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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

COMMUNITY MEMORIAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

Room/suite

PO BOX 319

City or town, state or country, and ZIP + 4

BURKE, SD 575230319

F Name and address of principal officer

JAMES FRANK

PO BOX 319

BURKE,SD 575230319

D Employer identification number

46-0219795

E Telephone number

(605) 775-2621

G Gross receipts \$ 4,023,994

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: N/A

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation 1945

M State of legal domicile SD

Part I	Summary
Activities & Governance	<div>1 Briefly describe the organization's mission or most significant activities</div> <div>PROVIDE MEDICAL SERVICES</div>
	<div>2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div> <div>3 Number of voting members of the governing body (Part VI, line 1a)</div> <div>4 Number of independent voting members of the governing body (Part VI, line 1b)</div> <div>5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)</div> <div>6 Total number of volunteers (estimate if necessary)</div> <div>7a Total unrelated business revenue from Part VIII, column (C), line 12</div> <div>7b Net unrelated business taxable income from Form 990-T, line 34</div>
Revenue	<div>8 Contributions and grants (Part VIII, line 1h)</div> <div>9 Program service revenue (Part VIII, line 2g)</div> <div>10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)</div> <div>11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</div> <div>12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</div>
Expenses	<div>13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)</div> <div>14 Benefits paid to or for members (Part IX, column (A), line 4)</div> <div>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</div> <div>16a Professional fundraising fees (Part IX, column (A), line 11e)</div> <div>b Total fundraising expenses (Part IX, column (D), line 25) 3,259</div> <div>17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</div> <div>18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</div> <div>19 Revenue less expenses Subtract line 18 from line 12</div>
Net Assets or Fund Balances	<div>Beginning of Current Year</div> <div>End of Year</div> <div>20 Total assets (Part X, line 16)</div> <div>21 Total liabilities (Part X, line 26)</div> <div>22 Net assets or fund balances Subtract line 21 from line 20</div>

Part II Signature Block

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

Sign Here

Signature of officer

2012-10-23

Date

JAMES FRANK CEO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

LAURIE HANSON

Date

2012-10-23

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P00851848

Firm's name (or yours if self-employed), address, and ZIP + 4

EIDE BAILLY LLP

200 EAST 10TH STREET PO BOX 5125

SIOUX FALLS, SD 571175125

EIN

45-0250958

Phone no

(605) 339-1999

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

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


















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.

[illegible][illegible]

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

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	No
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, line 10? 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	No
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Part I	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? If "Yes," complete Schedule F, Part II and IV	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S? If "Yes," complete Schedule F, Part III and IV	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	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? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		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? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34		No
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		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? <i>If "Yes," complete Schedule R, Part VI</i>	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 <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	9
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	67
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?		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?	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	Yes	
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?		No
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		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?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization		No
	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?		No
16b	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?		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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. JAMES FRANK PO BOX 319 BURKE, SD 575230319 (605) 775-2621

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) TOM GLOVER CHAIRMAN	2 00	X		X				0	0	0
(2) JIM WATERBURY VICE CHAIRMAN	1 00	X		X				0	0	0
(3) KAREN MARTIN SECRETARY	1 00	X		X				0	0	0
(4) AJ STEFFEN DIRECTOR	1 00	X						0	0	0
(5) RICH DOBESH DIRECTOR	1 00	X						0	0	0
(6) JON DYER DIRECTOR	1 00	X						0	0	0
(7) MICHAEL KARBO DIRECTOR	1 00	X						0	0	0
(8) BILLIE RAE PERSON DIRECTOR	1 00	X						0	0	0
(9) CLAYTON STEELE DIRECTOR	1 00	X						0	0	0
(10) JAMES FRANK CEO	40 00			X				83,337	0	14,018
(11) KASEY HANSON CNP	40 00					X		107,783	0	7,096

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	191,120	0	21,114

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 1

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

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)	(B)	(C)
Name and business address	Description of services	Compensation
SANFORD HEALTH NETWORK 1305 W 18TH ST SIOUX FALLS, SD 57117	MANAGEMENT FEES/SALARY REIMBURSEMENT	133,116
FAMILY PRACTICE ASSOCIATES PO BOX 110 WINNER, SD 57580	PHYSICIAN SERVICES	125,000

