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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☑ Amended return
- ☐ Application pending

C Name of organization
GRINNELL REGIONAL MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
210 FOURTH AVENUE

City or town, state or country, and ZIP + 4
GRINNELL, IA 50112

D Employer identification number
42-0933383

E Telephone number
(641) 236-2311

G Gross receipts $ 41,422,785

F Name and address of principal officer
TODD LINDEN
210 FOURTH AVENUE
GRINNELL,IA 50112

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW GRMC US

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1967 | **M** State of legal domicile IA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
TO TREAT, HEAL AND CARE FOR THE SICK AND DISABLED

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	15
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	490
6	Total number of volunteers (estimate if necessary)	**6**	276
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	23,249
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-11,786

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	1,624,043	1,384,593
	9 Program service revenue (Part VIII, line 2g)	36,004,865	39,270,731
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-9,175	-301,071
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,295,531	736,881
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	39,915,264	41,091,134
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	263,082
	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)	23,015,699	24,985,256
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶46,720		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	17,845,639	18,312,374
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	40,861,338	43,560,712
	19 Revenue less expenses Subtract line 18 from line 12	-946,074	-2,469,578

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	34,624,485	30,651,976
	21 Total liabilities (Part X, line 26)	12,683,993	12,793,999
	22 Net assets or fund balances Subtract line 21 from line 20	21,940,492	17,857,977

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

****** | 2014-10-02
Signature of officer | Date

TODD LINDEN CEO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's taxpayer identification number (see instructions)
BARBARA J FAJEN		☐	P00400874

Firm's name (or yours if self-employed), address, and ZIP + 4: SEIM JOHNSON LLP, 18081 BURT STREET SUITE 200, OMAHA, NE 680224722

EIN ▶ 47-6097913

Phone no ▶ (402) 330-2660

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

GRINNELL REGIONAL MEDICAL CENTER'S MISSION IS DEDICATION TO HEALTH CARE FOR LIFE THROUGH GENUINE CARE AND COMPASSION FOR THE HEALTH AND WELL-BEING OF PATIENTS, FAMILIES, AND THE COMMUNITIES THEY ARE PRIVILEGED TO SERVE, RESPONSIVENESS TO BALANCING COMMUNITY NEEDS WITH AVAILABLE RESOURCES, MARVELOUS PEOPLE MAKING A DIFFERENCE THROUGH QUALITY CARE AND SERVICE EXCELLENCE EVERY DAY, AND COMMITMENT TO PROMOTING WELLNESS, RESTORING HEALTH AND ENHANCING THE QUALITY OF LIFE WE SERVE

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 $ 37,047,845 including grants of $ 263,082) (Revenue $ 38,023,305)

THE ORGANIZATION IS A PROSPECTIVE PAYMENT SYSTEM HOSPITAL WITH 49 ACUTE BEDS THE ORGANIZATION PROVIDES ACUTE AND ANCILLARY SERVICES TO INDIVIDUALS IN INPATIENT AND OUTPATIENT SETTINGS IN ADDITION, THE ORGANIZATION OPERATES SEVERAL PHYSICIANS' CLINICS DURING 2011, THE ORGANIZATION PROVIDED 4,676 DAYS OF ACUTE CARE, 434 DAYS OF SKILLED NURSING CARE AND 476 NURSERY DAYS

4b (Code) (Expenses $ 1,542,690 including grants of $) (Revenue $ 1,247,426)

VIRTUAL PRIVATE PRACTICE PHYSICIANS CLINIC, WOMEN'S HEATH CLINIC, AND OTHER PROGRAMS RELATING TO GRINNELL HEALTH ALLIANCE, INC

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 38,590,535

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	55		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	490			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	16		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	15		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

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

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

☑ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

THE ORGANIZATION
210 FOURTH AVENUE
GRINNELL,IA 50112
(641) 236-2311

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ED HATCHER CHAIR	1 00	X		X				0	0	0
(2) BILL MENNER CHAIR ELECT	1 00	X		X				0	0	0
(3) FRANK BROWNELL TREASURER	1 00	X		X				0	0	0
(4) STANLEY GREENWALD MD SECRETARY	1 00	X		X				0	0	0
(5) SUSAN WITT PAST CHAIR	1 00	X						0	0	0
(6) DEBBY POHLSON MEMBER	1 00	X						0	0	0
(7) LAURA M FERGUSON MD MEMBER	1 00	X						0	0	0
(8) JOANN MANATT MEMBER	1 00	X						0	0	0
(9) KARLA ERICKSON MEMBER	1 00	X						0	0	0
(10) MICHELE S REBELSKY MD MEMBER	1 00	X						0	0	0
(11) TODD REDING MEMBER	1 00	X						0	0	0
(12) WALLY WALKER MEMBER	1 00	X						0	0	0
(13) JOANNE YUSKA MEMBER	1 00	X						0	0	0
(14) WENDY KADNER MEMBER	1 00	X						0	0	0
(15) LAURA VAN CLEVE DO MEMBER - MEDICAL STAFF PRES	1 00	X						0	0	0
(16) GEORGE DRAKE MEMBER - FND BOARD CHAIR	1 00	X						0	0	0
(17) TODD LINDEN MEMBER - CEO	40 00	X		X				367,377	0	10,964

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) JACK FRITTS CFO	40 00			X				168,483	0	10,964
(19) SUZANNE COONER VICE PRESIDENT	40 00			X				176,639	0	10,964
(20) DAVID NESS VICE PRESIDENT	40 00			X				168,997	0	10,964
(21) DORIS RINDELS VICE PRESIDENT	40 00			X				139,537	0	5,482
(22) CHRISTINE LINDGREN PHYSICIAN	40 00					X		252,012	0	0
(23) JOHN BAMBARA PHYSICIAN	40 00					X		278,135	0	10,964
(24) SEANNA THOMPSON MD PHYSICIAN	40 00					X		275,362	0	22,964
(25) STEPHEN BELLESTAD PHYSICIAN	40 00					X		224,451	0	10,964
(26) KEVIN EMGE PHYSICIAN	40 00					X		277,339	0	14,305
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								2,328,332	0	108,535

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 ▶ 20

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MERCY CLINICAL LAB PO BOX 4867 DES MOINES, IA 50305	CLINICAL LAB SERVICES	540,857
GENE GESSNER MD DBA PAIN CLINIC LLC 2180 NORCOR AVENUE B CORALVILLE, IA 52241	ANESTHESIA PROVIDER	149,708
MEDASSETS INC 16482 COLLECTIONS CENTER DRIVE CHICAGO, IL 60693	COLLECTION SERVICES	128,157

