUILDING ACTIVITIES - BRONSON BATTLE CREEK IS PROUD OF OUR EXTENSIVE COLLABORATION AMONG HEALTH CARE ORGANIZATIONS IN THE REGION. OUR COMMUNITY NEEDS ASSESSMENT PRIORITIES OF HEALTHY LIFESTYLES, ACCESS TO CARE, PERCEPTION AND TRUST, AND CHRONIC DISEASE PROGRAMMING SERVES AS THE BASIS FOR BRONSON BATTLE CREEK AS WE COLLABORATE

Part VI Supplemental Information

WITH OTHER COMMUNITY HEALTHCARE PROVIDERS.

PROJECT 20/20 IS A UNIQUE COLLABORATIVE OF COMMUNITY LEADERS THAT FOCUSES ON WORTHWHILE EFFORTS IN FOUR AREAS: ECONOMIC DEVELOPMENT, EDUCATION, HEALTH CARE AND YOUTH. THE GROUP SPECIFICALLY MEETS ONE OF OUR IDENTIFIED COMMUNITY NEEDS (ACCESS TO CARE) AND WAS FORMED PRIMARILY TO BUILD KNOWLEDGE AND CONFIDENCE AMONG COMMUNITY LEADERS (PERCEPTION AND TRUST).

EMERGENCY MANAGEMENT: BRONSON BATTLE CREEK IS ACTIVE WITH REGIONAL EMERGENCY PLANNERS AND HOMELAND SECURITY TO ASSURE THE COMMUNITY UNDERSTANDS AND TRUSTS OUR PREPAREDNESS FOR DISASTER (PERCEPTION AND TRUST).

SILENT OBSERVER: A KEY COMPONENT OF A HEALTHY COMMUNITY IS SAFETY. BRONSON BATTLE CREEK SUPPORTS THE LOCAL SILENT OBSERVER AND EFFORTS TO ASSURE BOTH SAFETY AND CRIME REDUCTION. MOST OFTEN THESE EFFORTS IMPACT OUR FINANCIALLY CHALLENGED NEIGHBORHOODS- WHERE CRIME IS TRULY A HEALTH ISSUE.

URBAN LEAGUE: BRONSON BATTLE CREEK SUPPORTS A UNIQUE SUMMER PROGRAM THAT ASSISTS YOUTH- MANY AFRICAN AMERICANS FROM FINANCIALLY AT-RISK FAMILIES- IN THE ACHIEVEMENT OF SOCIAL AND ECONOMIC EQUALITY. PROGRAMMING INCLUDES EDUCATION, JOB TRAINING AND PLACEMENT, CRIME PREVENTION, HEALTH PROGRAMS AND CHARACTER BUILDING AND FITS WELL WITH ALL FOUR OF OUR COMMUNITY NEEDS ASSESSMENT PRIORITIES.

HEALTHCARE LEADERSHIP FORUM: FOUNDED BY BRONSON BATTLE CREEK, THE HEALTH CARE LEADERSHIP FORUM PROVIDES EDUCATION AND BUILDS RELATIONSHIPS AMONG

Part VI Supplemental Information

HEALTH CARE EXECUTIVES, VOLUNTEERS, BOARD MEMBERS AND PHYSICIANS. ACROSS CALHOUN COUNTY THIS PAST YEAR, NATIONAL SPEAKERS PRESENTED LEADING EDGE SOLUTIONS AND IDEAS IN ACCESS TO CARE, ALTERNATIVE AND COMPLEMENTARY MEDICINE, AND CHRONIC DISEASE.

CALHOUN COUNTY CANCER CONTROL COALITION: FOUNDED BY THE CURRENT CHIEF OF STAFF AT BRONSON BATTLE CREEK, THE CALHOUN COUNTY CANCER CONTROL COALITION WORKS HARD TO EDUCATE THE COUNTY ON CANCER, ENCOURAGE HEALTHY LIFESTYLES AND OFFER SPECIAL ACCESS TO CARE FOR THOSE FINANCIALLY AT-RISK. KEY PROGRAMMING INCLUDED AN EDUCATION PRESENTATION OF "THE COLOSSAL COLON" AT THE COUNTY FAIR AND SEVERAL DOZEN FREE COLONOSCOPIES FOR FINANCIALLY AT-RISK COMMUNITY MEMBERS.

THE REGIONAL HEALTH ALLIANCE BRINGS TOGETHER BRONSON BATTLE CREEK, OAKLAWN HOSPITAL, THE CALHOUN COUNTY HEALTH DEPARTMENT, FAMILY HEALTH CENTER AND SUMMIT POINT (COMMUNITY MENTAL HEALTH) TO IMPROVE MINORITY HEALTH, INFANT MORTALITY, SCHOOL WELLNESS, TEEN PREGNANCY, HEALTHY LIFESTYLES, AND ACCESS TO CARE.

HEALTH IMPROVEMENT ADVOCACY: BRONSON BATTLE CREEK SHARES OUR COMMUNITY NEEDS ASSESSMENT AND COMMUNITY BENEFIT PROGRAMMING WITH OUR LEGISLATORS. CONVERSATIONS WITH LEGISLATORS IN THE PAST YEAR INCLUDED HEALTH CARE REFORM, OUR CHRONIC DISEASE INITIATIVE (PATHWAYS TO HEALTH) AND IDEAS FOR IMPROVED ACCESS TO CARE.

WORKFORCE DEVELOPMENT: BRONSON BATTLE CREEK, CALHOUN AREA TECHNOLOGY CENTER, AND KELLOGG COMMUNITY COLLEGE FOUNDED THE 21ST CENTURY HEALTH CAREERS PROGRAM TO ENGAGE AND ENCOURAGE HIGH SCHOOL JUNIORS AND SENIORS TO

Part VI Supplemental Information

CONSIDER CAREERS IN THE MEDICAL FIELD. THIS UNIQUE PROGRAM ALLOWS IN-DEPTH EXPERIENCE WORKING SIDE-BY-SIDE WITH SKILLED PROFESSIONALS IN A RANGE OF HEALTH CARE SETTINGS. OUR 21ST CENTURY PROGRAM WAS RECOGNIZED BY THE WALL STREET JOURNAL AS A NATIONAL CAREER MODEL AND BY THE STATE OF MICHIGAN WITH ITS GOVERNOR'S EXCELLENCE IN PRACTICE AWARD FOR ACHIEVEMENT IN CAREER PREPARATION. OVER THE PAST 15 YEARS, MORE THAN 1,000 HIGH SCHOOL STUDENTS BEGAN THEIR EXPLORATION AND THEN MAPPED THEIR CAREER COURSES IN HEALTH CARE RIGHT HERE.

BRONSON BATTLE CREEK MANAGERS ARE ACTIVE SERVANT/ LEADERS WITH A VARIETY OF HEALTH CARE ORGANIZATIONS WORKING IN OUR COMMUNITY. FROM THE CHARITABLE UNION AND THE SUSAN B. KOMEN FOUNDATION, TO OUR SENIOR CARE CONTINUUM NORTHPOINTE WOODS- BRONSON BATTLE CREEK LEADERS HELP ASSURE OUR COMMUNITY NEEDS ASSESSMENT PRIORITIES OF HEALTHY LIFESTYLES, ACCESS TO CARE, PERCEPTION AND TRUST, AND CHRONIC DISEASE PROGRAMMING ARE SIGNIFICANT CONSIDERATIONS WITH OTHER MAJOR HEALTH CARE ORGANIZATIONS.

OTHER IMPORTANT PROGRAMMING CONNECTIONS AT BCHS INCLUDE: EDUCATING ELEMENTARY SCHOOL KIDS IN A PROFESSIONAL HEALTH CARE ENVIRONMENT WHILE ACTING AS MENTORS IN THE HOSPITAL SETTING WITH BIG BROTHERS/ BIG SISTERS; SUPPORTING CARE FOR BABIES BORN TO FINANCIALLY AT-RISK TEEN MOTHERS THROUGH CITY LINC; AND SHARING LEARNING, COORDINATION AND EXCHANGE OF INFORMATION EVERY MONTH WITH LOCAL NON-PROFIT GROUPS IN THE COORDINATING COUNCIL.

PART III, LINE 4: THE FOLLOWING IS THE TEXT OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOOTNOTE FROM THE FINANCIAL STATEMENTS OF BRONSON BATTLE CREEK HOSPITAL: "ACCOUNTS RECEIVABLE FOR PATIENTS, INSURANCE COMPANIES,

Part VI Supplemental Information

AND GOVERNMENTAL AGENCIES ARE BASED ON GROSS CHARGES. AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS BY USING HISTORICAL WRITE-OFF RATE FACTORS APPLIED TO UNPAID ACCOUNTS BASED ON AGING. LOSS RATE FACTORS ARE BASED ON HISTORICAL LOSS EXPERIENCE AND ADJUSTED FOR ECONOMIC CONDITIONS AND OTHER TRENDS AFFECTING THE HOSPITAL'S ABILITY TO COLLECT OUTSTANDING AMOUNTS. UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE. AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS BASED ON EXPECTED PAYMENT RATES FROM PAYORS BASED ON CURRENT REIMBURSEMENT METHODOLOGIES. THIS AMOUNT ALSO INCLUDES AMOUNTS RECEIVED AS INTERIM PAYMENTS AGAINST UNPAID CLAIMS BY CERTAIN PAYORS."

ANY DISCOUNTS PROVIDED OR PAYMENTS MADE TO A PARTICULAR PATIENT ACCOUNT ARE APPLIED TO THAT PATIENT ACCOUNT PRIOR TO ANY BAD DEBT WRITE-OFF AND ARE THUS NOT INLCUDED IN BAD DEBT EXPENSE. AS A RESULT OF THE PAYMENT AND ADJUSTMENT ACTIVITY BEING POSTED TO BAD DEBT ACCOUNTS, WE ARE ABLE TO REPORT BAD DEBT EXPENSE NET OF THESE TRANSACTIONS.

BAD DEBT TO CHARITY RECLASS - BASED ON DATA RETURNED FROM COLLECTION AGENCIES, WHICH WAS VALIDATED THROUGH ELECTRONIC MEANS (ISOLUTIONS), AMOUNTS THAT HAD BEEN WRITTEN OFF TO BAD DEBT WERE RE-CLASSED TO CHARITY DUE TO PATIENT'S INABILITY TO PAY THAT WOULD MEET PRESUMPTIVE CHARITY CRITERIA. SELECTED RETURNED ACCOUNTS WERE CASES WHERE THERE WAS NO PAYMENT WITHIN 90 DAYS OF PLACEMENT WITH THE AGENCY.

WHILE CURRENT OPERATIONS ATTEMPT TO IDENTIFY THOSE CASES THAT WILL QUALIFY FOR CHARITY OR UNCOMPENSATED CARE, IT IS ASSUMED THAT APPROXIMATELY 10% OF

Part VI Supplemental Information

THE REMAINING BAD DEBT AMOUNT MAY ALSO QUALIFY AS CHARITY.

PART III, LINE 8: COSTING METHODOLOGY IS A COST TO CHARGE RATIO AS DEFINED BY THE IRS 990 INSTRUCTIONS. SHORTFALL SHOULD BE CONSIDERED A COMMUNITY BENEFIT DUE TO ITS REPRESENTATION OF COST OF A PORTION OF SERVICES PROVIDED TO THE COMMUNITY WITHOUT PAYMENT.

PART III, LINE 9B: THE ORGANIZATION'S COLLECTION POLICY CONTAINS THE CRITERIA FOR FINANCIAL ASSISTANCE, AND CONTAINS THE FOLLOWING VERBIAGE FOR ARRANGEMENTS WITH OUTSIDE COLLECTION AGENCIES: THE AGREEMENT MUST DEFINE THE STANDARDS AND SCOPE OF PRACTICES TO BE USED BY OUTSIDE COLLECTION AGENTS ACTING ON BEHALF OF THE MINISTRY ORGANIZATION, ALL OF WHICH MUST BE IN COMPLIANCE WITH THIS POLICY.