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 ►2

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	27,706			
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	9,878			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	45,766			
	g	Noncash contributions included in lines 1a-1f \$ 13,760					
	h	Total. Add lines 1a-1f		83,350			
Program Service Revenue	2a	PATIENT SERVICE REV	Business Code 622110	3,145,920	3,145,920		
	b	CLINIC REVENUE	621498	622,147	622,147		
	c	OTHER REVENUE	900099	52,997	52,997		
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		3,821,064			
	Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		28,925		
4		Income from investment of tax-exempt bond proceeds . .					
5		Royalties					
6a		Gross rents	(i) Real 87,396	(ii) Personal			
b		Less rental expenses	0				
c		Rental income or (loss)	87,396				
d		Net rental income or (loss)		87,396			87,396
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
b		Less cost or other basis and sales expenses					
c		Gain or (loss)					
d		Net gain or (loss)					
8a		Gross income from fundraising events (not including \$ 27,706 of contributions reported on line 1c) See Part IV, line 18					
a			3,259				
b		Less direct expenses	b	3,259			
c		Net income or (loss) from fundraising events . .		0			
9a		Gross income from gaming activities See Part IV, line 19					
a							
b		Less direct expenses	b				
c		Net income or (loss) from gaming activities . .					
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							
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d						
12	Total revenue. See Instructions		4,020,735	3,821,064	0	116,321	

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				
2	Grants and other assistance to individuals in the United States See Part IV, line 22	1,000	1,000		
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	97,355		97,355	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	301,626	301,626		
7	Other salaries and wages	1,526,639	1,436,645	89,994	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	41,025	39,006	2,019	
9	Other employee benefits	207,456	197,244	10,212	
10	Payroll taxes	122,161	116,468	5,693	
11	Fees for services (non-employees)				
a	Management	52,373		52,373	
b	Legal	747		747	
c	Accounting	27,039		27,039	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	564,154	506,350	57,804	
12	Advertising and promotion	19,093	7,693	11,400	
13	Office expenses	192,555	165,659	26,896	
14	Information technology				
15	Royalties				
16	Occupancy	42,026	35,722	6,304	
17	Travel	15,774	12,565	3,209	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	3,450	1,360	2,090	
20	Interest	12,233	12,233		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	186,549	186,549		
23	Insurance	39,733		39,733	
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	168,272	168,272		
b	BAD DEBT EXPENSE	73,317	73,317		
c	REPAIRS & MAINTENANCE	32,846	32,846		
d	DUES & SUBSCRIPTIONS	11,201	3,152	8,049	
e					
f	All other expenses	8,598	548	4,791	3,259
25	Total functional expenses. Add lines 1 through 24f	3,747,222	3,298,255	445,708	3,259
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)		(B)
						Beginning of year		End of year
Assets	1	Cash—non-interest-bearing					1	
	2	Savings and temporary cash investments				874,949	2	810,738
	3	Pledges and grants receivable, net					3	
	4	Accounts receivable, net				547,394	4	687,653
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L					5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L					6	
	7	Notes and loans receivable, net					7	240,000
	8	Inventories for sale or use				59,360	8	67,839
	9	Prepaid expenses and deferred charges				26,407	9	32,730
	10a	Land, buildings, and equipment—cost or other basis. Complete Part VI of Schedule D	10a	2,613,314				
	b	Less—accumulated depreciation	10b	2,134,479	592,844	10c	478,835	
	11	Investments—publicly traded securities					11	
	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					15	
16	Total assets. Add lines 1 through 15 (must equal line 34)				2,100,954	16	2,317,795	
Liabilities	17	Accounts payable and accrued expenses				228,362	17	230,413
	18	Grants payable					18	
	19	Deferred revenue					19	
	20	Tax-exempt bond liabilities					20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D					21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L					22	
	23	Secured mortgages and notes payable to unrelated third parties				210,281	23	151,558
	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					25	
	26	Total liabilities. Add lines 17 through 25				438,643	26	381,971
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.							
	27	Unrestricted net assets				1,638,731	27	1,930,783
	28	Temporarily restricted net assets				23,580	28	5,041
	29	Permanently restricted net assets					29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.							
	30	Capital stock or trust principal, or current funds					30	
	31	Paid-in or capital surplus, or land, building or equipment fund					31	
	32	Retained earnings, endowment, accumulated income, or other funds					32	
	33	Total net assets or fund balances				1,662,311	33	1,935,824
	34	Total liabilities and net assets/fund balances				2,100,954	34	2,317,795

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	4,020,735
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,747,222
3	Revenue less expenses Subtract line 2 from line 1	3	273,513
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,662,311
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
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	1,935,824

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 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	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		No
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 <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		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		

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 COMMUNITY MEMORIAL HOSPITAL INC	Employer identification number 46-0219795
---	--

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 Se**section 509(a)(4).**

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2011

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	<input type="checkbox"/>
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	<input type="checkbox"/>
17a	10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	<input type="checkbox"/>
b	10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization	<input type="checkbox"/>
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions	<input type="checkbox"/>