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 ▶ 3

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c 32,037				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e 229,857				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 1,122,699				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f	1,384,593			
Program Service Revenue		Business Code				
	2a	NET PATIENT SERVICE RE 621110	37,338,549	37,338,549		
	b	PHYSICIAN CLINIC SERVI 621110	897,608	897,608		
	c	CONTRACTED STAFF REVEN 621110	684,756	684,756		
	d	WOMEN'S HEALTH CLINIC 621110	330,718	330,718		
	e	MISCELLANEOUS PROGRAMS 621110	19,100	19,100		
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f	39,270,731			
	3	Investment income (including dividends, interest and other similar amounts)				
	4	Income from investment of tax-exempt bond proceeds . .				
	5	Royalties				
		(i) Real / (ii) Personal				
	6a	Gross rents 235,288				
	b	Less rental expenses 0				
	c	Rental income or (loss) 235,288				
	d	Net rental income or (loss)	235,288			235,288
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 175				
	b	Less cost or other basis and sales expenses 301,246				
	c	Gain or (loss) -301,071				
	d	Net gain or (loss)	-301,071			-301,071
Other Revenue	8a	Gross income from fundraising events (not including $ 32,037 of contributions reported on line 1c) See Part IV, line 18 . . . a 11,219				
	b	Less direct expenses . . . b 30,405				
	c	Net income or (loss) from fundraising events . .	-19,186			-19,186
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . .				
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . .				
		Miscellaneous Revenue / Business Code				
	11a	CAFETERIA 900099	165,142			165,142
	b	HOUSEKEEPING 812900	20,095		20,095	
	c	LAUNDRY 812300	3,154		3,154	
	d	All other revenue	332,388			332,388
	e	**Total.** Add lines 11a–11d	520,779			
	12	**Total revenue.** See Instructions . . .	41,091,134	39,270,731	23,249	412,561

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	263,082	263,082		
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	2,436,867	1,366,496	1,070,371	
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	16,642,188	14,904,816	1,702,828	34,544
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	85,977	85,977		
9	Other employee benefits	4,520,295	4,520,295		
10	Payroll taxes	1,299,929	1,299,929		
11	Fees for services (non-employees)				
a	Management				
b	Legal	67,382	17,794	49,588	
c	Accounting	61,533		61,533	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	2,089,430	1,476,517	612,913	
12	Advertising and promotion	124,429	32,237	92,192	
13	Office expenses	2,366,428	1,834,444	525,008	6,976
14	Information technology				
15	Royalties . .				
16	Occupancy	913,480	769,608	143,872	
17	Travel	115,253	113,320	892	1,041
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	65,834		65,834	
20	Interest	632,841	632,841		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,806,784	2,806,784		
23	Insurance	542,288	268,593	273,695	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	5,684,690	5,682,980	1,710	
b	BAD DEBTS	1,798,567	1,798,567		
c	MEDICAID PROVIDER TAX	461,241	461,241		
d	DUES & SUBSCRIPTIONS	452,675	214,253	234,263	4,159
e					
f	All other expenses	129,519	40,761	88,758	
25	**Total functional expenses.** Add lines 1 through 24f	43,560,712	38,590,535	4,923,457	46,720
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	1,695
	2	Savings and temporary cash investments		4,399,822	2	2,856,263
	3	Pledges and grants receivable, net			3	27,472
	4	Accounts receivable, net		6,269,593	4	6,224,133
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		20,000	5	83,449
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		180,568	7	
	8	Inventories for sale or use		1,320,753	8	1,382,558
	9	Prepaid expenses and deferred charges		985,432	9	953,406
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 52,704,359			
	b	Less accumulated depreciation	10b 34,644,018	18,447,470	10c	18,060,341
	11	Investments—publicly traded securities		1,681,027	11	1,062,659
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,319,820	15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		34,624,485	16	30,651,976
Liabilities	17	Accounts payable and accrued expenses		3,841,278	17	4,066,028
	18	Grants payable			18	
	19	Deferred revenue			19	18,504
	20	Tax-exempt bond liabilities		6,240,000	20	6,240,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		2,215,510	23	1,805,936
	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		387,205	25	663,531
	26	**Total liabilities.** Add lines 17 through 25		12,683,993	26	12,793,999
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		20,788,405	27	16,565,890
	28	Temporarily restricted net assets		1,057,174	28	1,224,320
	29	Permanently restricted net assets		94,913	29	67,767
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		21,940,492	33	17,857,977
	34	Total liabilities and net assets/fund balances		34,624,485	34	30,651,976

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	41,091,134
2	Total expenses (must equal Part IX, column (A), line 25)	2	43,560,712
3	Revenue less expenses Subtract line 2 from line 1	3	-2,469,578
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	21,940,492
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-1,612,937
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	17,857,977

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

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

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

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

Section B. Total Support

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

12 Gross receipts from related activities, etc (See instructions) **12**

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part III **Support Schedule for Organizations Described in IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
GRINNELL REGIONAL MEDICAL CENTER	42-0933383

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

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		6,346
j	Total lines 1c through 1i			6,346
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	PART OF THE MEMBERSHIP DUES OF THE AMERICAN HOSPITAL ASSOCIATION ARE FOR LOBBYING ACTIVITIES, THIS ACCOUNTS FOR $4,896 OF THE HOSPITALS LOBBYING ACTIVITIES ONE DAY OF CEO, TODD LINDEN'S SALARY, $1,075, AS WELL AS THE COST ASSOCIATED WITH VOLUNTEERS FOR THE IOWA HOSPITAL ASSOCIATION LEGISLATIVE DAY, $375, ARE ATTRIBUTABLE TO LOBBYING

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

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

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

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

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

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		445,499		445,499
b Buildings		27,730,985	16,289,629	11,441,356
c Leasehold improvements				
d Equipment		23,946,789	18,354,389	5,592,400
e Other		581,086		581,086
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				18,060,341

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	663,531
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	663,531

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE MEDICAL CENTER AND THE FOUNDATION ARE NOT-FOR-PROFIT CORPORATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE THE MEDICAL CENTER AND FOUNDATION HAVE RECEIVED A DETERMINATION LETTER THAT THEY ARE EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE INTERNAL REVENUE CODE GRINNELL HEALTH ALLIANCE, INC (GHA) IS A NOT-FOR-PROFIT CORPORATION, HOWEVER ITS APPLICATION FOR TAX EXEMPT STATUS HAS NOT YET BEEN FILED THE INTERNAL REVENUE SERVICE HAS ESTABLISHED STANDARDS TO BE MET TO MAINTAIN TAX EXEMPT STATUS IN GENERAL, SUCH STANDARDS REQUIRE THE MEDICAL CENTER, FOUNDATION AND GHA TO MEET A COMMUNITY BENEFIT STANDARD AND COMPLY WITH VARIOUS LAWS AND REGULATIONS HEALTH ADVANTAGE PLUS (HAP) IS A FOR-PROFIT CORPORATION SUBJECT TO FEDERAL AND STATE INCOME TAXES HAP DID NOT RECOGNIZE ANY FEDERAL AND STATE INCOME TAX EXPENSE IN 2011 DUE TO OPERATING LOSSES INCURRED DURING THE YEAR THE MEDICAL CENTER ACCOUNTS FOR UNCERTAINTIES IN ACCOUNTING FOR INCOME TAX ASSETS AND LIABILITIES USING GUIDANCE INCLUDED IN FASB ASC 740, INCOME TAXES THE MEDICAL CENTER RECOGNIZES THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED AT DECEMBER 31, 2011, THE MEDICAL CENTER HAD NO UNCERTAIN TAX POSITIONS ACCRUED WITH FEW EXCEPTIONS, THE MEDICAL CENTER IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS ENDED PRIOR TO DECEMBER 31, 2008