PART VI, LINE 2: NEEDS ASSESSMENT - BRONSON BATTLE CREEK ASSESSES THE HEALTH NEEDS OF THE COMMUNITY THROUGH COMMUNITY NEEDS ASSESSMENTS EVERY THREE YEARS. A COMMUNITY NEEDS ASSESSMENT IS A POINT-IN-TIME EFFORT TO MEASURE THE HEALTH AND WELL BEING OF THE COMMUNITY. IT SERVES AS THE BASIS FOR BRONSON BATTLE CREEK'S STRATEGIC AND SUBSEQUENT ACTION PLANNING TO DEVELOP HEALTH POLICY, ALLOCATE RESOURCES, IMPROVE OR EXPAND EXISTING SERVICES, IMPLEMENT NEW PROGRAMS AND COLLABORATE WITH OTHER COMMUNITY HEALTHCARE PROVIDERS. A COMMUNITY NEEDS ASSESSMENT ALSO SERVES AS A BENCHMARK FOR FUTURE ASSESSMENT OF RELATIVE PROGRESS TOWARD ESTABLISHED COMMUNITY HEALTH OBJECTIVES.

THE BRONSON BATTLE CREEK COMMUNITY NEEDS ASSESSMENT PROVIDES THE OPPORTUNITY TO:

-GAIN INSIGHTS INTO THE NEEDS AND ASSETS OF THE COMMUNITIES SERVED

Part VI Supplemental Information

-IDENTIFY AND ADDRESS THE NEEDS OF VULNERABLE POPULATIONS WITHIN THE COMMUNITY

-ENHANCE HOSPITAL/COMMUNITY RELATIONSHIPS AND THE OPPORTUNITY FOR COLLABORATIVE COMMUNITY ACTION, INCLUDING INVOLVEMENT WITH COALITIONS, PARTNERSHIPS, BOARDS, COMMITTEES, COMMISSIONS, ADVISORY GROUPS AND PANELS.

-PROVIDE THE INFORMATION REQUIRED FOR COMMUNITY OUTREACH PLANNING.

THE BRONSON BATTLE CREEK COMMUNITY NEEDS ASSESSMENT PROCESS INVOLVES THE GATHERING OF TWO TYPES OF DATA: QUANTITATIVE (DEMOGRAPHICS, HEALTH INDICATORS, ETC.) AND QUALITATIVE (PUBLIC SURVEYS, FORUMS, FOCUS GROUPS). THE DATA HELPS SUPPORT SHORT-TERM AND LONG-TERM DECISIONS ABOUT ALLOCATION OF HUMAN AND CAPITAL RESOURCES FOR THE COMMUNITY.

THE BRONSON BATTLE CREEK COMMUNITY NEEDS ASSESSMENT WAS COMPLETED IN 2009 WITH OUR NEXT ASSESSMENT SCHEDULED FOR 2012. THE ASSESSMENT WAS CONDUCTED BY BRONSON BATTLE CREEK AND INCLUDED SIGNIFICANT REVIEW OF COMMUNITY DATA, INTERVIEWS WITH KEY COMMUNITY LEADERS, ANALYSIS AND SUMMARY BY AN INDEPENDENT COMMUNITY WRITER, AND ASSESSMENT AND REVIEW BY OUR COMMUNITY BENEFIT MINISTRY TEAM. THE ASSESSMENT WAS SHARED WITH OUR BOARD OF DIRECTORS.

PART VI, LINE 3: PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE -
BRONSON BATTLE CREEK IS COMMITTED TO:

-PROVIDING ACCESS TO QUALITY HEALTHCARE SERVICES WITH COMPASSION, DIGNITY AND RESPECT FOR THOSE WE SERVE, PARTICULARLY THE POOR AND THE UNDERSERVED IN OUR COMMUNITIES.

-CARING FOR ALL PERSONS, REGARDLESS OF THEIR ABILITY TO PAY FOR SERVICES.

-ASSISTING PATIENTS WHO CANNOT PAY FOR PART OR ALL OF THE CARE THEY

Part VI Supplemental Information

RECEIVE.

-BALANCING NEEDED FINANCIAL ASSISTANCE FOR SOME PATIENTS WITH BROADER FISCAL RESPONSIBILITIES IN ORDER TO SUSTAIN VIABILITY AND PROVIDE THE QUALITY AND QUANTITY OF SERVICES FOR ALL WHO MAY NEED CARE IN A COMMUNITY.

IN ACCORDANCE WITH AMERICAN HOSPITAL ASSOCIATION RECOMMENDATIONS, BRONSON BATTLE CREEK HAS ADOPTED THE FOLLOWING GUIDING PRINCIPLES WHEN HANDLING THE BILLING, COLLECTION AND FINANCIAL SUPPORT FUNCTIONS FOR OUR PATIENTS:

-PROVIDE EFFECTIVE COMMUNICATIONS WITH PATIENTS REGARDING HOSPITAL BILLS

-MAKE AFFIRMATIVE EFFORTS TO HELP PATIENTS APPLY FOR PUBLIC AND PRIVATE FINANCIAL SUPPORT PROGRAMS

-OFFER FINANCIAL SUPPORT TO PATIENTS WITH LIMITED MEANS.

-IMPLEMENT POLICIES FOR ASSISTING LOW-INCOME PATIENTS IN A CONSISTENT MANNER

-IMPLEMENT FAIR AND CONSISTENT BILLING AND COLLECTION PRACTICES FOR ALL PATIENTS WITH PATIENT PAYMENT OBLIGATIONS.

BRONSON BATTLE CREEK COMMUNICATES EFFECTIVELY WITH PATIENTS REGARDING PATIENT PAYMENT OBLIGATIONS. FINANCIAL COUNSELING IS PROVIDED TO PATIENTS ABOUT THEIR PAYMENT OBLIGATIONS AND HOSPITAL BILLS. INFORMATION ON HOSPITAL-BASED FINANCIAL SUPPORT POLICIES AND EXTERNAL PROGRAMS THAT PROVIDE COVERAGE FOR SERVICES ARE MADE AVAILABLE TO PATIENTS DURING THE PRE-REGISTRATION AND REGISTRATION PROCESSES AND/OR THROUGH COMMUNICATIONS WITH PATIENTS SEEKING FINANCIAL ASSISTANCE.

FINANCIAL COUNSELORS MAKE AFFIRMATIVE EFFORTS TO HELP PATIENTS APPLY FOR PUBLIC AND PRIVATE PROGRAMS FOR WHICH THEY MAY QUALIFY AND THAT MAY HELP THEM OBTAIN AND PAY FOR HEALTH CARE SERVICES. EVERY EFFORT IS MADE TO

Part VI Supplemental Information

DETERMINE A PATIENT'S ELIGIBILITY PRIOR TO OR AT THE TIME OF ADMISSION OR SERVICE. HOWEVER, DETERMINATION FOR FINANCIAL SUPPORT CAN BE MADE DURING ANY STAGE OF THE PATIENT'S STAY AFTER STABILIZATION OR COLLECTION CYCLE.

BRONSON BATTLE CREEK OFFERS FINANCIAL SUPPORT TO PATIENTS WITH LIMITED MEANS. THIS SUPPORT IS AVAILABLE TO UNINSURED AND UNDERINSURED PATIENTS WHO DO NOT QUALIFY FOR PUBLIC PROGRAMS OR OTHER ASSISTANCE. NOTIFICATION ABOUT FINANCIAL ASSISTANCE, INCLUDING CONTACT INFORMATION, IS AVAILABLE THROUGH THE FINANCIAL COUNSELING DEPARTMENT, EMERGENCY DEPARTMENT ASSOCIATES, ADMITTING AND REGISTRATION ASSOCIATES, THE CUSTOMER SERVICE DEPARTMENT, AND CASHIERS. THIS INCLUDES, BUT IS NOT LIMITED TO, THE PUBLICATION OF PATIENT BROCHURES AND NOTICES OR MESSAGING INCLUDED ON PATIENT BILLS. SUMMARIES OF HOSPITAL PROGRAMS ARE MADE AVAILABLE TO THE DEPARTMENT OF HUMAN SERVICES, THE FAMILY HEALTH CENTER AND PHYSICIAN OFFICES. INFORMATION REGARDING FINANCIAL ASSISTANCE PROGRAMS IS ALSO AVAILABLE FROM FINANCIAL COUNSELORS FOR ALL PATIENTS WHO ARE ADMITTED. IN ADDITION TO ENGLISH, THIS INFORMATION IS ALSO AVAILABLE IN SPANISH, REFLECTING THE OTHER PRIMARY LANGUAGE SPOKEN BY THE POPULATION SERVICED BY OUR HOSPITAL.

BRONSON BATTLE CREEK HAS ESTABLISHED A WRITTEN POLICY FOR THE BILLING, COLLECTION AND SUPPORT FOR PATIENTS WITH PAYMENT OBLIGATIONS. WE MAKE EVERY EFFORT TO ADHERE TO THE POLICY AND ARE COMMITTED TO IMPLEMENTING AND APPLYING THE POLICY FOR ASSISTING PATIENTS WITH LIMITED MEANS IN A PROFESSIONAL, CONSISTENT MANNER. BRONSON BATTLE CREEK EDUCATES STAFF MEMBERS WHO WORK CLOSELY WITH PATIENTS (INCLUDING THOSE WORKING IN PATIENT REGISTRATION AND ADMITTING, FINANCIAL ASSISTANCE, CUSTOMER SERVICE, BILLING AND COLLECTIONS) ABOUT THESE POLICIES WITH AN EMPHASIS ON TREATING

Part VI Supplemental Information

ALL PATIENTS WITH DIGNITY AND RESPECT REGARDLESS OF THEIR INSURANCE STATUS OR THEIR ABILITY TO PAY FOR SERVICES. TRAINING IS PROVIDED IN COMPLETING FINANCIAL ASSISTANCE APPLICATIONS, COMPLETING ALL TYPES OF DEPARTMENT OF HUMAN SERVICES APPLICATIONS FOR ASSISTANCE, EFFECTIVE COMMUNICATION SKILLS WITH DIVERSE POPULATIONS AND CUSTOMER RELATIONS THROUGHOUT THE PATIENT'S CARE EXPERIENCE.

PART VI, LINE 4: BRONSON BATTLE CREEK® ACUTE CARE HOSPITAL IS LOCATED IN THE CITY OF BATTLE CREEK, A MEDIUM-SIZED COMMUNITY THAT IS BEST KNOWN AS HOME TO THE KELLOGG COMPANY. BRONSON BATTLE CREEK HOSPITAL IS PART OF THE BRONSON HEALTHCARE SYSTEM, AND IS A PARTNERSHIP BETWEEN BRONSON HEALTHCARE GROUP (51% OWNER AND OPERATING PARTNER) AND THE BBCH COMMUNITY PARTNERS (49% OWNER).

APPROXIMATELY 76% OF BRONSON BATTLE CREEK® TOTAL DISCHARGES CAME FROM THE FOUR BATTLE CREEK ZIP CODES (49037, 49017, 49015, 49014) LOCATED WITHIN CALHOUN COUNTY. THE POPULATION OF THE BATTLE CREEK AREA IS APPROXIMATELY 93,150, OF WHICH 51% ARE FEMALE AND 49% ARE MALE. OVER 68% OF THE POPULATION IS TWENTY-FIVE YEARS OR OLDER WITH THE HIGH CONCENTRATION IN THE RANGE OF FORTY-FIVE THROUGH FIFTY-FOUR.