Part IIIPart III

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

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

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

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

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

Part IV

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 46-0219795
Name: COMMUNITY MEMORIAL HOSPITAL INC

Form 990, Special Condition Description:

Special Condition Description

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
COMMUNITY MEMORIAL HOSPITAL INC

Employer identification number

46-0219795

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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

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

▶ \$ _____

For Privacy Act and Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2011

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance				
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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

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		3,000		3,000
b Buildings		1,467,982	1,303,685	164,297
c Leasehold improvements				
d Equipment		1,074,319	814,586	259,733
e Other		68,013	16,208	51,805
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				478,835

Schedule D (Form 990) 2011

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)	14,020,735
2	Total expenses (Form 990, Part IX, column (A), line 25)	3,747,222
3	Excess or (deficit) for the year Subtract line 2 from line 1	273,513
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	
9	Total adjustments (net) Add lines 4 - 8	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	273,513

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	14,020,735
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d	2e0
3	Subtract line 2e from line 1	34,020,735
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b	4c0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	54,020,735

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	13,747,222
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d	2e0
3	Subtract line 2e from line 1	33,747,222
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b	4c0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	53,747,222

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 HOSPITAL BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE HOSPITAL WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED.

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
COMMUNITY MEMORIAL HOSPITAL INC

Employer identification number
46-0219795

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?		(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
		Yes	No			
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.

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

Cat No 50083H

Schedule G (Form 990 or 990-EZ) 2011

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	(b) Event #2	(c) Other Events	(d) Total Events
		<u>GALA</u> (event type)	 (event type)	 (total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts	30,965		30,965
	2	Less Charitable contributions	27,706		27,706
	3	Gross income (line 1 minus line 2)	3,259		3,259
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes			
	6	Rent/facility costs			
	7	Food and beverages	3,259		3,259
	8	Entertainment			
	9	Other direct expenses			
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			
					(3,259)
					0

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			
	2	Cash prizes			
Direct Expenses	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor			
	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
COMMUNITY MEMORIAL HOSPITAL INC

Employer identification number
46-0219795

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 <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
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 <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%<input type="checkbox"/> 150%<input type="checkbox"/> 200%<input type="checkbox"/> Other _____%</div> b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input type="checkbox"/> Other _____%</div> 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"?	3a		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		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	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)			11,000		11,000	0 300 %
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)			3,563		3,563	0 100 %
d Total Charity Care and Means-Tested Government Programs			14,563		14,563	0 400 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			21,634	5,305	16,329	0 440 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			887,678	726,586	161,092	4 380 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,750		1,750	0 050 %
j Total Other Benefits			911,062	731,891	179,171	4 870 %
k Total. Add lines 7d and 7j			925,625	731,891	193,734	5 270 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1		No
2Enter the amount of the organization's bad debt expense	2	73,317	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	24,195	
4Provide 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

5Enter total revenue received from Medicare (including DSH and IME)	5	2,354,636	
6Enter Medicare allowable costs of care relating to payments on line 5	6	2,328,579	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	26,057	
8Describe 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: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other			

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
9bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.	9b		No

Part IVManagement 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				

Section A. Hospital Facilities

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

Name and address

Schedule H (Form 990) 2011

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)

COMMUNITY MEMORIAL HOSPITAL INC

Name of Hospital Facility:

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

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

Part V

Facility Information (continued)

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

Billing and Collections

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

Part V

Facility Information (continued)

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? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	<input type="checkbox"/> 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	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	<input type="checkbox"/> Other (describe in Part VI)			
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	Yes		
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	Yes		

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 2

Name and address		Type of Facility (Describe)
1	BONESTEEL MEDICAL CLINIC 314 MELLETTE BONESTEEL, SD 57317	RURAL HEALTH CLINIC
2	BURKE MEDICAL CLINIC 9TH AND JACKSON BURKE, SD 57523	RURAL HEALTH CLINIC
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C INDIVIDUALS WILL NOT BE DENIED CHARITY CARE BASED ON RACE, CREED, SEX, NATIONAL ORIGIN, DISABILITY, AGE OR ABILITY TO PAY BUSINESS OFFICE STAFF TRY TO IDENTIFY ELIGIBLE INDIVIDUALS AT THE TIME OF ADMISSION, HOWEVER INDIVIDUALS CAN BECOME ELIGIBLE FOR CHARITY CARE AT ANY POINT DURING OR AFTER THEIR MEDICAL ENCOUNTER ONCE AN INDIVIDUAL IS IDENTIFIED AS A POTENTIAL CHARITY CARE RECIPIENT, COMMUNITY MEMORIAL HOSPITAL UTILIZES BOTH AN INCOME AND AN ASSET TEST TO EVALUATE ELIGIBILITY FOR CHARITY CARE THE HOSPITAL REVIEWS A SCHEDULE OF THE PATIENT'S CURRENT INCOME AND EXPENSES AND ASSET LEVELS TO DETERMINE IF THE PATIENT CAN REASONABLY BE EXPECTED TO MAKE PAYMENT OF MEDICAL EXPENSES