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

a ☐ Mail solicitations
b ☐ Internet and e-mail solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Total . . . . . ▶						

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 BLUE JEAN BALL (event type)	(b) Event #2 GOLF OUTING (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts	25,875	17,381		43,256
	2 Less Charitable contributions	17,602	14,435		32,037
	3 Gross income (line 1 minus line 2)	8,273	2,946		11,219
Direct Expenses	4 Cash prizes	0	1,730		1,730
	5 Non-cash prizes	0	380		380
	6 Rent/facility costs	180	2,232		2,412
	7 Food and beverages	2,772	1,279		4,051
	8 Entertainment	5,500	1,512		7,012
	9 Other direct expenses	5,812	75		5,887
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(21,472)
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				-10,253

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	**13a**	
b	An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			297,777		297,777	0 710 %
b Medicaid (from Worksheet 3, column a)			3,685,340	2,611,241	1,074,099	2 570 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			3,983,117	2,611,241	1,371,876	3 280 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	4	7,119	877,533	392,722	484,811	1 160 %
f Health professions education (from Worksheet 5)	1	6	3,965		3,965	0 010 %
g Subsidized health services (from Worksheet 6)	9	8,550	7,979,485	5,759,886	2,219,599	5 310 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	3	0	9,310		9,310	0 020 %
j **Total** Other Benefits	17	15,675	8,870,293	6,152,608	2,717,685	6 500 %
k **Total.** Add lines 7d and 7j	17	15,675	12,853,410	8,763,849	4,089,561	9 780 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	1,798,567		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	9,233,180		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	11,357,152		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-2,123,972		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	GRINNELL REGIONAL MEDICAL CENTER 210 4TH AVENUE GRINNELL, IA 50112	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)

GRINNELL REGIONAL MEDICAL CENTER

Name of Hospital Facility:

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

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

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 350 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	11		No
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		No
13 Included measures to publicize the policy within the community served by the hospital facility?	13		No
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14		No
15 Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments or arrests			
e ☐ Other similar actions (describe in Part VI)			
16 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**		No
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? **8**

	Name and address	Type of Facility (Describe)
1	GRINNELL REGIONAL COMMUNITY CARE CLINIC 306 4TH AVENUE GRINNELL,IA 50112	CLINIC
2	GRINNELL REGIONAL FAMILY PRACTICE 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
3	GRINNELL REGIONAL PAIN CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
4	GRINNELL REGIONAL WOMEN'S HEALTH CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
5	POSTELS COMMUNITY HEALTH PARK 807 BROAD STREET GRINNELL,IA 50112	CLINIC
6	LYNNVILLE MEDICAL CLINIC 303 EAST STREET LYNNVILLE,IA 50153	CLINIC
7	DEER CREEK HEALTH CENTER 401 FIRST AVENUE TOLEDO,IA 52342	CLINIC
8	VICTOR HEALTH CENTER 709 SECOND STREET VICTOR,IA 52347	CLINIC
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 1798567

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF PATIENTS DON'T APPLY FOR ASSISTANCE PRIOR TO SERVICE AND LATER INDICATE THEY ARE HAVING DIFFICULTY PAYING, OUR STAFF WORKS WITH THEM TO FIND THE APPROPRIATE FORM OF ASSISTANCE

Identifier	ReturnReference	Explanation
GRINNELL REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 19D THE HOSPITAL IMPLEMENTED ITS' DISCOUNT FOR UNINSURED PATIENTS ON JANUARY 1, 2011

Identifier	ReturnReference	Explanation
GRINNELL REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 21 THE HOSPITAL IMPLEMENTED ITS' DISCOUNT FOR UNINSURED PATIENTS ON JANUARY 1, 2011

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 POWESHIEK COUNTY RESIDENTS RECENTLY PARTICIPATED IN AN EXTENSIVE COMMUNITY HEALTH NEEDS ASESSMENT THIS SURVEY PROVIDED DIRECTION FOR GRINNELL REGIONAL MEDICAL CENTER (GRMC) AND GRINNELL REGIONAL PUBLIC HEALTH TO DEVELOP A HEALTH IMPROVEMENT PLAN OVER THE NEXT FIVE YEARS AND DETERMINE WHAT IS IMPORTANT FOR THE HEALTH OF THE COUNTY GRMC HAS RECENTLY SURVEYED ITS COMMUNITY HEALTHCARE PROVIDERS TO IDENTIFY WHAT THEY FEEL ARE THE MOST URGENT NEEDS WE ALSO REVIEW STATEWIDE DATABASES (I E , TEEN PREGNANCY, CANCER RATES) TO IDENTIFY AREAS IN WHICH TO CONCENTRATE OUR EFFORTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 WE HAVE A BROCHURE AVAILABLE THAT IDENTIFIES THE PATIENT ACCOUNTING PHONE NUMBER PATIENTS CAN CALL FOR INFORMATION ABOUT ANY TYPE OF FINANCIAL ASSISTANCE IF PATIENTS DO NOT APPLY FOR ASSISTANCE PRIOR TO SERVICE AND LATER INDICATE THEY ARE HAVING DIFFICULTY PAYING, OUR STAFF WORKS WITH THEM TO FIND THE APPROPRIATE FORM OF ASSISTANCE WE ALSO PLAN TO INCLUDE MORE DETAILED INFORMATION ON OUR WEBSITE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 GRINNELL REGIONAL MEDICAL CENTER (GRMC) IS A PRIVATE, NON-PROFIT AND NON-TAX SUPPORTED MEDICAL CENTER, SERVING MORE THAN 47,000 RESIDENTS IN A SIX-COUNTY RURAL AREA OF EAST CENTRAL IOWA GRMC IS A PROGRESSIVE, RURAL HOSPITAL LOCATED IN GRINNELL, IOWA GRINNELL IS 50 MILES EAST OF DES MOINES AND 60 MILES WEST OF IOWA CITY DES MOINES AND IOWA CITY ARE THE CLOSEST CITIES WITH TERTIARY HOSPITALS FOR OUR SERVICE AREA MEDIAN HOUSEHOLD INCOME FOR THE AREA IS ESTIMATED AT $46,650, BELOW THE STATE AVERAGE OF $48,065 BASED ON STATEWIDE AVERAGES, 17% OF THE PEOPLE IN THIS SERVICE AREA ARE 65 AND OLDER AND USE MEDICARE, 9 5% ARE UNINSURED, 27 7% USE SOME FORM OF PUBLIC INSURANCE, SUCH AS MEDICAID, 14 1% ARE COVERED INDIVIDIUALLY, AND 62 2% CARRY EMPLOYER-SPONSORED INSURANCE SPECIFICALLY, GRMC REPORTS THAT APPROXIMATELY 51% OF ITS PATIENTS RELY ON MEDICARE FOR THEIR HEALTH INSURANCE