PART VI, LINE 5: BRONSON BATTLE CREEK MAINTAINS AN OPEN MEDICAL STAFF. OUR STANDARDS FOR ACCEPTANCE TO THE MEDICAL STAFF ARE VERY HIGH, BUT ALL QUALIFIED PHYSICIANS IN THE COMMUNITY ARE ENCOURAGED AND WELCOME TO JOIN.

THE BRONSON BATTLE CREEK EMERGENCY DEPARTMENT (ED) IS AN ACTIVE SERVICE THAT CARES FOR BETWEEN 45,000 - 50,000 PATIENTS EACH YEAR. THE ED CARES

Part VI Supplemental Information

FOR ANYONE, REGARDLESS OF ABILITY TO PAY. ELEVEN PERCENT OF OUR ED PATIENTS ARE UNINSURED, AND AN ADDITIONAL 29 PERCENT ARE ON MEDICAID. THE EMERGENCY DEPARTMENT TRULY SERVES AS THE FINAL SAFETY NET FOR BOTH EMERGENT AND PRIMARY CARE IN OUR COMMUNITY.

CONSISTENT WITH OUR NON-PROFIT STATUS, BRONSON BATTLE CREEK USES OPERATING MARGIN AS A CATALYST FOR REINVESTMENT IN FACILITIES, TECHNOLOGY, STAFF AND MEDICAL SERVICES FOR THE COMMUNITY.

PART VI, LINE 6: BRONSON BATTLE CREEK IS PART OF AN AFFILIATED SYSTEM THAT INCLUDES TWO OTHER HOSPITALS, BRONSON METHODIST HOSPITAL AND BRONSON LAKEVIEW HOSPITAL. ALL OF THESE HOSPITALS ARE CONTROLLED BY BRONSON HEALTHCARE GROUP, WHICH HAS A COMMUNITY-OWNED AND GOVERNED NOT-FOR-PROFIT HOLDING COMPANY. THE BRONSON HEALTHCARE GROUP BOARD IS COMPRISED OF 21 MEMBERS OF THE COMMUNITY.

EACH OF THE THREE HOSPITALS IN THE BRONSON HEALTHCARE GROUP SYSTEM ADMITS PATIENTS REGARDLESS OF ABILITY TO PAY AND PROVIDES OUTREACH SERVICES TO THEIR RESPECTIVE COMMUNITIES. SOME OF THE KEY HEALTH PROMOTION ACTIVITIES OF BRONSON BATTLE CREEK ARE DESCRIBED IN #5 ABOVE.

IN ADDITION TO THE THREE HOSPITALS, THE BRONSON HEALTHCARE GROUP SYSTEM INCLUDES SEVERAL SMALLER ENTITIES WHOSE EFFECTS SUPPORT THE HOSPITALS AND THEIR MISSION OF PROVIDING EXCELLENT HEALTHCARE TO THEIR COMMUNITIES. THESE ENTITIES INCLUDE: BRONSON HEALTHCARE GROUP, BRONSON MEDICAL GROUP, BRONSON NURSING AND REHABILITATION CENTER, BRONSON STAFFING SERVICES, BRONSON LIFESTYLE IMPROVEMENT AND RESEARCH CENTER, BRONSON HEALTH FOUNDATION, LIFESPAN, AND BRONSON PROPERTIES CORPORATION.

Part VI Supplemental Information

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

MI

**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

BRONSON BATTLE CREEK HOSPITAL

Employer identification number
38-2776791

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. Part II can be duplicated if additional space is needed. ▶ ☐

| 1 (a) Name and address of organization or government | (b) EIN | (c) IRC 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 |
|--|------------|-------------------------------|--------------------------|-----------------------------------|---|--|--|
| ALBION HEALTH CARE ALLIANCE 309 N SUPERIOR ST ALBION, MI 49224 | 42-1551109 | 501(C)3 | 21,000. | 0. | N/A | N/A | 2011 HOLIDAY BENEFIT & ANNUAL CONTRIBUTION/GENERAL SUPPORT |
| AMERICAN HEART ASSOCIATION 2410 GRAPE RD, STE 5A MISHAWAKA, IN 46545 | 13-5613797 | 501(C)3 | 5,000. | 0. | N/A | N/A | GENERAL SUPPORT |
| BATTLE CREEK COMMUNITY FOUNDATION 34 WEST JACKSON ST BATTLE CREEK, MI 49017 | 38-2045459 | 501(C)3 | 10,850. | 0. | N/A | N/A | CEREAL CITY FESTIVAL, GODS KITCHEN, GENERAL SUPPORT |
| CALHOUN COUNTY DEPT OF PUBLIC HEALTH - 190 EAST MICHIGAN - BATTLE CREEK, MI 49014 | 38-6004358 | 501(C)3 | 20,000. | 0. | N/A | N/A | SCHOOL NURSE PROGRAM SUPPORT |
| CALHOUN COUNTY FAIRGROUNDS PO BOX 311, 720 FAIR STREET MARSHALL, MI 49068 | 38-2035927 | 501(C)3 | 6,800. | 0. | N/A | N/A | FAIR SPONSORSHIP |
| NAHSE 1050 CONNECTICUT AVE NW, 10TH FLOOR WASHINGTON DC, DC 20036 | 62-1312239 | 501(C)3 | 10,000. | 0. | N/A | N/A | SUPPORT FOR NATIONAL ASSOCIATION OF HEALTH SERVICES EXECUTIVES |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ **7.**

3 Enter total number of other organizations listed in the line 1 table ▶ **0.**

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2011)

| Part II | Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II) |
|---------|--|
|---------|--|

[illegible]

**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, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization

BRONSON BATTLE CREEK HOSPITAL

Employer identification number

38-2776791

Part I Questions Regarding Compensation

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

☐ First-class or charter travel

☐ Travel for companions

☐ Tax indemnification and gross-up payments

☐ Discretionary spending account

☒ Housing allowance or residence for personal use

☐ Payments for business use of personal residence

☐ Health or social club dues or initiation fees

☐ Personal services (e.g., maid, chauffeur, chef)

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

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

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director. Explain in Part III.

☒ Compensation committee

☒ Independent compensation consultant

☒ Form 990 of other organizations

☒ Written employment contract

☒ Compensation survey or study

☒ Approval by the board or compensation committee

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

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

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

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

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

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

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

a The organization?

b Any related organization?

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

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

a The organization?

b Any related organization?

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

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

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

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

Yes No

1b X

2 X

4a

4b X

4c X

5a

5b X

6a

6b X

7 X

8 X

9

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2011

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

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts 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 as deferred in prior Form 990 |
|--------------------------------|--|-------------------------------------|-------------------------------------|----|--|-------------------------|---------------------------------|---|
| | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | | |
| 1 FRANK J. SARDONE | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 329,350. | 153,456. | 90,228. | | 5,366. | 10,179. | 588,579. | 0. |
| 2 DENISE BROOKS-WILLIAMS | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 145,812. | 70,000. | 51,176. | | 8,045. | 7,823. | 282,856. | 0. |
| 3 KENNETH TAFT | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 199,473. | 65,653. | 45,525. | | 5,366. | 11,377. | 327,394. | 0. |
| 4 JAMES FALAHEE | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 130,287. | 40,666. | 36,358. | | 5,366. | 12,535. | 225,212. | 0. |
| 5 SCOTT LARSON | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 163,073. | 50,274. | 31,596. | | 1,691. | 8,569. | 255,203. | 0. |
| 6 JOHN HAYDEN | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 114,522. | 35,388. | 22,898. | | 5,272. | 7,132. | 185,212. | 0. |
| 7 ANNE REGLING | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 139,624. | 10,000. | 3,922. | | 845. | 0. | 154,391. | 0. |
| 8 MARY MEITZ | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 129,433. | 31,470. | 6,875. | | 5,366. | 10,503. | 183,647. | 0. |
| 9 TAREK EL SHAARAWY MD | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 199,992. | 238,022. | 551. | | 89. | 0. | 438,654. | 0. |
| 10 KERRI L MURRAY MD | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 236,154. | 92,309. | 53,495. | | 4,349. | 0. | 386,307. | 0. |
| 11 CHRISTOPHER L WILHELMSON MD | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 136,192. | 27,193. | 41,000. | | 845. | 0. | 205,230. | 0. |
| 12 PHILIP L DAWSON MD | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| | (ii) 176,203. | 0. | 2,985. | | 845. | 0. | 180,033. | 0. |
| 13 | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 14 | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 15 | (i) 0. | 0. | 0. | 0. | 0. | 0. | 0. | 0. |
| 16 | (i) 0. | 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, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

PART I, LINE 1A: HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE: A
HOUSING AND CAR ALLOWANCE WAS PROVIDED TO DENISE BROOKS-WILLIAMS. AN
APARTMENT AND FURNITURE RENTAL ALLOWANCE WAS PROVIDED TO ANNE REGLING. THIS
WAS TREATED AS TAXABLE COMPENSATION.

PART I, LINE 3: RELATED PARTY, BRONSON HEALTHCARE GROUP, INC.,
UTILIZES A COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT,
COMPENSATION SURVEY OR STUDIES, AND APPROVAL BY THE BOARD OR COMPENSATION
COMMITTEE TO DETERMINE COMPENSATION FOR THE ORGANIZATION'S CEO/EXECUTIVE
DIRECTOR.

PART I, LINE 4B: SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN PAYMENTS

(LINE 4B):

FRANK SARDONE - \$158,549 SERP CONTRIBUTION

FRANK SARDONE - \$545,493 SERP DISTRIBUTION

KEN TAFT - \$ 70,852 SERP CONTRIBUTION

KEN TAFT - \$143,012 SERP DISTRIBUTION

JOHN HAYDEN - \$ 30,096 SERP CONTRIBUTION

JOHN HAYDEN - \$ 19,057 SERP DISTRIBUTION

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

JAMES FALAHEE - \$ 51,291 SERP CONTRIBUTION

JAMES FALAHEE - \$123,717 SERP DISTRIBUTION

SCOTT LARSON - \$ 59,713 SERP CONTRIBUTION

SCOTT LARSON - \$ 50,997 SERP DISTRIBUTION

INCLUDED IN PART II, COLUMNS B(III) AND (F) ARE AMOUNTS THAT WERE PAID TO THE EXECUTIVE UNDER THE BRONSON HEALTHCARE GROUP, INC.'S SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP). THESE AMOUNTS WERE CREDITED TO AN ACCOUNT FOR THE EXECUTIVE IN PRIOR YEARS AND WERE PREVIOUSLY REPORTED IN COLUMN C IN A PRIOR YEAR, BUT THE EXECUTIVE WAS REQUIRED TO REMAIN EMPLOYED UNTIL THE YEAR FOR WHICH THIS FORM IS BEING FILED IN ORDER TO BECOME VESTED IN HIS OR HER ACCOUNT. AMOUNTS HAVE BEEN CREDITED TO THESE EXECUTIVES' ACCOUNTS EACH YEAR SINCE THE SERP WAS ADOPTED IN 1994, AND THE ACCOUNTS HAVE ALSO BEEN ADJUSTED FOR GAINS OR LOSSES SINCE THAT TIME. THEREFORE, THESE AMOUNTS SHOULD BE VIEWED AS HAVING BEEN EARNED OVER THE EXECUTIVE'S ENTIRE PERIOD OF EMPLOYMENT AS AN EXECUTIVE OF BRONSON. THE AMOUNT CREDITED TO EACH EXECUTIVE'S ACCOUNT IN THE SERP EACH YEAR AND EACH EXECUTIVE'S TOTAL COMPENSATION PACKAGE WAS APPROVED BY AN INDEPENDENT CONSULTANT TO ENSURE THAT THESE AMOUNTS ARE COMPARABLE TO OR LESS THAN THE AMOUNTS AWARDED TO

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

EXECUTIVES OF COMPARABLE HEALTH CARE ORGANIZATIONS. FOR THE CURRENT

REPORTING YEAR NO AMOUNTS THAT ARE REPORTED IN COLUMN B(III) WERE REPORTED

IN A PREVIOUS YEAR RETURN; THEREFORE NO AMOUNTS ARE REPORTED IN COLUMN (F).