Identifier	ReturnReference	Explanation
		PART I, LINE 7 LINE 7A WAS CALCULATED BY MULTIPLYING THE RATIO OF COST TO GROSS CHARGES BY THE GROSS UNCOMPENSATED CHARGES ASSOCIATED WITH PROVIDING CHARITY LINE 7C WAS DETERMINED USING THE RATIO OF PATIENT CARE COSTS TO CHARGES CALCULATED IN WORKSHEET 2 LINE 7E, LINE 7G, AND LINE 7I WERE OBTAINED UTILIZING THE ACTUAL GENERAL LEDGER SYSTEM

Identifier	ReturnReference	Explanation
		PART I, LINE 7G COSTS ATTRIBUTABLE TO THE RURAL HEALTH CLINICS WERE \$592,580 FOR 2011

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF \$73,317 WAS SUBTRACTED FROM TOTAL OPERATING EXPENSE

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE ATTRIBUTABLE TO CHARITY CARE IS ESTIMATED BASED ON INCOME LEVELS AND ETHNICITY IN THE AREA A SUBSTANTIAL PORTION OF CMH CHARGES ARE GENERATED BY THE MEDICALLY INDIGENT AND CERTAIN ETHNIC GROUPS WHICH TEND TO HAVE LOWER INCOME LEVELS CMH ESTIMATES APPROXIMATELY 33% OF BAD DEBT EXPENSE IS ATTRIBUTABLE TO PERSONS WHO WOULD QUALIFY FOR CHARITY CARE THE CARRYING AMOUNT OF PATIENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS AND THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERS HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION MANAGEMENT ALSO REVIEWS ACCOUNTS TO DETERMINE IF CLASSIFICATION AS CHARITY CARE IS APPROPRIATE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COSTS OF CARE WAS CALCULATED FROM THE MEDICARE COST REPORT FOR FISCAL YEAR ENDING 12/31/2011

Identifier	ReturnReference	Explanation
COMMUNITY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 13G A SIGN IS POSTED IN THE ADMISSIONS AREA TO INFORM PATIENTS THAT FINANCIAL ASSISTANCE IS AVAILABLE THE HOSPITAL PROVIDES A COPY OR SUMMARY OF THE POLICY TO PATIENTS WHO DO NOT HAVE ANY SOURCE OF PAYMENT

Identifier	ReturnReference	Explanation
COMMUNITY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 19D ALL PATIENTS ARE CHARGED GROSS CHARGES INITIALLY AS OF YEAR END, A POLICY HAD NOT BEEN APPROVED BY MANAGEMENT HOWEVER, MANAGEMENT HAS ADOPTED AND APPROVED THE PROSPECTIVE METHOD TO DETERMINE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS

Identifier	ReturnReference	Explanation
COMMUNITY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 20 ALL PATIENTS ARE CHARGED GROSS CHARGES INITIALLY AS OF YEAR END, A POLICY HAD NOT BEEN APPROVED BY MANAGEMENT HOWEVER, MANAGEMENT HAS ADOPTED AND APPROVED THE PROSPECTIVE METHOD TO DETERMINE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS

Identifier	ReturnReference	Explanation
COMMUNITY MEMORIAL HOSPITAL, INC		PART V, SECTION B, LINE 21 ALL PATIENTS ARE CHARGED GROSS CHARGES INITIALLY AS OF YEAR END, A POLICY HAD NOT BEEN APPROVED BY MANAGEMENT HOWEVER, MANAGEMENT HAS ADOPTED AND APPROVED THE PROSPECTIVE METHOD TO DETERMINE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS