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Part I General Information on Grants and Assistance

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . . . ▶ ☐

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) GRINNELL REGIONAL MEDICAL CENTER FOUNDATION210 FOURTH AVENUE GRINNELL,IA 50112	42-1454737	501(C)(3), 509(A)(3)	26,400				SUPPORT FUND-RAISING ACTIVITIES

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

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

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

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

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANTS ARE MADE ONLY TO 501(C)(3) CHARITABLE ORGANIZATIONS TO FURTHER THEIR CHARITABLE PURPOSES

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) TODD LINDEN	(i)	367,377	0	0	0	10,964	378,341	0
	(ii)	0	0	0	0	0	0	0
(2) JACK FRITTS	(i)	168,483	0	0	0	10,964	179,447	0
	(ii)	0	0	0	0	0	0	0
(3) SUZANNE COONER	(i)	176,639	0	0	0	10,964	187,603	0
	(ii)	0	0	0	0	0	0	0
(4) DAVID NESS	(i)	168,997	0	0	0	10,964	179,961	0
	(ii)	0	0	0	0	0	0	0
(5) CHRISTINE LINDGREN	(i)	252,012	0	0	0	0	252,012	0
	(ii)	0	0	0	0	0	0	0
(6) JOHN BAMBARA	(i)	278,135	0	0	0	10,964	289,099	0
	(ii)	0	0	0	0	0	0	0
(7) SEANNA THOMPSON MD	(i)	275,362	0	0	0	22,964	298,326	0
	(ii)	0	0	0	0	0	0	0
(8) STEPHEN BELLESTAD	(i)	224,451	0	0	0	10,964	235,415	0
	(ii)	0	0	0	0	0	0	0
(9) KEVIN EMGE	(i)	277,339	0	0	0	14,305	291,644	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) Loan to or from the organization? From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) In default? No	(f) Approved by board or committee? Yes	(f) Approved by board or committee? No	(g) Written agreement? Yes	(g) Written agreement? No
(1) DR CHRISTINE LINDGREN		X	30,000	20,000		No		No	Yes	
(2) SEANNA THOMPSON MD		X	63,449	63,449		No		No		No
Total . . . . . ▶ $				83,449						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	
	FORM 990, PART VI, SECTION B, LINE 12C	EACH BOARD MEMBER IS REQUIRED TO DISCLOSE ANNUALLY ANY INTEREST THAT COULD GIVE RISE TO CONFLICTS
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION IS DETERMINED BY THE BOARD OF DIRECTORS WITH THE USE OF INDEPENDENT CONSULTANTS
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	PRIOR PERIOD ADJUSTMENTS -1,612,937
	FORM 990, PART XII, LINE 2C	THE BOARD SELECTS THE AUDITORS WHO PRESENT THE FINANCIAL STATEMENTS TO THE BOARD OF DIRECT ORS THE BOARD ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT AND SELECTION OF THE INDE PENDENT AUDITORS THIS PROCESS HAS NOT CHANGED FROM PRIOR YEARS
	FORM 990, PAGE 1, ITEM B AMENDED RETURN	DURING 2013, MANAGEMENT, IN CONJUNCTION WITH LEGAL COUNSEL, DETERMINED THAT GRINNELL HEALT H ALLIANCE, INC EIN 27-3133505 SHOULD NOT FILE A FORM 990 FOR TWO REASONS 1 THE ENTITY' S ORGANIZING DOCUMENTS WERE NEVER FILED WITH THE STATE OF IOWA, AND, 2 PRIOR MANAGEMENT H AD NOT COMPLETED A FORM 1023, APPLICATION FOR TAX EXEMPT STATUS MANAGEMENT DETERMINED THA T GRINNELL HEALTH ALLIANCE, INC'S INCOME, DEDUCTIONS, ASSETS AND LIABILITIES SHOULD HAVE B EEN INCLUDED IN THE FORM 990 FILED FOR GRINNELL REGIONAL MEDICAL CENTER ACCORDINGLY, GRIN NELL HEALTH ALLIANCE, INC'S 2011 FORM 990 WILL BE AMENDED TO SHOW NO ACTIVITY, AND THE GRI NNELL REGIONAL MEDICAL CENTER'S 2011 FORM 990 IS BEING AMENDED TO ADD THE ACTIVITY THAT WA S REFLECTED ON THE ORIGINAL FORM 990 FOR GRINNELL HEALTH ALLIANCE, INC

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) GRINNELL REGIONAL MEDICAL CENTER FOUNDATION 210 FOURTH AVENUE GRINNELL, IA 50112 42-1454737	SUPPORT FOR GRINNELL REGIONAL MEDICAL CENTER	IA	501(C)(3)	11	N/A	Yes	

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) HEALTH ADVANTAGE PLUS INC 1020 MAIN STREET GRINNELL, IA 50112 42-1436490	PT & RHC SERVICES	IA	N/A	C	-169,745	64,537	100 000 %
(2) GRINNELL HEALTH ALLIANCE INC 210 FOURTH AVENUE GRINNELL, IA 50112 27-3133505	PHYSICIAN CLINIC SERVICES	IA	N/A	C			

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

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

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

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

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Grinnell Regional Medical Center and Affiliates

Grinnell, Iowa

Consolidated Financial Statements
December 31, 2011

Together with Independent Auditor's Report

Grinnell Regional Medical Center and Affiliates

Table of Contents

SEIM JOHNSON

Independent Auditor's Report

To the Board of Directors of
Grinnell Regional Medical Center and Affiliates
Grinnell, Iowa

We have audited the accompanying consolidated balance sheet of Grinnell Regional Medical Center and Affiliates (Medical Center) as of December 31, 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended These consolidated financial statements are the responsibility of the Medical Center's management

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 consolidated financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 financial position of the Medical Center as of December 31, 2011, and the results of its operations, changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

The accompanying consolidated financial statements have been prepared assuming that the Medical Center will continue as a going concern As discussed in Note 14 to the consolidated financial statements, the Medical Center has suffered recurring losses from operations, and as discussed in Note 7 an event of default occurred on the Medical Center's Letter of Credit and Reimbursement Agreement with US Bank, N A As a result, the Medical Center's total current liabilities exceeds its total current assets These events and results raise substantial doubt about the Medical Center's ability to continue as a going concern Management's plans in regard to these matters are also described in Note 14 The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole The supplementary information in Exhibit 1 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other 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 taken as a whole

Seim Johnson, LLP

Omaha, Nebraska,
July 5, 2012

[illegible]