Department of the Treasury
Internal Revenue Service

► **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**

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

OMB No 1545-0047

2011

Open To Public Inspection

Name of the organization

BRONSON BATTLE CREEK HOSPITAL

Employer identification number
38-2776791

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

[illegible]

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

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

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

[illegible]

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

[illegible]

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990 or 990-EZ) 2011

Part IV Business Transactions Involving Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|-------------------------------|---|---------------------------|--------------------------------|---|----|
| | | | | Yes | No |
| ANESTHESIA ASSOCIATES OF B | BOARD MEMBER STEVEN | 432,768. | PAYMENTS BY | | X |
| ADVANCED IMAGING SERVICES | KEY EMPLOYEE MARK C | 700,525. | PAYMENTS BY | | X |
| ADVANCED IMAGING SERVICES | FORMER OFFICER AMY | 700,525. | PAYMENTS BY | | X |
| ADVANCED IMAGING SERVICES | KEY EMPLOYEE DENISE | 700,525. | PAYMENTS BY | | X |
| STEPHANIE STEWART | STEPHANIE STEWART I | 35,662. | EMPLOYMENT | | X |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Part V Supplemental Information

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

SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

(A) NAME OF PERSON: ANESTHESIA ASSOCIATES OF BATTLE CREEK

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

BOARD MEMBER STEVEN LINS IS PART OWNER AND EMPLOYEE OF AA OF BATTLE CREEK

(D) DESCRIPTION OF TRANSACTION: PAYMENTS BY BRONSON BATTLE CREEK TO

ANESTHESIA ASSOCIATES FOR CRNA COVERAGE AND LABOR AND DELIVERY SERVICES.

(A) NAME OF PERSON: ADVANCED IMAGING SERVICES

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

KEY EMPLOYEE MARK CRAWFORD IS A BOARD MEMBER OF ADVANCED IMAGING SERVICES.

(D) DESCRIPTION OF TRANSACTION: PAYMENTS BY ADVANCED IMAGING SERVICES TO

BRONSON BATTLE CREEK. PARTNERSHIP DISTRIBUTION FROM ADVANCED IMAGING.

BRONSON BATTLE CREEK IS A 51% PARTNER IN ADVANCED IMAGING.

(A) NAME OF PERSON: ADVANCED IMAGING SERVICES

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

FORMER OFFICER AMY BARNES IS A BOARD MEMBER OF ADVANCED IMAGING SERVICES.

(D) DESCRIPTION OF TRANSACTION: PAYMENTS BY ADVANCED IMAGING SERVICES TO

BRONSON BATTLE CREEK. PARTNERSHIP DISTRIBUTION FROM ADVANCED IMAGING.

BRONSON BATTLE CREEK IS A 51% PARTNER IN ADVANCED IMAGING.

Part V Supplemental Information

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

(A) NAME OF PERSON: ADVANCED IMAGING SERVICES

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

KEY EMPLOYEE DENISE BROOKS-WILLIAMS IS A BOARD MEMBER OF ADVANCED IMAGING.

(D) DESCRIPTION OF TRANSACTION: PAYMENTS BY ADVANCED IMAGING SERVICES TO
BRONSON BATTLE CREEK. PARTNERSHIP DISTRIBUTION FROM ADVANCED IMAGING.

BRONSON BATTLE CREEK IS A 51% PARTNER IN ADVANCED IMAGING.

(A) NAME OF PERSON: STEPHANIE STEWART

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

STEPHANIE STEWART IS A FAMILY MEMBER OF BOARD MEMBER ERICK STEWART.

(D) DESCRIPTION OF TRANSACTION: EMPLOYMENT ARRANGEMENT.

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 990-EZ 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

BRONSON BATTLE CREEK HOSPITAL

Employer identification number
38-2776791

FORM 990, PART III, LINE 4D, OTHER PROGRAM SERVICES:

CHARITY CARE: IN 2011, IN FURTHERANCE OF ITS MISSION, BRONSON BATTLE
CREEK HOSPITAL PROVIDED \$9,586,293 IN CHARITY CARE EXPENSE (AT
CHARGES).

EXPENSES \$ 9,586,293. INCLUDING GRANTS OF \$ 0. REVENUE \$ 0.

FORM 990, PART VI, SECTION A, LINE 2: JAMES GUNDERSON, KENNETH TAFT,
FRANK SARDONE, STEVEN J. LINS, M.D., AND SCOTT C. GIBSON, M.D. HAVE A
BUSINESS RELATIONSHIP.

FORM 990, PART VI, SECTION A, LINE 4: EFFECTIVE JULY 1, 2011 TRINITY
HEALTH-MICHIGAN DIVESTED ITS INTEREST AS A SHAREHOLDER OF BATTLE CREEK
HEALTH SYSTEM TO BRONSON HEALTHCARE GROUP, INC. RESTATED ARTICLES OF
INCORPORATION WERE FILED WITH THE STATE OF MICHIGAN EFFECTIVE JULY 1, 2011.
THE NEW NAME OF THE FILING ORGANIZATION IS BRONSON BATTLE CREEK HOSPITAL.

FORM 990, PART VI, SECTION A, LINE 6: THE ORGANIZATION HAS MEMBERS:

BRONSON HEALTHCARE GROUP, INC, A MICHIGAN NONPROFIT CORPORATION, IS THE
CLASS A MEMBER AND HOLDS 51 PERCENT OF THE MEMBERSHIP INTEREST IN THE
HOSPITAL.

BBCH COMMUNITY PARTNERS, A MICHIGAN NONPROFIT CORPORATION, IS THE CLASS B
MEMBER AND HOLDS 49 PERCENT OF THE MEMBERSHIP INTEREST IN THE HOSPITAL.

FORM 990, PART VI, SECTION A, LINE 7A: THE BRONSON HEALTHCARE GROUP,

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2011)

132211
01-23-12

Name of the organization

BRONSON BATTLE CREEK HOSPITAL

Employer identification number
38-2776791

INC.'S GOVERNING BOARD ELECTS 2 OF THEIR MEMBERS TO REPRESENT ON THE COMMUNITY PARTNERS BOARD. THE COMMUNITY PARTNERS BOARD ELECTS 3 OF THEIR MEMBERS TO REPRESENT ON THE BRONSON HEALTHCARE GROUP, INC.'S BOARD. THE REMAINING MEMBERS OF THE COMMUNITY PARTNERS BOARD SHALL BE EX OFFICIO, WITH VOTE, AND SHALL CONSIST OF THE PRESIDENT, CHIEF OF STAFF AND IMMEDIATE PAST CHIEF OF THE MEDICAL STAFF OF THE HOSPITAL.

FORM 990, PART VI, SECTION A, LINE 7B: THE HOSPITAL SHALL EXERCISE THE FOLLOWING POWERS AND AUTHORITIES ONLY UPON RATIFICATION OF SUCH ACTION BY THE BOARD OF DIRECTORS OF HEALTHCARE, THE CLASS A MEMBER:

[A] AQUISITION OF ANY OTHER ENTITY OR THE ESTABLISHMENT OF ANY SUBSIDIARY OR AFFILIATE;

[B] ADOPTION OF ALL OPERATING AND CAPITAL EXPENDITURE BUDGETS;

[C] INCUR OPERATING OR CAPITAL EXPENDITURES WHICH CAUSE AGGREGATE OPERATING OR CAPITAL EXPENDITURES TO EXCEED BUDGETED AGGREGATES AND/OR THE DOLLAR AMOUNT SPECIFIED BY HEALTHCARE;

[D] SECURE BORROWINGS, WITH THE EXCEPTION OF EQUIPMENT LEASES AND PURCHASE MONEY SECURITY INTERESTS APPROVED AS A PART OF A BUDGET;

[E] CHANGE THE MISSION STATEMENT, PURPOSES, OR STRATEGIC GOALS OF THE HOSPITAL;

[F] APPOINTMENT, REMOVAL OR COMPENSATION OF ANY OFFICER, EXCEPT THE APPOINTMENT OR RENEWAL OF THE PRESIDENT OF THE HOSPITAL SHALL REQUIRE THE

Name of the organization

BRONSON BATTLE CREEK HOSPITAL

Employer identification number
38-2776791

APPROVAL OF THE CLASS A AND CLASS B MEMBERS.

THE HOSPITAL SHALL EXERCISE THE FOLLOWING POWERS AND AUTHORITIES ONLY UPON RATIFICATION AND APPROVAL OF SUCH ACTION BY THE BOARD OF DIRECTORS OF BOTH COMMUNITY PARTNERS AND HEALTHCARE AS THE TWO CLASSES OF MEMBERS:

[A] AMENDMENT, RESTATEMENT OR REPEAL OF THE HOSPITAL'S ARTICLES OF INCORPORATION OR BYLAWS;

[B] ADOPTION, EXECUTION, REVOCATION OR ABANDONMENT OF A PLAN OF DISSOLUTION, MERGER, CONSOLIDATION, REORGANIZATION OR OTHER MAJOR CHANGE IN CORPORATE STRUCTURE INVOLVING THE HOSPITAL;

[C] SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE HOSPITAL'S PROPERTY AND ASSETS;

[D] CLOSURE OF ANY HOSPITAL OWNED OR CONTROLLED BY THE HOSPITAL;

[E] ANY SUBSTANTIAL REDUCTION, DELETION OR TRANSFER OF INPATIENT SERVICES, IN WHOLE OR IN PART, PROVIDED BY THE HOSPITAL IN CALHOUN COUNTY;

[F] CHANGE IN THE NAME OF HOSPITAL;

[G] THE ADDITION OF ANY MEMBER OF THE HOSPITAL; AND

[H] THE APPOINTMENT OR REMOVAL OF THE PRESIDENT OF THE HOSPITAL.

FORM 990, PART VI, SECTION B, LINE 11: THE SR. VP OF FINANCE/CFO AND

132212
01-23-12

Schedule O (Form 990 or 990-EZ) (2011)

Name of the organization

BRONSON BATTLE CREEK HOSPITAL

Employer identification number

38-2776791

CONTROLLER REVIEWED THE 990'S. MANAGEMENT REPRESENTATIVES (COO, CFO & CONTROLLER) MET WITH THE CHAIR OF THE BOARD ON OCTOBER 2, 2012 TO REVIEW THE PREPARED FORM 990 AND SCHEDULES. THE FINANCE COMMITTEE OF THE BOARD THOROUGHLY REVIEWED THE PREPARED FORM 990 AT ITS REGULARLY SCHEDULED MEETING ON OCTOBER 15TH, 2012. THE REVIEW WAS LED BY THE SR. VP FINANCE/CFO, THE CONTROLLER, AND PLANTE MORAN. THE MEMBERS OF THE ORGANIZATION'S GOVERNING BODY WERE PROVIDED THE PREPARED FORM 990 FOR REVIEW.