Identifier	ReturnReference	Explanation
	PART V, SECTION B	THE HOSPITAL IS IN THE PROCESS OF UPDATING POLICIES AND PROCEDURES TO MEET THE PROVISIONS OF THE NEW 501(R) THEY WILL BE USING THE PROPOSED REGULATIONS AS A GUIDELINE FOR MAKING CHANGES TO CURRENT POLICIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 DURING 2011 COMMUNITY MEMORIAL HOSPITAL DID NOT CONDUCT A COMMUNITY NEEDS ANALYSIS OUR BOARD OF DIRECTORS IS COMPRISED OF LOCAL RESIDENTS THAT REPRESENT OUR SERVICE AREA OUR SERVICE AREA IS COMPRISED OF A VERY HOMOGENEOUS POPULATION THE MAJORITY OF PATIENTS WE SERVE ARE FROM AN ELDERLY POPULATION AND HAVE SIMILAR HEALTH NEEDS COMMUNITY MEMORIAL HOSPITAL IS PLANNING TO CONDUCT A FORMAL COMMUNITY NEEDS ANALYSIS DURING 2012

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 COMMUNITY MEMORIAL HOSPITAL ADVISES OUR POPULATION OF OUR CHARITY CARE POLICY IN THE FOLLOWING MANNER - 1) A SIGN IS POSTED IN THE ADMISSIONS AREA TO INFORM PATIENTS THAT FINANCIAL ASSISTANCE IS AVAILABLE (2) PROVIDES A COPY OF THE POLICY, OR A SUMMARY THEREOF, AND FINANCIAL ASSISTANCE CONTACT INFORMATION TO PATIENTS WHO DO NOT HAVE ANY SOURCE OF PAYMENT, (3) UPON REQUEST, (4) DISCUSSES WITH THE PATIENT THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS, SUCH AS MEDICAID OR STATE PROGRAMS, AND ASSISTS THE PATIENT WITH QUALIFICATION FOR SUCH PROGRAMS, WHERE APPLICABLE

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 COMMUNITY MEMORIAL HOSPITAL SERVES SEVERAL COMMUNITIES IN SOUTH CENTRAL SOUTH DAKOTA AND NORTH CENTRAL NEBRASKA WE SERVE A RURAL POPULATION THAT IS VERY HOMOGENEOUS IN COMPOSITION THE AREAS SERVED ARE PRIMARILY FARMING/RANCHING AND RETIREMENT COMMUNITIES WE HAVE A VERY LOW PERCENTAGE OF UNINSURED RESIDENTS IN OUR AREA WE ARE LOCATED IN A FEDERAL HEALTH PROFESSIONAL SHORTAGE AREA 67 2% OF THE ORGANIZATION'S REVENUE WAS FROM SERVING THE MEDICARE POPULATION, 9 2% WAS FROM TITLE 19 AND 20 0% FROM COMMERCIAL INSURANCE

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 THE GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S SERVICE AREA WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF THE ORGANIZATION FAMILY MEMBERS OF THREE MEMBERS OF THE GOVERNING BODY ARE EMPLOYED BY THE ORGANIZATION DUE TO THE SMALL POPULATION OF THE COMMUNITY THE ORGANIZATION EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY SURPLUS FUNDS, IF ANY, ARE REINVESTED FOR FACILTY AND EQUIPMENT UPGRADES, AND IMPROVING TECHNICAL SKILLS OF EMPLOYEES MOST IMPROVEMENTS IN THE FACILITY AND EQUIPMENT IN THE PAST FEW YEARS WERE PURCHASED USING DONATIONS BY COMMUNITY MEMBERS DUE TO LACK OF SURPLUS FUNDS COMMUNITY MEMORIAL HOSPITAL PROVIDES THE FOLLOWING TYPES OF COMMUNITY EDUCATION A HEALTH FAIR IS PROVIDED ANNUALLY FOR THE COMMUNITY WITH MANY DIFFERENT ASPECTS OF HEALTH CARE REPRESENTED BLOOD DRAWS, BLOOD PRESSURES, GLUCOSE TESTING, AND DIFFERENT SCREENING TESTS ARE JUST A FEW OF THE SERVICES OFFERED BY THE HEALTH FAIR IN ADDITION, EDUCATION FOR ALL SCHOOL AGES IS PROVIDED DURING A WEEK OF ACTIVITIES AT THE HOSPITAL ACTIVITIES INCLUDE TOURS OF DIFFERENT DEPARTMENTS, HAND WASHING TECHNIQUES, POISON CONTROL EDUCATION, AND A TEDDY BEAR CLINIC WHICH ENTAILS A TRIP TO THE EMERGENCY DEPARTMENT WITH THE TEDDY BEAR BEING THE PATIENT AND STUDENT BEING THE PARENT DESCRIBING THE COMPLAINTS COMMUNITY MEMORIAL HOSPITAL ALSO PROVIDES CPR TRAINING TO BOTH THE STAFF AND COMMUNITY MEMBERS DISASTER PREPAREDNESS TRAINING IS PROVIDED TO THE LOCAL FIRE DEPARTMENT ADVANCED CARDIAC LIFE SUPPORT (ACLS) CLASSES AND TRAUMA NURSE CURRICULUM COURSE (TNCC) IS PROVIDED TO STAFF AS WELL AS NURSES FROM SURROUNDING COMMUNITIES COMMUNITY MEMORIAL HOSPITAL SPONSORS DIFFERENT ACTIVITIES IN THE COMMUNITY AS WELL AS PARTICIPATES IN COMMUNITY PROJECTS, INCLUDING SCHOOL YEAR BOOK, AFTER PROM PARTY, PARADES AND OTHER COMMUNITY EVENTS A GREAT DEAL OF PRIDE IS TAKEN IN THE COMMUNITY WITH THE COMMUNITY GIVING AS MUCH TO THE HOSPITAL AS THE HOSPITAL GIVES BACK TO THE COMMUNITY A YEARLY APPRECIATION PICNIC IS GIVEN TO THE COMMUNITY FOR A THANK YOU FOR WHAT THEY DO FOR THE HOSPITAL</p>