Grinnell Regional Medical Center and Affiliates

Consolidated Balance Sheet
December 31, 2011

ASSETS		
Current assets		
Cash and cash equivalents	$	2,765,733
Assets limited as to use, required for current obligations		37,100
Receivables -		
Patient, net of estimated uncollectibles of $2,028,843		5,998,937
Other		522,814
Inventories		1,387,069
Prepaid expenses		785,755
Total current assets		11,497,408
Assets limited as to use, net of amounts required for current obligations		3,208,413
Property and equipment, net		18,296,845
Other assets, net		316,489
Total assets	$	33,319,155
LIABILITIES AND NET ASSETS		
Current liabilities		
Current obligations of annuity payment liability	$	37,100
Current maturities of long-term debt		7,101,481
Notes payable		2,000
Accounts payable		1,234,151
Accrued salaries, vacation and benefits		2,200,907
Other accrued liabilities		638,169
Estimated third-party payor settlements		663,530
Total current liabilities		11,877,338
Annuity payment liability, net of current obligations		316,904
Long-term debt, net of current maturities		905,354
Total liabilities		13,099,596
Net assets		
Unrestricted		18,721,295
Temporarily restricted		1,191,665
Permanently restricted		306,599
Total net assets		20,219,559
Total liabilities and net assets	$	33,319,155

See notes to consolidated financial statements

Grinnell Regional Medical Center and Affiliates

Consolidated Statement of Operations
For the Year Ended December 31, 2011

OPERATING REVENUE	
Net patient service revenue	$ 39,027,007
Other operating revenue	1,575,984
Total operating revenue	40,602,991
EXPENSES	
Salaries and wages	19,242,164
Employee benefits	5,985,742
Professional fees and purchased services	714,666
Repair and maintenance	801,793
Supplies and other	11,985,472
Other financing costs	533,404
Interest	151,919
Depreciation and amortization	2,816,482
Provision for bad debts	1,798,567
Total expenses	44,030,209
OPERATING LOSS	(3,427,218)
NONOPERATING GAINS (LOSSES)	
Investment income (loss)	(7,937)
Contributions	325,831
Loss on investment in Deer Creek Health Center, LLC	(12,198)
Change in carrying value of interest rate swap agreement	254,581
Nonoperating gains, net	560,277
EXCESS OF EXPENSES OVER REVENUE	(2,866,941)
CHANGE IN VALUE OF SPLIT INTEREST AGREEMENTS	72,405
CHANGE IN NET UNREALIZED LOSSES ON OTHER THAN TRADING SECURITIES	(61,297)
NET ASSETS RELEASED FROM RESTRICTIONS FOR PURCHASE OF PROPERTY AND EQUIPMENT	380,772
DECREASE IN UNRESTRICTED NET ASSETS	$ (2,475,061)

See notes to consolidated financial statements

Grinnell Regional Medical Center and Affiliates

Consolidated Statement of Changes in Net Assets
For the Year Ended December 31, 2011

UNRESTRICTED NET ASSETS		
Operating loss	$	(2,866,941)
Change in value of split interest agreements		72,405
Change in unrealized losses on other than trading securities		(61,297)
Net assets released from restrictions used for purchase of property and equipment		380,772
Decrease in unrestricted net assets		(2,475,061)
TEMPORARILY RESTRICTED NET ASSETS		
Gifts, grants and bequests		513,932
Net assets released from restrictions		(380,772)
Investment income		1,331
Increase in temporarily restricted net assets		134,491
PERMANENTLY RESTRICTED NET ASSETS,		
Investment income		266
DECREASE IN NET ASSETS		(2,340,304)
NET ASSETS, beginning of year		22,559,863
NET ASSETS, end of year	$	20,219,559

See notes to consolidated financial statements

Grinnell Regional Medical Center and Affiliates

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(2,340,304)
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Restricted gifts, grants and bequests		(513,932)
Depreciation and amortization		2,816,482
Change in value of split interest agreements		(72,405)
Change in carrying value of interest rate swap agreement		(254,581)
Loss on disposal of property and equipment		346,615
Loss on investment in DCHC, LLC		12,198
Change in net unrealized losses on other than trading securities		61,297
Restricted investment income		(1,597)
(Increase) decrease in current assets -		
Accounts receivable -		
Patient, net		(334,228)
Other		(172,260)
Inventories		(66,316)
Prepaid expenses		199,677
Estimated third-party payor settlements		677,000
Increase (decrease) in current liabilities -		
Accounts payable		180,495
Accrued salaries, vacation and benefits		(39,696)
Other accrued liabilities		91,150
Estimated third-party payor settlements		663,530
Net cash provided by operating activities		1,253,125
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment, net		(855,703)
Withdrawals from assets limited as to use, net		231,287
Investment in Deer Creek Health Center LLC		31,350
Net cash used in investing activities		(593,066)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on annuity payment obligations		(16,394)
Payments on long-term debt		(1,296,594)
Restricted gifts, grants and bequests		513,932
Net cash used in financing activities		(799,056)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(138,997)
CASH AND CASH EQUIVALENTS - Beginning of year		2,904,730
CASH AND CASH EQUIVALENTS - End of year	$	2,765,733
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	$	177,747
Capital lease obligations incurred for new equipment		1,104,500

See notes to consolidated financial statements

(1) Organization and Summary of Significant Accounting Policies

The following is a summary of the organization and significant accounting policies of the Grinnell Regional Medical Center and Affiliates (Medical Center) These policies are in accordance with accounting principles generally accepted in the United States of America

A Organization

The Medical Center is located in Grinnell, Iowa, and is a not-for-profit corporation chartered under the laws of the State of Iowa and is exempt from income tax under Section 501(a) of the Internal Revenue Code The Medical Center is an acute care hospital which provides inpatient, outpatient, emergency care and physician clinic services for residents of the Grinnell, Iowa area The Medical Center was incorporated in Iowa in 1967 and is governed by a fourteen member Board of Directors appointed for three year terms The Medical Center is the sole corporate member of the Grinnell Regional Medical Center Foundation and Grinnell Health Alliance, Inc , and has the ability to appoint or remove the Board of Directors of these organizations The Medical Center is the sole owner of Health Advantage Plus, Inc The accompanying consolidated financial statements include the accounts of these organizations All material related party balances and transactions have been eliminated in the consolidated financial statements

Grinnell Regional Medical Center Foundation (Foundation) is a not-for-profit organization established to provide financial support to the Medical Center

Grinnell Health Alliance, Inc (GHA) is a not-for-profit organization established to support the activities of certain physician clinic services GHA's application for tax exempt status has not yet been filed

Health Advantage Plus, Inc (HAP) is a wholly-owned taxable corporation of the Medical Center, the activities of which include the operation of Deer Creek Health Center and physician billing services

B Industry Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursements for patient services, and Medicare and Medicaid fraud and abuse Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed

Management believes that the Medical Center is in compliance with government laws and regulations as they apply to the areas of fraud and abuse While no regulatory inquiries have been made which are expected to have a material effect on the Medical Center's consolidated financial statements, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time

As a result of recently enacted federal healthcare reform legislation, substantial changes are anticipated in the United States healthcare system Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement of healthcare providers and the legal obligations of health insurers, providers and employers These provisions are currently slated to take effect at specified times over approximately the next decade

C *Use of Estimates*

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

D *Cash and Cash Equivalents*

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less

E *Patient Receivables*

Net patient receivables consist of uncollateralized patient and third party obligations reduced by a valuation allowance for uncollectible accounts The allowances reflect management's estimate of amounts that will not be collected in the future and are based on reviews of patient balances by payor classes and aging Percentages are applied to each payor class and aging based on historical collection and recovery information to determine the net realizable value of the patient receivables

The Medical Center also maintains a charity care policy as described in Note 1N

F *Inventories*

Inventories are stated at the lower of cost (first-in, first-out valuation method) not in excess of market value Market value is determined by comparison with recent purchased or realizable value

G *Investments*

Investments in debt or equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of expenses over revenue unless the income or loss is restricted by donor or law

H *Assets Limited as to Use*

Assets whose use is limited include assets restricted by donors for endowment or specific purposes, assets held for annuity payment obligations, and assets set aside by the Board of Directors for future capital improvements and debt service, over which the Board retains control and may, at its discretion, subsequently use for other purposes Amounts required for obligations classified as current liabilities are reported in current assets

I *Property and Equipment*

Property and equipment acquisitions are recorded at cost Depreciation is computed using the straight-line method based upon useful lives set forth using general guidelines from the American Hospital Association Guide for Estimated Useful Lives of Depreciable Hospital Assets Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation and amortization in the consolidated financial statements 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

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted net assets and are excluded from the excess of expenses over revenue, unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service

The Medical Center's long lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable If the sum of expected cash flows is less than the carrying amount of the asset, a loss is recognized

J *Other Assets, Net*

Other assets at December 31, 2011 consist of the following

Notes receivable	$	169,154
Bond issuance costs net		85,535
Investment in Health Enterprises		59,200
Investment in Rural Health Alliance, LLC		2,600
	$	316,489

Bond issuance costs are amortized on a straight-line basis over the period of their respective bond issuance Amortization expense amounted to $11,789 for the year ending December 31, 2011

K *Annuity Payment Liability*

The Foundation has received several charitable gift annuities for which the Foundation is required to make specified payments in accordance with gift annuity agreements The Foundation recognizes the agreements in the period in which the contract is executed Assets received are recorded at fair value and an annuity payment liability is recognized at the present value of future cash flows expected to be paid The present value of the estimated future payments is calculated using discount rates of 3 8% to 7 8% The difference between the fair value of the assets received and the liabilities to the donors are recorded in the statements of operations as unrestricted contributions, as the donors have not placed any restrictions on the assets transferred Adjustments to the annuity liability to reflect changes in the discount rate for life expectancy are recognized as changes in the value of split-interest agreements

L *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those whose use by the Medical Center has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Medical Center in perpetuity

M *Net Patient Service Revenue*

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

N *Charity Care*

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue Management's disclosure of charity care costs are described in Note 3

The Medical Center is dedicated to providing comprehensive health care services to all segments of society, including the aged and otherwise economically disadvantaged In addition, the Medical Center provides a variety of community health services at or below cost

O *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets to the Medical Center are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

P *Group Health Insurance Costs*

The Medical Center is self-insured under its employee group health program, up to certain limits Included in the accompanying statement of operations is a provision for premiums for excess coverage and payments for claims, including estimates of the ultimate costs for both reported claims and claims incurred but not yet reported at year end

Q *Income Taxes*

The Medical Center and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code The Medical Center and Foundation have received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code GHA is a not-for-profit corporation, however its application for tax exempt status has not yet been filed The Internal Revenue Service has established standards to be met to maintain tax exempt status In general, such standards require the Medical Center, Foundation and GHA to meet a community benefit standard and comply with various laws and regulations

HAP is a for-profit corporation subject to federal and state income taxes HAP did not recognize any federal and state income tax expense in 2011 due to operating losses incurred during the year

The Medical Center accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC 740, *Income Taxes* The Medical Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained At December 31, 2011, the Medical Center had no uncertain tax positions accrued With few exceptions, the Medical Center is no longer subject to income tax examinations for years ended prior to December 31, 2008

R *Fair Value of Financial Statements*

The Medical Center applies the provisions included in FASB ASC 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date At December 31, 2011, there were no nonfinancial assets or liabilities measured at fair value in the consolidated financial statements on the nonrecurring basis

Financial instruments consist of cash and cash equivalents, receivables, assets limited as to use, current liabilities and long-term debt obligations Management's estimates of fair value of assets limited as to use are described in Note 5 The carrying amounts reported in the balance sheet for cash and cash equivalents, receivables and current liabilities approximate fair value due to the short-term nature of these financial instruments The carrying value of long-term debt obligations approximates fair value since the interest rates closely reflect current market rates for notes with similar maturities and credit quality

S *Excess of Expenses Over Revenue*

The statements of operations include excess of expenses over revenue as a performance indicator Changes in unrestricted net assets which are excluded from the performance indicator, consistent with industry practice, include change in value of split interest agreements, change in unrealized gains and losses on other than trading securities, and contributions of long lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets)

T *Subsequent Events*

The Medical Center considered events occurring through July 5, 2012 for recognition or disclosure in the consolidated financial statements as subsequent events That date is the date the consolidated financial statements were available to be issued

(2) Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates A summary of the payment arrangements with major third-party payors are as follows

Medicare. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient nonacute services are paid based on a prospectively determined rate per day Inpatient skilled nursing services are reimbursed at prospectively determined rates per day of care Outpatient services are paid based on ambulatory payment classifications or fee schedule amounts Homecare services are paid at prospectively determined rates per episode of care Physician clinic services provided to Medicare beneficiaries are paid on fee schedule amounts The Medical Center is reimbursed for some items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare Administrative Contractor The Medical Center's Medicare cost reports have been audited by the Medicare Administrative Contractor through December 31, 2009, however, the 2008 cost report remains open due to an active appeal by the Medical Center

Medicaid. Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge Outpatient services are reimbursed based on a percentage rate representing the average ratio of cost to charges

The Medical Center has also entered into payment agreements with certain commercial insurance carriers The basis for payment to the Medical Center under these agreements includes discounts from established charges

Net patient service revenue, as reflected in the accompanying consolidated statement of operations, consists of the following

Gross patient charges	
Inpatient services	$ 21,707,046
Outpatient services	42,034,460
Physician clinic services	7,097,551
Home health and hospice services	2,656,741
	73,495,798
Less deductions from gross patient charges	
Medicare	17,646,337
Medicaid	3,369,783
Blue Cross/Blue Shield	7,885,664
Other third-party adjustments	5,018,298
Charity care	548,709
	34,468,791
Net patient service revenue	$ 39,027,007