FORM 990, PART VI, SECTION B, LINE 12C: THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY. THE CONFLICT OF INTEREST POLICY AND ITS ACCOMPANYING QUESTIONNAIRE ARE REVIEWED, AND REVISED, IF NECESSARY, ON AN ANNUAL BASIS BY THE ORGANIZATION'S GENERAL COUNSEL / CORPORATE COMPLIANCE OFFICER AND THE BOARD'S EXECUTIVE COMMITTEE. ALL BOARD MEMBERS AND ALL EMPLOYEES HOLDING THE TITLE OF VICE PRESIDENT AND ABOVE ARE COVERED BY THE CONFLICT OF INTEREST POLICY AND ANNUALLY COMPLETE THE CONFLICT OF INTEREST QUESTIONNAIRE. ALL COMPLETED CONFLICT OF INTEREST QUESTIONNAIRES ARE REVIEWED BY THE ORGANIZATION'S GENERAL COUNSEL / CORPORATE COMPLIANCE OFFICER AND THE EXECUTIVE COMMITTEE. DETERMINATIONS AS TO WHETHER A CONFLICT EXISTS ARE MADE BY THE GENERAL COUNSEL / CORPORATE COMPLIANCE OFFICER AND THE EXECUTIVE COMMITTEE. ACTUAL CONFLICTS ARE REVIEWED BY THE GENERAL COUNSEL / CORPORATE COMPLIANCE OFFICER AND THE EXECUTIVE COMMITTEE. PERSONS WITH A CONFLICT ARE PROHIBITED FROM PARTICIPATING IN THE GOVERNING BODY'S DELIBERATIONS AND DECISIONS ON THE TRANSACTION IN QUESTION.

FORM 990, PART VI, SECTION B, LINE 15: FOR THE CEO, OFFICERS AND OTHER KEY EMPLOYEES, THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS, WHICH

Name of the organization

BRONSON BATTLE CREEK HOSPITAL

Employer identification number

38-2776791

FUNCTIONS AS THE COMPENSATION COMMITTEE, RETAINS THE SERVICES OF AN EXTERNAL EXECUTIVE COMPENSATION CONSULTANT (SULLIVAN, COTTER AND ASSOCIATES) WHO CONDUCTS A THOROUGH COMPENSATION AND BENEFIT SURVEY PROCESS THAT IS USED TO DETERMINE THE APPROPRIATE ADJUSTMENT IN CASH COMPENSATION AND BENEFITS PROVIDED. THIS PROCESS WAS UNDER TAKEN IN 2011. THE CONSULTANT USES THREE TO FIVE NATIONAL HEALTHCARE-BASED SURVEYS FOR COMPARABILITY DATA, EACH ONE OF LIKE REVENUE SIZED HEALTHCARE SYSTEMS TO THE BRONSON HEALTHCARE GROUP. THE CONSULTANT PREPARES A DETAILED REPORT WITH RECOMMENDATIONS FOR PAY AND/OR BENEFIT ADJUSTMENTS, AND PRESENTS THE INFORMATION TO THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS (WHEN THE CEO'S SURVEY DATA AND RECOMMENDATIONS ARE PRESENTED, THE CEO AND STAFF ARE EXCUSED FROM THE DELIBERATIONS). AFTER ALL QUESTIONS OF THE BOARD MEMBERS ARE ANSWERED, FORMAL MOTIONS ARE PROPOSED, SECONDED AND VOTED ON (FOR ANY PAY ADJUSTMENTS AND FOR RECEIPT OF THE CONSULTANT'S REPORT). AT THE SUBSEQUENT MEETING OF THE FULL BOARD OF DIRECTORS, THE CHAIR PRESENTS RECOMMENDATIONS OF THE EXECUTIVE COMMITTEE, AND THE FULL BOARD ACTS ON A FORMAL MOTION THAT IS SECONDED AND VOTED ON.

FORM 990, PART VI, SECTION C, LINE 19: THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC BY POSTING THEM ON THE ORGANIZATION'S WEBSITE AND PROVIDING COPIES ON REQUEST. THE ORGANIZATION'S FINANCIAL STATEMENTS, OTHER THAN THE FORM 990, ARE NOT AVAILABLE TO THE PUBLIC.

FORM 990, PART VII, SECTION A:

THESE INDIVIDUALS DEVOTE THE FOLLOWING HOURS PER WEEK TO, RELATED ORGANIZATION, BRONSON HEALTHCARE GROUP, INC.:

RANDALL EBERTS (BOARD MEMBER)

1.0 HOUR

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01-23-12

Name of the organization

BRONSON BATTLE CREEK HOSPITAL

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| | |
|--|------------|
| BARBARA JAMES (BOARD MEMBER) | 1.0 HOUR |
| GEOFFREY WARDWELL (BOARD MEMBER) | 1.0 HOUR |
| FLOYD PARKS (BOARD MEMBER) | 1.0 HOUR |
| FRANK SARDONE (BOARD MEMBER AND OFFICER) | 16.0 HOURS |
| SCOTT GIBSON (BOARD MEMBER) | 1.0 HOUR |
| JAMES GREENE (BOARD MEMBER) | 1.0 HOUR |
| JAMES GUNDERSON (BOARD MEMBER) | 1.0 HOUR |
| MARIAN KLEIN (BOARD MEMBER) | 1.0 HOUR |
| WILLIAM RICHARDSON (BOARD MEMBER) | 1.0 HOUR |
| BERNARD ROEHR (BOARD MEMBER) | 1.0 HOUR |
| CHARLES ZELLER (BOARD MEMBER) | 1.0 HOUR |
| KENNETH TAFT (OFFICER) | 32.0 HOURS |
| JAMES FALAHEE (OFFICER) | 12.0 HOURS |
| SCOTT LARSON (OFFICER) | 6.0 HOURS |
| JOHN HAYDEN (OFFICER) | 10.0 HOURS |
| MARY MEITZ (KEY EMPLOYEE) | 4.0 HOURS |
| JOHN JONES (KEY EMPLOYEE) | 12.0 HOURS |
| MIKE WAY (KEY EMPLOYEE) | 8.0 HOURS |
| CHERYL KNAPP (KEY EMPLOYEE) | 10.0 HOURS |

FORM 990, PART XI, LINE 5, CHANGES IN NET ASSETS:

| | |
|---|--------------|
| NET UNREALIZED GAINS ON INVESTMENTS: | 1,487,382. |
| EQUITY DISTRIBUTION FROM ADVANCED IMAGING SERVICES | 357,000. |
| PENSION RELATED CHANGES | -8,295,495. |
| INHERENT CONTRIBUTION FROM ACQUISITION OF BATTLE CREEK HEALTH SYSTEM | -19,926,682. |
| GAIN/(LOSS) ON JOINT VENTURES | 80,919. |

Name of the organization

BRONSON BATTLE CREEK HOSPITAL

Employer identification number

38-2776791

TOTAL TO FORM 990, PART XI, LINE 5

-26,296,876.

Part III Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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? | | (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 |
| HOSPITAL NETWORK LEASING - 38-3638430, 6212 AMERICAN AVENUE, PORTAGE, MI 49002 | SUPPORT SERVICES | MI | N/A | RELATED | | | | | N/A | | X |
| HOSPITAL NETWORK SUPPORT SERVICES - 38-3627704, 6212 AMERICAN AVENUE, PORTAGE, MI 49002 | SUPPORT SERVICES | MI | N/A | RELATED | | | X | | N/A | X | |
| HOSPITAL NETWORK VENTURES LLC - 38-3302979, 6212 AMERICAN AVENUE, PORTAGE, MI 49002 | SUPPORT SERVICES | MI | N/A | RELATED | | | X | | N/A | X | |
| ADVANCED IMAGING SERVICES - 20-4594297, 5352 BECKLEY ROAD, SUITE A, BATTLE CREEK, MI 49015 | RADIOLOGY/IMAGING | MI | BRONSON BATTLE CREEK HOSPITAL | RELATED | 135,481. | 740,408. | X | | N/A | X | 51.00% |

Part IV Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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 |
|--|-------------------------|---|----------------------------------|--|------------------------------|------------------------------------|-----------------------------|
| BRONSON MANAGEMENT SERVICES CORPORATION - 38-2415032 601 JOHN STREET KALAMAZOO, MI 49007 | OTHER MEDICAL SERVICES | MI | BRONSON HEALTHCARE GROUP | C CORP | | | |
| BRONSON LIFESTYLE IMPROVEMENT AND RESEARCH - 38-3552556, 601 JOHN STREET, KALAMAZOO, MI 49007 | REHABILITATION SERVICES | MI | BRONSON HEALTHCARE GROUP | C CORP | | | |
| BRONSON STAFFING SERVICE - 38-3277697 601 JOHN STREET KALAMAZOO, MI 49007 | HOME HEALTH CARE | MI | BRONSON HEALTHCARE GROUP | C CORP | | | |
| BRONSON PRACTICE MANAGEMENT - 38-2511179 601 JOHN STREET KALAMAZOO, MI 49007 | OTHER MEDICAL SERVICES | MI | BRONSON HEALTHCARE GROUP | C CORP | | | |

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" to 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 of this schedule.**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?**a** Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity**b** Gift, grant, or capital contribution to related organization(s)**c** Gift, grant, or capital contribution from related organization(s)**d** Loans or loan guarantees to or for related organization(s)**e** Loans or loan guarantees by related organization(s)**f** Sale of assets to related organization(s)**g** Purchase of assets from related organization(s)**h** Exchange of assets with related organization(s)**i** Lease of facilities, equipment, or other assets to related organization(s)**j** Lease of facilities, equipment, or other assets from related organization(s)**k** Performance of services or membership or fundraising solicitations for related organization(s)**l** Performance of services or membership or fundraising solicitations by related organization(s)**m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)**n** Sharing of paid employees with related organization(s)**o** Reimbursement paid to related organization(s) for expenses**p** Reimbursement paid by related organization(s) for expenses**q** Other transfer of cash or property to related organization(s)**r** Other transfer of cash or property from related organization(s)**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) BRONSON HEALTHCARE GROUP | L | 3,223,862. | METHOD BASED ON ACTUAL COST |
| (2) BRONSON HEALTHCARE GROUP | N | 1,100,867. | METHOD BASED ON ACTUAL COST |
| (3) BRONSON METHODIST HOSPITAL | L | 696,970. | METHOD BASED ON ACTUAL COST |
| (4) ADVANCED IMAGING SERVICES | C | 357,000. | METHOD BASED ON ACTUAL COST |
| (5) ADVANCED IMAGING SERVICES | K | 343,525. | METHOD BASED ON ACTUAL COST |
| (6) BBC AUXILIARY | C | 100,096. | METHOD BASED ON ACTUAL COST |

Part V Continuation of Transactions With Related Organizations (Schedule R (Form 990), Part V, line 2)

| (a) Name of other organization | (b) Transaction type (a-r) | (c) Amount involved | (d) Method of determining amount involved |
|-----------------------------------|----------------------------------|------------------------|---|
| (7)LIFESPAN | P | 242,099. | METHOD BASED ON ACTUAL COST |
| (8) | | | |
| (9) | | | |
| (10) | | | |
| (11) | | | |
| (12) | | | |
| (13) | | | |
| (14) | | | |
| (15) | | | |
| (16) | | | |
| (17) | | | |
| (18) | | | |
| (19) | | | |
| (20) | | | |
| (21) | | | |
| (22) | | | |
| (23) | | | |
| (24) | | | |

Part VII Supplemental Information

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

Lined area for supplemental information.