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization COMMUNITY MEMORIAL HOSPITAL INC	Employer identification number 46-0219795
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Part I

Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div> <div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div>		
<div>b</div> <div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain</div>	1b	
<div>2</div> <div>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?</div>	2	
<div>3</div> <div>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</div> <div><div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div>4</div> <div>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</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment?</div>	4a	No
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	4b	No
<div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div>	4c	No
<div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		
<div></div> <div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	5a	No
<div>b</div> <div>Any related organization?</div>	5b	No
<div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		
<div>6</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	6a	No
<div>b</div> <div>Any related organization?</div>	6b	No
<div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		
<div>7</div> <div>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</div>	7	No
<div>8</div> <div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III</div>	8	No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div>	9	

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.

[illegible]

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	PART III	PART II. JAMES FRANK IS COMPENSATED THROUGH A MANAGEMENT AGREEMENT WITH SANFORD HEALTH NETWORK, AN UNRELATED ORGANIZATION.

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
COMMUNITY MEMORIAL HOSPITAL INC

Employer identification number

46-0219795

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	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?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV

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

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

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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Additional Data

Software ID:
Software Version:
EIN: 46-0219795
Name: COMMUNITY MEMORIAL HOSPITAL INC

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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
MARK BENTER	FAMILY MEMBER OF JAMES FRANK, CEO	41,377	EMPLOYMENT		No
NANCY BENTER	FAMILY MEMBER OF JAMES FRANK, CEO	43,299	EMPLOYMENT		No
DEBRA LEIBEL	FAMILY MEMBER OF TOM GLOVER, BOARD CHAIRMAN	93,050	EMPLOYMENT		No
CAROLE STEFFEN	FAMILY MEMBER OF AJ STEFFEN, BOARD DIRECTOR	21,786	EMPLOYMENT		No
JOLENE VANMETRE	FAMILY MEMBER OF KAREN MARTIN, BOARD SECRETARY	26,646	EMPLOYMENT		No
KIM STEFFEN	FAMILY MEMBER OF AJ STEFFEN, BOARD DIRECTOR	36,789	EMPLOYMENT		No
ANDREA STEFFEN	FAMILY MEMBER OF AJ STEFFEN, BOARD DIRECTOR	38,679	EMPLOYMENT		No

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
COMMUNITY MEMORIAL HOSPITAL INC