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

Revenue from the Medicare and Medicaid programs accounted for approximately 33% and 8%, respectively, of the Medical Center's net patient revenue for the year ended December 31, 2011 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

(3) Charity Care

The Medical Center provides charity care to patients who are financially unable to pay for the health care services they receive Patients who qualify for charity care are given a percentage discount from established charges based on a sliding scale using poverty guidelines It is the policy of the Medical Center not to pursue collection of amounts determined to qualify as charity care Accordingly, the Medical Center does not report these amounts in net operating revenue or in the allowance for doubtful accounts The Medical Center determines the costs associated with providing charity care by aggregating the direct and indirect costs, including salaries, benefits, supplies, and other operating expenses, based on the overall cost to charge ratio for the Medical Center The costs of caring for charity care patients for the years ended December 31, 2011 was approximately $326,000

(4) Assets Limited as to Use

The composition of assets limited as to use at December 31, 2011 is as follows

By Board for future capital improvements and debt service	$	1,459,117
By Donor		1,423,845
Under charitable gift annuity obligations		362,551
		3,245,513
Less amounts required to meet current obligations		(37,100)
Assets limited as to use, net of amounts required for current obligations	$	3,208,413

The Medical Center has outsourced the management of a majority of their investment portfolios to third-party investment managers Third-party investment managers follow the Hospital's investment policies The Medical Center has a policy to identify impairment losses Impairment losses are included with nonoperating revenue, net, and a new cost basis is established for each security for which an impairment loss is recognized There were no impairment losses recognized in 2011

Investment loss for the year ending December 31, 2011 is summarized as follows

Investment income	$	29,916
Realized loss on sale of securities, net		(36,256)
Change in net unrealized losses		(61,297)
Total investment loss	$	(67,637)
Included in nonoperating gains, net	$	(7,937)
Reported separately as a change in unrestricted net assets		(61,297)
Reported separately as a change in temporarily restricted net assets		1,331
Reported separately as a change in permanently restricted net assets		266
Total investment loss	$	(67,637)

(5) Fair Value

Fair Value Hierarchy

The Medical Center applies FASB ASC 820 for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements) The three levels of the fair value hierarchy are as follows

Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly through either corroboration or observable market data

Level 3 inputs are inputs are unobservable for the asset or liability Therefore, unobservable inputs shall reflect the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value

Cash and cash equivalents – The fair value of cash and cash equivalents, consisting primarily of money market funds, is classified as Level 1 as these funds are valued using quoted market prices

Certificates of deposit – Investments in certificates of deposit are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices form either markets that are not active or are for the same or similar assets of active markets

Mutual funds – The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers

For the fiscal years ended December 31, 2011, the application of valuation techniques applied to similar assets and liabilities has been consistent

The following tables present the financial instruments that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2011

	December 31, 2011			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 1,198,231	1,198,231	--	--
Certificates of deposit	225,120	--	225,120	--
Mutual funds -				
Domestic	1,509,221	1,509,221	--	--
International	312,941	312,941	--	--
	$ 3,245,513	3,020,393	225,120	--

(6) Property and Equipment

Property and equipment as of December 31, 2011 is summarized as follows

Land and improvements	$ 2,357,616
Buildings and fixed equipment	35,148,175
Equipment and furnishings	15,183,089
Construction in progress	581,086
	53,269,966
Less - Accumulated depreciation	34,973,121
Total property and equipment, net	$ 18,296,845

Depreciation expense of $2,804,693 in 2011 is included in the accompanying statements of operations

(7) Long-Term Debt

A summary of the long-term debt at December 31, 2011 is as follows

Hospital Revenue Refunding Bonds, Series 2001 (A)	$	6,240,000
Note payable, Deer Creek (B)		511,372
Capital lease obligations (C)		1,255,463
		8,006,835
Less current maturities		7,101,481
Total long-term debt	$	905,354

(A) The Series 2001 Variable Rate Demand Hospital Revenue Refunding Bonds (Bonds) were issued in December, 2001 to refund the Series 1995A and 1995B Hospital Revenue Bonds, refund a portion of the Note Payable, Deer Creek, and to provide financing for construction and renovation of existing facilities The Bonds call for a variable interest rate, not to exceed 12%, and principal payments due December 1 annually, with an original final maturity due December 1, 2021

The Bonds were issued by the City of Grinnell, Iowa (City) pursuant to an indenture of trust between the City and the Bankers Trust Company, N A (Trustee) The indenture spells out the responsibility of the Trustee with regard to the Bonds The Bonds are variable rate demand obligations that are remarketed daily by the remarketing agent, Piper Jaffrey

The Bonds are enhanced by a Letter of Credit and Reimbursement Agreement (LOC Agreement) issued by US Bank, N A Under the terms of the LOC agreement, if the Bonds are tendered (whether after a voluntary or mandatory tender, or otherwise) and are not successfully remarketed, then a draw would take place on the letter of credit (purchase of tendered bonds) The Medical Center is obligated to reimburse US Bank, N A for all draws on the letter of credit under the terms of the LOC Agreement At December 31, 2011 all Bonds had been successfully remarketed The reimbursement obligation under the LOC Agreement is secured by a mortgage and other collateral documents Under this structure, US Bank, NA, as the letter of credit bank, serves as the ultimate creditor for the Bonds

The LOC Agreement contains affirmative and negative covenants, requiring, among other things, certain periodic reporting, compliance items, financial covenants and restrictions on additional indebtedness The LOC Agreement contains affirmative covenants that require the Medical Center to maintain a minimum cash flow coverage ratio of not less than 1 25 to 1 00 and maintain funded debt to EBITDA of not more than 6 00 to 1 00, measured quarterly as of each fiscal quarter In 2009 and 2010, the Medical Center was in default with the covenants of the LOC Agreement for failure to meet financial covenants At December 31, 2011, the Medical Center did not meet the minimum cash flow coverage or the funded debt to EBITDA ratios and continues to be in default with the financial covenants

Based on this event of default, US Bank, N A could have, among other things, declare a mandatory default tender under the terms of the indenture which would result in a draw of the full amount of the letter of credit (and causing the corresponding obligations of the Medical Center to be immediately due and payable) Regardless of the existence or non-existence of an event of default, US Bank, N A is permitted, under terms described in the LOC Agreement (including notice to the Medical Center), to elect not to renew the letter of credit which currently expires on December 1, 2012

As a result of the event of default, the Medical Center and US Bank, N A entered into a forbearance agreement dated October 20, 2009, which has been extended in monthly or multi-monthly increments through October 31, 2012 The forbearance agreement caused the acceleration of the original redemption of the Bonds to quarterly principal payments with final maturity due April 1, 2018 and required additional covenants relative to minimum liquidity and application of Medicare volume adjustment payments and requires the employment of a management consultant approved by US Bank, N A to make a written report evaluating the performance of the Medical Center and recommend corrective actions The Bank will have full rights and remedies outlined in the LOC Agreement if the forbearance agreement is not extended Due to the expiration of the letter of credit and the extension of the forbearance agreement ending prior to December 31, 2012, the Bonds are classified as current liabilities