Bronson Battle Creek

**Consolidated Financial Report
with Other Supplemental Information
December 31, 2011**

Bronson Battle Creek

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Independent Auditor's Report

To the Board of Directors
Bronson Health Group

We have audited the accompanying consolidated balance sheet of Bronson Battle Creek (the "Hospital") as of December 31, 2011 and the related consolidated statements of operations, changes in net assets, and cash flows for the six months then ended. These consolidated financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bronson Battle Creek at December 31, 2011 and the consolidated results of its operations and cash flows for the six months then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

April 16, 2012

Bronson Battle Creek

Consolidated Balance Sheet

December 31, 2011

(amounts in thousands)

| Assets | |
|--|--------------------------|
| Current Assets | |
| Cash and cash equivalents | \$ 20,969 |
| Investments (Note 4) | 28,220 |
| Accounts receivable (Note 5) | 17,924 |
| Prepaid expenses and other current assets | <u>4,582</u> |
| Total current assets | 71,695 |
| Assets Limited as to Use | |
| Funds held for payment of employee benefits | 274 |
| By donors for specific purpose | 2,862 |
| Property and Equipment - Net (Note 9) | 77,168 |
| Other Assets | |
| Investment in joint venture (Note 10) | 2,785 |
| Right to use of information technology (Note 2) | 8,709 |
| Other noncurrent assets | <u>459</u> |
| Total assets | <u><u>\$ 163,952</u></u> |
| Liabilities and Net Assets | |
| Current Liabilities | |
| Accounts payable | \$ 9,894 |
| Accrued liabilities and other (Note 11) | 7,624 |
| Estimated third-party payor settlements (Note 5) | <u>948</u> |
| Total current liabilities | 18,466 |
| Other Liabilities | |
| Pension obligation | 17,459 |
| Other long-term liabilities | <u>1,174</u> |
| Total liabilities | 37,099 |
| Net Assets | |
| Unrestricted | 123,415 |
| Noncontrolling interest in consolidated subsidiary | 576 |
| Temporarily restricted | 2,647 |
| Permanently restricted | <u>215</u> |
| Total net assets | <u>126,853</u> |
| Total liabilities and net assets | <u><u>\$ 163,952</u></u> |

Bronson Battle Creek

Consolidated Statement of Operations Six-month Period Ended December 31, 2011 (amounts in thousands)

| | |
|---|-------------------|
| Operating Revenue | |
| Net patient service revenue | \$ 97,251 |
| Investment loss | (143) |
| Other | 5,083 |
| Net assets released from restrictions for operations | 59 |
| Total operating revenue | 102,250 |
| Operating Expenses | |
| Salaries and wages | 38,892 |
| Employee benefits and payroll taxes | 8,123 |
| Other | 41,244 |
| Depreciation and amortization | 6,782 |
| Provision for bad debts | 5,397 |
| Total operating expenses | 100,438 |
| Operating Income | 1,812 |
| Nonoperating Gains | |
| Change in unrealized investment gain | 1,487 |
| Inherent contribution from acquisition of Battle Creek Health System (Note 1) | 128,537 |
| Total nonoperating gains | 130,024 |
| Excess of Revenue Over Expenses | 131,836 |
| Other | (343) |
| Pension-related Changes Other Than Net Periodic Benefit Cost (Note 12) | (8,295) |
| Net Assets Released from Restriction | 793 |
| Increase in Unrestricted Net Assets | \$ 123,991 |

Bronson Battle Creek

Consolidated Statement of Changes in Net Assets Six-month Period Ended December 31, 2011

(amounts in thousands)

Unrestricted Net Assets

| | |
|--|------------|
| Excess of revenue over expenses | \$ 131,836 |
| Other | (343) |
| Pension-related changes other than net periodic benefit cost | (8,295) |
| Net assets released from restriction for capital | <u>793</u> |

Increase in Unrestricted Net Assets 123,991

Temporarily Restricted Net Assets

| | |
|--|--------------|
| Restricted contributions | 186 |
| Restricted investment income | 21 |
| Restricted net assets assumed in business combination (Note 1) | 3,292 |
| Net assets released from restriction | <u>(852)</u> |

Increase in Temporarily Restricted Net Assets 2,647

Permanently Restricted Net Assets

| | |
|--|------------|
| Restricted investment income | 2 |
| Restricted net assets assumed in business combination (Note 1) | <u>213</u> |

Increase in Permanently Restricted Net Assets 215

Increase in Net Assets 126,853

Net Assets - Beginning of period -

Net Assets - End of period \$ 126,853

Bronson Battle Creek

Consolidated Statement of Cash Flows Six-month Period Ended December 31, 2011 (amounts in thousands)

Cash Flows from Operating Activities

| | |
|--|------------|
| Increase in net assets | \$ 126,853 |
| Adjustments to reconcile increase in net assets to net cash from operating activities: | |
| Assets assumed in business combination | (132,042) |
| Depreciation and amortization | 6,782 |
| Net change in unrealized net gains and losses on investments | (1,487) |
| Pension-related changes other than benefit costs | 8,295 |
| Provision for bad debts | 5,397 |
| Equity income in joint ventures | (81) |
| Changes in assets and liabilities which (used) provided cash: | |
| Accounts receivable | (8,392) |
| Prepaid expenses and other assets | (155) |
| Estimated third-party payor settlements | 4,088 |
| Other assets | 553 |
| Accounts payable | 3,013 |
| Accrued liabilities | 332 |
| Other liabilities | (814) |
| Net cash provided by operating activities | 12,342 |

Cash Flows from Investing Activities

| | |
|---|----------|
| Purchase of property and equipment | (6,370) |
| Cash acquired for business acquisition | 41,723 |
| Decrease in assets limited as to use | 7 |
| Increase in pooled investment funds | (26,733) |
| Net cash provided by investing activities | 8,627 |

Net Increase in Cash and Cash Equivalents

20,969

Cash and Cash Equivalents - Beginning of period

-

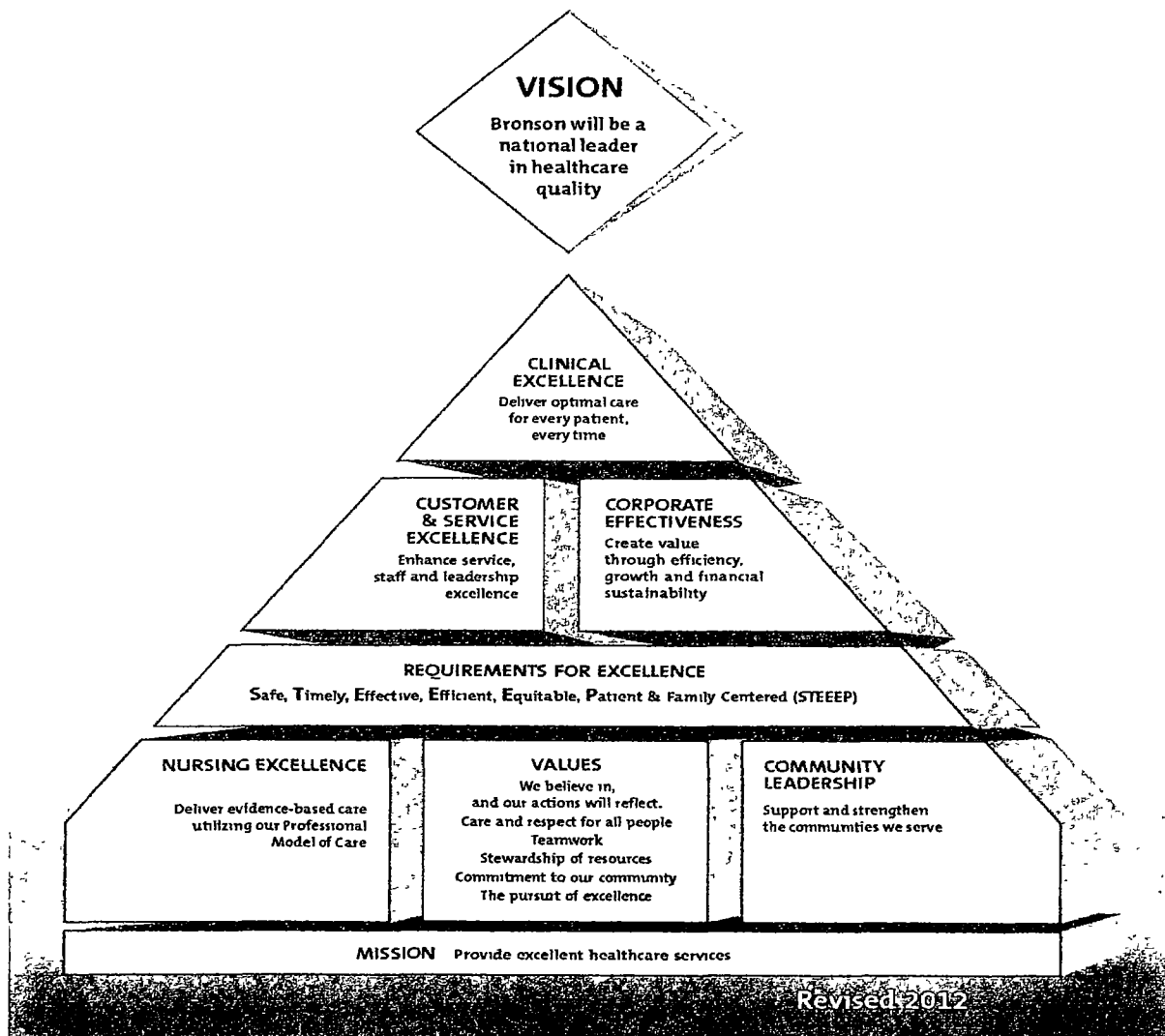
Cash and Cash Equivalents - End of period

\$ 20,969

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

BRONSON Plan for Excellence



The mission, values, commitment to patient care excellence, and philosophy of nursing excellence provide the foundation that supports Bronson's organizational strategy, which is illustrated in the vision to be a national leader in healthcare quality and the three Cs, or corporate strategies: *Clinical Excellence*, *Customer and Service Excellence*, and *Corporate Effectiveness*. Excellence is the thread that ties together the vision, mission, values, commitment to patient care excellence, philosophy of nursing excellence, and overall strategies. These elements, comprising the *Plan for Excellence* above, form the culture and guide decision-making.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 1 - Nature of Business

Bronson Battle Creek (the "Hospital") is a medical center providing acute care medical and surgical services. The Hospital, located in Battle Creek, Michigan, has 218 beds and provides services to the greater Battle Creek and surrounding communities. Admitting physicians are primarily practitioners in the local area. The Hospital is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

Prior to July 1, 2011, BCHS Community Partners of Battle Creek and Trinity Health each had a 50 percent membership interest in the Hospital, which was referred to as Battle Creek Health System. On July 1, 2011, Bronson Healthcare Group (the "Group") purchased a 51 percent interest in the Hospital, purchasing the 50 percent interest of Trinity Health and 1 percent interest from BCHS Community Partners of Battle Creek. At the time of acquisition, the name of the Hospital was changed to Bronson Battle Creek. The Group board of directors provides governance oversight of the Hospital's net assets and operations. The accompanying consolidated financial statements represent the results of operations for the six-month period as of the acquisition date of July 1, 2011 and ending on December 31, 2011, the Hospital's fiscal year end.

The transaction has been accounted for as an acquisition in accordance with ASU 2010-07, *Not-for-Profit Entities Mergers and Acquisitions*. The assets and liabilities of the Hospital have been adjusted to fair value as of July 1, 2011, the acquisition date. Beginning net assets of the Hospital represent the existing temporary and permanently restricted net assets at the time of the Group's acquisition. The unrestricted net assets based on fair value calculations is reflected as inherent contribution due to acquisition on the consolidated statement of operations as of July 1, 2011.

The fair value of assets on July 1, 2011 was approximately \$157 million (including \$64 million of current assets, \$76 million of net property and equipment, and \$4 million of restricted assets, and \$13 million of other long-term assets), and the fair value of liabilities assumed was approximately \$25 million (including \$14 million of current liabilities and \$11 million of noncurrent liabilities). Of these net assets assumed, \$3,292,000 was temporarily restricted and \$213,000 was permanently restricted.

The Hospital owns 51 percent of Advanced Imaging Services of Battle Creek (AIS). The consolidated financial statements include the accounts of the Hospital and AIS. Significant intercompany accounts and transactions have been eliminated in consolidation.

Note 2 - Significant Accounting Policies

Basis of Consolidation - The consolidated financial statements include the accounts of the Hospital and its majority-owned and controlled subsidiary. Significant intercompany accounts and transactions have been eliminated in consolidation.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 2 - Significant Accounting Policies (Continued)

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.