Employer identification number
46-0219795

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	COMMUNITY MEMORIAL HOSPITAL HAS ENTERED INTO A MANAGEMENT AGREEMENT WITH SANFORD HEALTH NETWORK TO PROVIDE MANAGEMENT SERVICES FOR THE FACILITY THE CEO OF COMMUNITY MEMORIAL HOSPITAL IS AN EMPLOYEE OF SANFORD HEALTH NETWORK
	FORM 990, PART VI, SECTION A, LINE 6	COMMUNITY MEMORIAL HOSPITAL HAS ONE CLASS OF GENERAL MEMBERSHIP
	FORM 990, PART VI, SECTION A, LINE 7A	ALL BOARD MEMBERS ARE ELECTED BY THE MEMBERSHIP
	FORM 990, PART VI, SECTION A, LINE 7B	APPROVAL BY THE MEMBERS OF THE ORGANIZATION IS REQUIRED TO ESTABLISH MISSION STATEMENT APPROVE THE SALE OF REAL PROPERTY ELECT OR REMOVE THE BOARD OF DIRECTORS APPROVE A AMENDMENTS TO THE ARTICLES OF INCORPORATION REVIEW THE ANNUAL REPORT AND FINANCIAL AUDIT ESTABLISH SERVICES TO MEET THE NEEDS OF THE COMMUNITY
	FORM 990, PART VI, SECTION A, LINE 8B	NO COMMITTEES EXIST WITHIN THE ORGANIZATION
	FORM 990, PART VI, SECTION B, LINE 11	THE CEO DOES A DETAILED REVIEW OF THE FORM 990 AND IT IS DISCUSSED AT A REGULAR BOARD MEETING
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST DISCLOSURE IS REQUIRED TO BE COMPLETED BI-ANNUALLY AND RESPONSES ARE REVIEWED BY THE CEO IF A CONFLICT IS DEEMED TO EXIST, THE MEMBER(S) INVOLVED IS REQUIRED TO ABSTAIN FROM DISCUSSION, DELIBERATION, AND VOTING ON THE MATTER CAUSING THE CONFLICT
	FORM 990, PART VI, SECTION B, LINE 15A	SANFORD HEALTH NETWORK DETERMINES THE CEO'S COMPENSATION, AND RANGES ARE DETERMINED USING STATE SALARY SURVEY RESULTS
	FORM 990, PART VI, SECTION C, LINE 19	FINANCIAL STATEMENTS ARE DISTRIBUTED AT THE ANNUAL MEMBERSHIP MEETING, AND OTHER ITEMS ARE PROVIDED UPON REQUEST



Financial Statements

December 31, 2011 and 2010

Community Memorial Hospital, Inc.

Community Memorial Hospital, Inc.

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December 31, 2011 and 2010

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Independent Auditor's Report

The Board of Directors
Community Memorial Hospital, Inc.
Burke, South Dakota

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Sioux Falls, South Dakota
April 18, 2012

Community Memorial Hospital, Inc.

Balance Sheets

December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 799,660	\$ 845,835
Receivables		
Patient, net of estimated uncollectibles		
of \$265,000 in 2011 and \$283,000 in 2010	467,653	545,092
Estimated third-party payor settlements	220,000	-
Other receivable	-	2,302
Notes receivable	240,000	-
Supplies	67,839	59,360
Prepaid expenses	32,730	26,407
Total current assets	1,827,882	1,478,996
Property and Equipment, Net	478,836	592,844
Other Assets		
Cash and cash equivalents restricted by donors	5,041	23,580
Beneficial interest in South Dakota Community Foundation	6,036	5,534
Total other assets	11,077	29,114
Total assets	\$ 2,317,795	\$ 2,100,954
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 62,755	\$ 58,723
Accounts payable		
Trade	81,661	62,759
Accrued expenses		
Salaries and wages	39,121	64,406
Vacation	88,663	85,741
Payroll taxes and other	20,968	15,456
Total current liabilities	293,168	287,085
Long-Term Debt, Less Current Maturities	88,803	151,558
Total liabilities	381,971	438,643
Net Assets		
Unrestricted	1,930,783	1,638,731
Temporarily restricted	5,041	23,580
Total net assets	1,935,824	1,662,311
Total liabilities and net assets	\$ 2,317,795	\$ 2,100,954

See Notes to Financial Statements

Community Memorial Hospital, Inc.
Statements of Operations
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 3,768,066	\$ 3,684,854
Other revenue	<u>142,987</u>	<u>129,694</u>
Total revenues, gains, and other support	<u>3,911,053</u>	<u>3,814,548</u>
Expenses		
Professional care of patients	2,338,854	2,346,682
General and administrative	801,685	747,029
Property and household	211,708	188,375
Depreciation and amortization	186,549	183,509
Dietary	122,877	118,532
Interest	12,232	16,006
Provision for bad debts	<u>73,317</u>	<u>84,104</u>
Total expenses	<u>3,747,222</u>	<u>3,684,237</u>
Operating Income	<u>163,831</u>	<u>130,311</u>
Other Income		
Interest income	28,925	20,758
Other income	<u>7,285</u>	<u>244</u>
Other income	<u>36,210</u>	<u>21,002</u>
Revenues in Excess of Expenses	200,041	151,313
Contributions for Long-Lived Assets	68,431	62,438
Net Assets Released from Restrictions for Capital	<u>23,580</u>	<u>11,700</u>
Change in Unrestricted Net Assets	<u><u>\$ 292,052</u></u>	<u><u>\$ 225,451</u></u>