(B) The Note Payable, Deer Creek was entered into on November 11, 1999 for the construction of a physician clinic building located in Tama, Iowa In December 2001, approximately $880,000 of the note was refunded as part of the Series 2001 Hospital Revenue Refunding Bonds and the note was restated to extend the maturity of the note

In accordance with the forbearance agreement, the note was amended to require monthly principal payments of $11,117, and interest at a rate equal to 2% plus prime rate, extending the maturity date of the note to October 31, 2012

(C) The Medical Center has entered into various capital leases obligations for medical equipment The lease obligations are at various rates of imputed interest, secured by leased assets with varying maturity dates through December 2014

Aggregate maturities of long-term debt are as follows

	Long-Term Debt	Capital Lease Obligations
2012	$ 6,751,372	413,056
2013	--	403,254
2014	--	339,638
2015	--	218,910
2016	--	18,250
	$ 6,751,372	1,393,108
Less amount representing interest under capital lease obligations		137,645
		$ 1,255,463

(8) Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31

Health Care Services	
Purchase of equipment	$ 870,765
Hospice care	217,853
Life income gifts	103,047
	$ 1,191,665

Permanently restricted net assets as of December 31, 2011 are as follows

Investments held in perpetuity, the income from which is expendable to support health care services	$	185,943
Investments held in perpetuity, the principal and interest to be used as a revolving fund for qualifying nursing students		120,656
	$	306,599

(9) Professional Liability Insurance

The Medical Center carries a professional liability policy (including malpractice) which provides $1,000,000 of coverage for injuries per occurrence and $3,000,000 aggregate coverage In addition, the Medical Center carries an umbrella policy which also provides an additional $5,000,000 of professional liability coverage per occurrence and aggregate coverage These policies provide coverage on a claims-made basis covering only the claims which have occurred and are reported to the insurance company while the coverage is in force The Medical Center could have exposure on possible incidents that have occurred for which claims will be made in the future should professional liability insurance not be obtained, should coverage be limited and/or not available

Accounting principles generally accepted in the United States of America require a healthcare provider to recognize the ultimate costs of malpractice claims or similar contingent liabilities, which include costs associated with litigating or settling claims, when the incidents that give rise to the claims occur The Medical Center does evaluate all incidents and claims along with prior claims experienced to determine if a liability is to be recognized For the year ending December 31, 2011, management determined no liability should be recognized for asserted or unasserted claims Management is not aware of any such claim that would have a material adverse impact on the accompanying consolidated financial statements

(10) 403(b) Retirement Plan

The Medical Center has a defined contribution retirement plan which covers all employees who meet the eligibility requirements To be eligible, an employee must have completed one year of service equal to 1,000 hours The plan allows for contributions by employees as well as contributions by the Medical Center The Medical Center may contribute additional amounts from time to time In 2009, the Medical Center reduced its base contribution to 1% and the match was eliminated In April 2010, the Medical Center suspended the 1% base contribution

(11) Concentrations of Credit Risk

The Medical Center is located in Grinnell, Iowa The Medical Center grants credits without collateral to its patients, most of who are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors was as follows

Medicare	27%
Medicaid	8
Blue Cross/Blue Shield	23
Other third-party payors	19
Private pay	23
	100%

Financial instruments that potentially subject the Medical Center to concentrations of credit risk include cash and cash equivalents and investments Investments and cash and cash equivalents are managed within guidelines established by the Board of Directors which, as a matter of policy, limit the amounts that may be invested with one issuer and the type of investment Management believes the risks related to its investments and cash and cash equivalents is minimal

(12) Functional Expenses

The Medical Center provides general healthcare services to residents within its geographic location Expenses related to the provision of these services are as follows

Health care services	$ 39,040,351
General and administrative	4,905,687
Fundraising	84,171
	$ 44,030,209

(13) Commitments and Contingencies

Litigation

The Medical Center is involved in litigation arising in the normal course of business After consultation with legal counsel, management estimates these matters will be resolved without material adverse affect on the Medical Center's future financial position or results from operations

(14) Substantial Doubt about Grinnell Regional Medical Center's Ability to Continue as a Going Concern

The Medical Center has experienced a decrease in net assets of approximately $2,300,000 for the year ended December 31, 2011 The results from previous years placed the Medical Center in an event of default with respect to the LOC Agreement with US Bank, N A as described in Note 7 Due to the event of default, the Medical Center and US Bank, N A have entered into a forbearance agreement as described in Note 7 On the expiration date of the forbearance agreement, US Bank, N A will have full rights and remedies outlined in the LOC Agreement, including foreclosure, thus causing the reporting of the entire Series 2001 Variable Rate Demand Hospital Revenue Refunding Bonds and Note Payable, Deer Creek as current liabilities in the balance sheet The Medical Center's current liabilities are approximately $11,900,000 as of December 31, 2011 compared to its current assets of approximately $11,500,000 The above has caused substantial doubt about the Medical Center's ability to continue as a going concern

Subsequent to the year end, the Medical Center's Board of Directors (Board) has taken steps to address the financial issues of the Medical Center and the events of default as required by the forbearance agreement The Medical Center entered into an agreement with a management consultant, QHR Intensive Resources, who was approved by US Bank, N A, to provide a written report evaluating the performance of the Medical Center and recommend corrective actions

The Medical Center has also started to receive additional reimbursement related to participating in the Rural Community Hospital Demonstration Project (Note 15) This is expected to result in net additional reimbursement for Medicare inpatient and swing bed services amounting to approximately $700,000

(15) Subsequent Events

Rural Community Hospital Demonstration Program

During fiscal year 2011, the Medical Center was approved to participate in a Rural Community Hospital Demonstration Program for a five year period beginning January 1, 2012 Under the program the Medical Center will receive Medicare defined costs for inpatient and swing-bed services in the first year of the program In years two through five, the Medical Center will receive the lower of cost reimbursement or an update factor determined by Medicare Currently the Medical Center is reimbursed under a prospective payment system for these services

Financial and Statistical Highlights
For the Year Ended December 31, 2011

Patient days	
Adult and pediatric-	
Medicare	2,298
Other	2,378
	4,676
Swing bed - skilled	434
Newborn	476
Total	5,586
Patient discharges	
Adult and pediatric-	
Medicare	679
Other	750
	1,429
Swing bed - skilled	87
Newborn	179
Total	1,695
Average length of stay	
Adult and pediatric-	
Medicare	3 39
Other	3 17
Swing bed - skilled	4 99
Newborn	2 66
Surgical procedures	3,531
Emergency room visits	10,555
Home Health visits	13,135
Rural Health Clinic visits	7,118
Hospice visits	4,578
Number of employees - full-time equivalents	354 78