Investments - The Hospital's cash equivalents and investments are maintained in a pooled investment fund held by the Group. Requests for withdrawals from the fund are generally honored on demand at the amount deposited, minus withdrawals, plus earnings credited while on deposit. The fund's investment policy allows for investments in such securities as U.S. government obligations, commercial paper, bankers' acceptances, certificates of deposit, marketable equity securities, money market funds, and privately held alternative investments. Earnings of the fund are credited to investment participants on a pro rata basis when realized. Aggregate investment earnings and realized and unrealized gains and losses from the fund for the period ended December 31, 2011 was approximately \$1,344,000.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in income from operations unless the income or loss is restricted by donor or law.

In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates on future cash flows. The aggregate fair value amounts presented do not represent the underlying value of the Hospital; instead, they represent point in time estimates that might not be particularly relevant in predicting the Hospital's future earnings on cash flows. All financial instruments held or issued by the Hospital are considered trading.

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

Assets Limited as to Use - Assets limited as to use include funds held in trust for payment of employee benefits and amounts restricted by donors for specific purposes.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment amounts were recorded at fair value at the time of acquisition by the Group. Current year additions have been recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Right to Use of Information Technology - The Hospital has an agreement with Trinity Health for the right to use Trinity's information technology system for up to three years. The prepaid fees are recorded at cost and are being amortized over three years, the remaining life of the agreement.

Professional and Other Liability Insurance - The Hospital accrues an estimate of the ultimate expense, including litigation and settlement expense, net of applicable reinsurance coverage, for incidents of potential improper professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end.

Classification of Net Assets - Net assets of the Hospital are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Hospital's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Net Patient Service Revenue - Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and include estimated retroactive revenue adjustments based upon audits, reviews, and adjustments by third-party payors. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period such adjustments become known or as years are no longer subject to such audits, reviews, and adjustments. Management believes that adequate provisions have been made in the consolidated financial statements for any adjustments that may result from final settlements.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 2 - Significant Accounting Policies (Continued)

The majority of the services are under fixed provisions of third-party payment programs (primarily Medicare, Medicaid, and Blue Cross/Blue Shield of Michigan). Revenue from the Medicare, Medicaid, and Blue Cross/Blue Shield of Michigan programs accounted for approximately 72 percent of the Hospital's net patient service revenue for 2011. Under these provisions, payment rates for patient care are determined prospectively on the various bases, and the Hospital's revenue is limited to such amounts. Payments are also received for capital and medical education costs subject to certain limits. Additionally, the Hospital has entered into payment arrangements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the Hospital under these arrangements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Net patient service revenue for such arrangements is recorded at the amount expected to be realized upon payment for such services.

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.

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. The Hospital's tax returns are not subject to examination by taxing authorities for years beginning prior to July 1, 2009.

The Hospital has adopted accounting standards related to uncertain tax positions and, accordingly, reviewed all tax positions. The evaluated potential exposure related to uncertain tax positions was found to be immaterial.

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.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 2 - Significant Accounting Policies (Continued)

Electronic Health Records Incentive Payments - The American Recovery and Reinvestment Act of 2009 (ARRA) established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record (EHR) technology by 2014. The Hospital may receive an incentive payment for up to four years, provided the Hospital demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenue from the incentive payments is recognized ratably over the EHR reporting period when there is reasonable assurance that the Hospital will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. The amounts are recorded within other operating revenue as the incentive payments are related to the Hospital's ongoing and central activities yet not critical to the delivery of patient service.

New Accounting Pronouncements - 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.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including April 16, 2012, which is the date the consolidated financial statements were available to be issued.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 3 - Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents and Investments - The carrying amount reported in the consolidated balance sheet approximates its fair value.

Accounts Receivable, Estimated Third-party Payor Settlements, Accounts Payable, and Accrued Liabilities - The carrying amount reported in the consolidated balance sheet approximates its fair value.

Marketable Securities - The fair value amounts of marketable securities, included in investments and assets limited or restricted as to use in the consolidated balance sheet, are based on quoted market prices, if available, or are estimated using quoted market prices for similar assets.

Note 4 - Fair Value Measurements

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

The following tables present information about the Hospital's assets measured at fair value on a recurring basis at December 31, 2011 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 2 investments include interests in pooled investment funds, corporate bonds, and United States government agency notes.

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

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

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 4 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2011 (in thousands)

| | 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 | | | | |
| Funds held for payment of employee benefits - Mutual funds | \$ 274 | \$ - | \$ - | \$ 274 |
| Pooled funds - Held in Bronson Investment Fund | - | 28,220 | - | 28,220 |
| Total | \$ 274 | \$ 28,220 | \$ - | \$ 28,494 |

A reconciliation of investments, assets limited as to use, and long-term investments from the above table to the consolidated balance sheet is presented below for the year ended December 31, 2011:

| | Amount (in thousands) |
|--|--------------------------|
| Investments | \$ 28,220 |
| Assets limited as to use: | |
| Assets limited as to use - Funds held for payment of employee benefits | 274 |
| Total investments and assets limited as to use - at fair value | 28,494 |
| By donors for specific use - cash and cash equivalents - not included in fair value table above | 2,862 |
| Total investments and assets limited as to use | <u>\$ 31,356</u> |

Investment income and gains and losses are comprised of the following for the year ended December 31, 2011:

| | Amount (in thousands) |
|--|--------------------------|
| Net investment loss | \$ 143 |
| Change in net unrealized losses on investments | <u>(1,487)</u> |
| Total | <u>\$ (1,344)</u> |

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 5 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

| | Amount (in thousands) |
|---------------------------------------|--------------------------|
| Patient accounts receivable | \$ 68,452 |
| Less: | |
| Allowance for uncollectible accounts | (12,941) |
| Allowance for contractual adjustments | (39,049) |
| Net patient accounts receivable | 16,462 |
| Other | 1,462 |
| Total accounts receivable | \$ 17,924 |

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

| | Percentage |
|------------------------------------|------------|
| Medicare | 26 |
| Blue Cross/Blue Shield of Michigan | 14 |
| Medicaid | 21 |
| Commercial insurance | 22 |
| Self-pay | 17 |
| Total | 100 |

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 6 - Estimated Third-party Payor Settlements

A significant amount of the Hospital's net patient service revenue is received from the Medicare, Medicaid, and Blue Cross/Blue Shield of Michigan programs. Subsidiaries of the Hospital have agreements with third-party payors that provide for reimbursement at amounts different from established rates. A summary of the basis of reimbursement with these third-party payors is as follows:

- **Medicare** - Inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient and homecare services related to Medicare beneficiaries are reimbursed based on a prospectively determined amount per episode of care. Payments are also received for capital and medical education costs subject to certain limits.
- **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** - Inpatient, acute-care services are reimbursed at prospectively determined rates per discharge. Outpatient services are reimbursed on fee-for-service and percentage-of-charge bases.
- **Other Third-party Payors** - The Hospital has also entered into agreements with certain commercial carriers, health maintenance organizations, and preferred provider organizations. The bases for reimbursement to the Hospital under these agreements are discounts from established charges, prospectively determined rates per discharge, and prospectively determined daily rates.

Cost report settlements result from the adjustment of interim payments to final reimbursement under the Medicare, Medicaid, and Blue Cross/Blue Shield of Michigan programs that are subject to audit by fiscal intermediaries. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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 the extent of liability for overpayments or underpayments found in an audit. The potential exists for significant overpayments or underpayments of claims liability for the Hospital at a future date.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 7 - 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 revenues 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 Hospital's total expenses divided by gross patient service revenue.

The estimated amount of charity care is as follows:

| | Amount (in thousands) |
|-----------------------|--------------------------|
| Charity care, at cost | \$ 3,132 |

Note 8 - Net Patient Service Revenue - Unaudited

Net patient service revenue is composed of the following:

| | Amount (in thousands) |
|--|--------------------------|
| Gross charges | \$ 268,000 |
| Less total contractual deductions and other provisions | 170,749 |
| Net patient service revenue | \$ 97,251 |

Note 9 - Property and Equipment

The value of property, plant, and equipment are summarized as follows.

| | Amount (in thousands) |
|----------------------------|--------------------------|
| Land | \$ 2,911 |
| Buildings and improvements | 54,728 |
| Equipment | 24,516 |
| Total cost | 82,155 |
| Accumulated depreciation | (4,987) |
| Net property and equipment | \$ 77,168 |

Depreciation expense on property and equipment totaled approximately \$4,996,000 in 2011.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 10 - Related Party Transactions

Investments in joint ventures, primarily the Regional Medical Lab of Battle Creek, Integrated Health Partners of Battle Creek, and Partners Insurance Agency, that are not majority-owned (each 50 percent owned by the Hospital) and controlled are recorded using the equity method. Equity in earnings or losses of such joint ventures is included in other revenue in the consolidated statement of operations and changes in net assets and amounted to gains of approximately \$81,000 in 2011.

The Hospital also purchases certain services in the ordinary course of business, and maintains most insurance coverage from the Group. The Hospital's expenses related to these activities generally are based on costs incurred and are not material in relation to the Hospital's operations.

Note 11 - Accrued Liabilities

The detail of accrued liabilities as of December 31, 2011 is given below:

| | Amount (in thousands) |
|--------------------------------|--------------------------|
| Compensation and payroll taxes | \$ 2,604 |
| Compensated paid time off | 3,422 |
| Other | 1,598 |
| Total accrued liabilities | <u>\$ 7,624</u> |

Note 12 - Pension Plan

Prior to July 1, 2011, the employees of the Hospital participated in the cash balance defined benefit pension plan sponsored by Trinity Health. As a result of the Group's acquisition of the Hospital during 2011, the defined benefit pension plan obligation specific to the Hospital's employees under the Trinity plan was determined and transferred to the BHG defined benefit pension plan, as a separate component of the Group's plan. A total of \$94 million of assets was transferred from the Trinity plan related to the obligation. As part of the acquisition, the former Trinity plan has been frozen and is being separately tracked.

Starting on July 1, 2011, all employees of the Hospital are eligible to participate in the existing BHG plan. Under this arrangement, the Hospital is charged for its share of costs incurred to provide pension benefits for its employees under the plan. Benefits are based on a participant's years of service and compensation during the last 10 years of employment. Expense recorded by the Hospital under the ongoing pension plan totaled approximately \$1,200,000.

The liability related to the pension obligation was assumed by the Hospital at fair value.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 12 - Pension Plan (Continued)

The funded status and accrued pension of the frozen defined benefit plan described above as of December 31, 2011 are summarized below:

Obligations and Funded Status

| | Pension Benefits (in thousands) |
|--|---------------------------------------|
| Change in benefit obligation: | |
| Benefit obligation at beginning of year | \$ 101,470 |
| Interest cost | 2,911 |
| Actuarial loss | 7,597 |
| Benefits paid | <u>(1,519)</u> |
| Benefit obligation at end of year | 110,459 |
| Change in plan assets: | |
| Fair value of plan assets at beginning of year | 94,283 |
| Actual return on plan assets | 236 |
| Benefits paid | <u>(1,519)</u> |
| Fair value of plan assets at end of year | <u>93,000</u> |
| Funded status at end of year | <u>\$ (17,459)</u> |

Amounts recognized in changes in net assets consist of the following:

| | Pension Benefits (in thousands) |
|----------|---------------------------------------|
| Net loss | <u>\$ 8,295</u> |

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 12 - Pension Plan (Continued)

Components of Net Periodic Benefit Cost

| | Pension Benefits |
|--------------------------------|---------------------|
| | (in thousands) |
| Net periodic benefit cost: | |
| Interest cost | \$ 2,912 |
| Expected return on plan assets | (3,734) |
| Total | <u>\$ (822)</u> |

Assumptions

Weighted Average Assumptions Used to Determine Benefit Obligations at December 31, 2011

| | Pension Benefits |
|---------------|---------------------|
| Discount rate | 5.32 % |

Weighted Average Assumptions Used to Determine Net Periodic Benefit Cost for Year Ended December 31, 2011

| | Pension Benefits |
|---------------|---------------------|
| Discount rate | 5.80 % |

The expected rate of return for the plans' total assets is based on the expected return of each of the categories of equities and fixed income. These categories are weighted based on the median of the target allocation for each class (equities - 60 percent, fixed income - 30 percent, and cash - 10 percent). Equity securities are expected to return 10 percent to 11 percent over the long term, while fixed income is expected to return between 4 to 6 percent. Based on historical experience, the committee expects that the plans' asset managers will provide a modest (0.0 to 1.0 percent per annum) premium to their respective market benchmark indices.

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 12 - Pension Plan (Continued)

Plan Assets

| | <u>Percentage</u> |
|-----------------------------------|-------------------|
| Asset category: | |
| Equity securities | 19 |
| Debt securities | 3 |
| Government securities | 11 |
| Cash and money market investments | 67 |
| Total | <u>100</u> |

Investment Policies and Strategies

The plans' assets are invested in an actively managed diversified portfolio that integrates asset allocation strategies across the equity and debt market globally. The portfolio's objective is to maximize total return, consisting of current income and capital appreciation, without assuming undue risk. Active asset allocation strategies are followed, which increase or decrease investments in equity and debt markets based upon ongoing fundamental analysis. The active management process combines judgments about the value of the stock and bond markets and the relative value of a wide variety of securities within these markets. Consideration is given to various variables, including productivity, inflation, global competitiveness, and risk. The Hospital's objective is to have 60 percent invested in equity securities and 40 percent invested in fixed income.

Contributions

The Hospital expects to contribute \$0 to its pension plan in 2012.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (amounts in thousands):

| <u>Years Ending December 31</u> | <u>Pension Benefits</u> |
|-------------------------------------|-----------------------------|
| 2012 | \$ 3,735 |
| 2013 | 4,083 |
| 2014 | 4,485 |
| 2015 | 4,868 |
| 2016 | 5,313 |
| 2017-2021 | 33,474 |

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 12 - Pension Plan (Continued)

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Group 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 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.

The fair values of the Hospital's pension plan assets at December 31, 2011 by major asset categories are as follows (amounts in thousands):

Pension Plan Assets

| Asset Category | 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 |
|--|--|--|--|------------------------------------|
| Money market funds | \$ 62,130 | \$ - | \$ - | \$ 62,130 |
| Common and preferred stock - Industrials | 1,450 | - | - | 1,450 |
| Common and preferred stock - Consumer discretionary | 1,255 | - | - | 1,255 |
| Common and preferred stock - Consumer staples | 2,604 | - | - | 2,604 |
| Common and preferred stock - Energy | 2,272 | - | - | 2,272 |
| Common and preferred stock - Financial | 3,832 | - | - | 3,832 |
| Common and preferred stock - Materials | 1,703 | - | - | 1,703 |
| Common and preferred stock - Information technology | 1,715 | - | - | 1,715 |
| Common and preferred stock - Utilities | 1,267 | - | - | 1,267 |
| Common and preferred stock - Health care | 1,575 | - | - | 1,575 |
| Common and preferred stock - Telecommunication services | 219 | - | - | 219 |
| Treasury bonds | - | 8,801 | - | 8,801 |
| Government and government agency bonds | - | 1,524 | - | 1,524 |
| Corporate securities | - | 2,653 | - | 2,653 |
| Total | <u>\$ 80,022</u> | <u>\$ 12,978</u> | <u>\$ -</u> | <u>\$ 93,000</u> |

Bronson Battle Creek

Notes to Consolidated Financial Statements December 31, 2011

Note 12 - Pension Plan (Continued)

The fair value of the various bonds, corporate securities, and other securities was 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 these assets was determined primarily based on quoted market prices from the Hospital's custodial banks.

Note 13 - Professional Liability Insurance

The Hospital participates in a self-insured, multiprovider, professional liability arrangement sponsored by the Group. This arrangement is designed to provide participating members with a specified level of primary professional liability coverage, with excess layers of insurance coverage provided by commercial insurers under claims-made policies. The levels of excess coverage vary by year, depending upon the availability and cost of that insurance. Should the claims-made policies not be renewed or be replaced with equivalent insurance, claims based on occurrences during its term and reported subsequently will be uninsured. Participating members of the self-insured arrangement are annually assessed amounts that reflect the level of professional liability risk subject to self-insurance for the participating entity. The expense assessed to the Hospital totaled approximately \$45,000 for 2011.

The Hospital is involved in certain legal actions arising from services provided to patients and, additionally, is aware of certain possible claims that presently are not the subject of judicial proceedings. Although the Hospital is unable to precisely estimate the ultimate cost of settlements of professional liability claims, a 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 considering legal counsel's evaluations of all actions and claims, that insurance coverage and accruals recorded at the Group for estimated losses are adequate to cover expected settlements.

Note 14 - Functional Expenses

The Hospital provides inpatient and outpatient healthcare services to patients in the Battle Creek, Michigan area. Expenses related to providing these services for the year ended December 31, 2011 are as follows:

| | Amount (in thousands) |
|----------------------------|--------------------------|
| Healthcare services | \$ 82,792 |
| General and administrative | 17,646 |
| Total | <u>\$ 100,438</u> |

Other Supplemental Information



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Independent Auditor's Report on Other Supplemental Information

To the Board of Directors
Bronson Health Group

We have audited the consolidated financial statements of Bronson Battle Creek as of and for the year ended December 31, 2011. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in the accompanying schedules, as listed in the table of contents, is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and is not a required part of the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

April 16, 2012

Bronson Battle Creek

Consolidating Balance Sheet December 31, 2011 (amounts in thousands)

| | Bronson Battle Creek Hospital | Advanced Imaging Services | Eliminating Entries | Total |
|---|----------------------------------|---------------------------------|------------------------|------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 20,805 | \$ 164 | - | \$ 20,969 |
| Investments | 28,220 | - | - | 28,220 |
| Accounts receivable | 17,746 | 270 | (92) | 17,924 |
| Prepaid expenses and other current assets | 4,582 | - | - | 4,582 |
| Total current assets | 71,353 | 434 | (92) | 71,695 |
| Assets Limited as to Use | 3,136 | - | - | 3,136 |
| Property and Equipment - Net | 76,150 | 1,018 | - | 77,168 |
| Other Assets | | | | |
| Investment in joint venture | 2,785 | - | - | 2,785 |
| Right to use of information technology | 8,709 | - | - | 8,709 |
| Other noncurrent assets | 459 | - | - | 459 |
| Total assets | \$ 162,592 | \$ 1,452 | (92) | \$ 163,952 |

Bronson Battle Creek

Consolidating Balance Sheet (Continued) December 31, 2011 (amounts in thousands)

| | Bronson Battle Creek Hospital | Advanced Imaging Services | Eliminating Entries | Total |
|--|----------------------------------|---------------------------------|------------------------|------------|
| Liabilities and Net Assets | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 9,710 | \$ 276 | (92) | \$ 9,894 |
| Accrued liabilities and other | 7,624 | - | - | 7,624 |
| Estimated third-party payor settlements | 948 | - | - | 948 |
| Total current liabilities | 18,282 | 276 | (92) | 18,466 |
| Other Liabilities | | | | |
| Pension obligation | 17,459 | - | - | 17,459 |
| Other long-term liabilities | 1,174 | - | - | 1,174 |
| Total liabilities | 36,915 | 276 | (92) | 37,099 |
| Net Assets | | | | |
| Unrestricted | 122,815 | 1,176 | (576) | 123,415 |
| Noncontrolling interest in consolidated subsidiary | - | - | 576 | 576 |
| Temporarily restricted | 2,647 | - | - | 2,647 |
| Permanently restricted | 215 | - | - | 215 |
| Total liabilities and net assets | \$ 162,592 | \$ 1,452 | (92) | \$ 163,952 |

Bronson Battle Creek

Consolidating Statement of Operations Six-month Period Ended December 31, 2011 (amounts in thousands)

| | Bronson Battle Creek Hospital | Advanced Imaging Services | Eliminating Entries | Total |
|--|----------------------------------|------------------------------|------------------------|-------------------|
| Operating Revenue | | | | |
| Net patient service revenue | \$ 95,679 | \$ 1,572 | \$ - | \$ 97,251 |
| Investment loss | (143) | - | - | (143) |
| Other | 5,427 | - | (344) | 5,083 |
| Net assets released from restrictions for operations | 59 | - | - | 59 |
| Total operating revenue | 101,022 | 1,572 | (344) | 102,250 |
| Operating Expenses | | | | |
| Salaries and wages | 38,892 | 344 | (344) | 38,892 |
| Employee benefits and payroll taxes | 8,123 | - | - | 8,123 |
| Other | 40,502 | 742 | - | 41,244 |
| Depreciation and amortization | 6,725 | 57 | - | 6,782 |
| Provision for bad debts | 5,234 | 163 | - | 5,397 |
| Total operating expenses | 99,476 | 1,306 | (344) | 100,438 |
| Operating Income | 1,546 | 266 | - | 1,812 |
| Nonoperating Gains | | | | |
| Change in unrealized investment gain | 1,487 | - | - | 1,487 |
| Inherent contribution from acquisition of Battle Creek Health System | 126,927 | 1,610 | - | 128,537 |
| Total nonoperating gains | 128,414 | 1,610 | - | 130,024 |
| Excess of Revenue Over Expenses | 129,960 | 1,876 | - | 131,836 |
| Other | 357 | (700) | - | (343) |
| Pension-related Changes Other Than Net Periodic Benefit Cost | (8,295) | - | - | (8,295) |
| Net Assets Released from Restriction for Capital Purchases | 793 | - | - | 793 |
| Increase in Unrestricted Net Assets | \$ 122,815 | \$ 1,176 | \$ - | \$ 123,991 |

Bronson Battle Creek

Consolidating Statement of Changes in Net Assets Six-month Period Ended December 31, 2011 (amounts in thousands)

| | Bronson Battle Creek Hospital | Advanced Imaging Services | Eliminating Entries | Total |
|--|----------------------------------|---------------------------------|------------------------|-------------------|
| Unrestricted Net Assets | | | | |
| Excess of revenue over expenses | \$ 129,960 | \$ 1,876 | - | \$ 131,836 |
| Transfer from (to) affiliate | 357 | (700) | - | (343) |
| Pension-related changes other than net periodic benefit cost | (8,295) | - | - | (8,295) |
| Net assets released from restriction for capital | 793 | - | - | 793 |
| Increase in Unrestricted Net Assets | 122,815 | 1,176 | - | 123,991 |
| Temporarily Restricted Net Assets | | | | |
| Restricted contributions | 186 | - | - | 186 |
| Restricted investment income | 21 | - | - | 21 |
| Restricted net assets assumed in business combination | 3,292 | - | - | 3,292 |
| Net assets released from restriction | (852) | - | - | (852) |
| Increase in Temporarily Restricted Net Assets | 2,647 | - | - | 2,647 |
| Permanently Restricted Net Assets | | | | |
| Restricted investment income | 2 | - | - | 2 |
| Restricted net assets assumed in business combination | 213 | - | - | 213 |
| Increase in Permanently Restricted Net Assets | 215 | - | - | 215 |
| Increase in Net Assets | 125,677 | 1,176 | - | 126,853 |
| Net Assets - Beginning of period | - | - | - | - |
| Net Assets - End of period | \$ 125,677 | \$ 1,176 | \$ - | \$ 126,853 |