Community Memorial Hospital, Inc.
Statements of Changes in Net Assets
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 200,041	\$ 151,313
Contributions for long-lived assets	68,431	62,438
Net assets released from restrictions for capital	<u>23,580</u>	<u>11,700</u>
Change in unrestricted net assets	<u>292,052</u>	<u>225,451</u>
Temporarily Restricted Net Assets		
Contributions and grants for specific purposes	5,041	23,580
Net assets released from restrictions	<u>(23,580)</u>	<u>(11,700)</u>
Change in temporarily restricted net assets	<u>(18,539)</u>	<u>11,880</u>
Change in Net Assets	273,513	237,331
Net Assets, Beginning of Year	<u>1,662,311</u>	<u>1,424,980</u>
Net Assets, End of Year	<u><u>\$ 1,935,824</u></u>	<u><u>\$ 1,662,311</u></u>

Community Memorial Hospital, Inc.
Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Operating Activities		
Change in net assets	\$ 273,513	\$ 237,331
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	186,549	183,509
Provision for bad debts	73,317	84,104
Contributions and grants restricted by donors	(73,472)	(86,018)
Changes in assets and liabilities		
Receivables	(213,576)	35,087
Supplies	(8,479)	(11,960)
Prepaid expenses	(6,323)	3,587
Accounts payable	18,902	(10,862)
Accrued expenses	(16,851)	12,956
Net Cash from Operating Activities	<u>233,580</u>	<u>447,734</u>
Investing Activities		
Purchase of property and equipment	(58,781)	(69,671)
Increase in beneficial interest in South Dakota Community Foundation	(502)	(507)
Decrease (increase) in donor restricted cash and cash equivalents	<u>18,539</u>	<u>(11,880)</u>
Net Cash used for Investing Activities	<u>(40,744)</u>	<u>(82,058)</u>
Financing Activities		
Repayment of long-term debt	(58,723)	(54,950)
Contributions and grants restricted by donors	59,712	86,018
(Advance) repayment of notes receivable	<u>(240,000)</u>	<u>12,468</u>
Net Cash (used for) from Financing Activities	<u>(239,011)</u>	<u>43,536</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(46,175)	409,212
Cash and Cash Equivalents, Beginning of Year	<u>845,835</u>	<u>436,623</u>
Cash and Cash Equivalents, End of Year	<u>\$ 799,660</u>	<u>\$ 845,835</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 12,232</u>	<u>\$ 16,006</u>
Non-cash equipment donation	<u>\$ 13,760</u>	<u>\$ -</u>

Note 1 - Organization and Significant Accounting Policies

Organization

Community Memorial Hospital, Inc. (Hospital) is a 16-bed acute care hospital and medical clinic located in Burke, South Dakota and a medical clinic located in Bonesteel, South Dakota. The hospital is organized as a South Dakota nonprofit corporation and is exempt from federal income tax.

Management services are provided to the Hospital by Winner Regional Healthcare Center and Sanford Regional Health Network under a management services agreement (Note 10).

Income Taxes

The Hospital is organized as a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Service Code Section 501(c)(3). The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose.

The Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Hospital would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of Estimates

The preparation of 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

Patient Receivables

Patient receivables are uncollateralized customer and third-party payor obligations. Unpaid patient receivables, excluding amounts due from third-party payors, with invoice dates over 90 days old have interest assessed at 1.25 percent per month. Interest income is recognized at the time it is charged to the account.

Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Notes Receivable

The notes receivable is stated at the principal amount plus accrued interest and is collateralized. Payments of notes receivable is allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. Management reviews the notes receivable periodically and estimates a portion, if any, of the balance that will not be collected.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market.

Interest Income

Interest income is included in revenues in excess of expenses unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed on the straight-line method. The estimated useful lives of property and equipment are as follows:

Land improvements	3-15 years
Buildings and improvements	5-30 years
Equipment	5-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted net assets, and are excluded from revenues in excess of expenses, 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 support. 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.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. At December 31, 2011 and 2010, the Hospital did not have any permanently restricted net assets.

Revenue in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include 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.

Charity Care

The Hospital provides health care services to patients who meet certain criteria under its Charity Care Policy without charge or at amounts less than its established rates. Since the Hospital does not pursue collection of amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$11,000 and \$20,000 for the years ended December 31, 2011 and 2010, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to it patients.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets 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 donor stipulated time restriction or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the statements of operations.

Advertising Costs

The Hospital expenses advertising costs as incurred.

Reclassifications

Reclassifications have been made to the December 31, 2010 financial information to make it conform to the current year presentation. The reclassifications had no effect on previously reported operating results or changes in net assets.

Subsequent Events

The Hospital has evaluated subsequent events through April 18, 2012, the date which the financial statements were available to be issued.

Note 2 - Net Patient Service Revenue

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payers follows:

Medicare: The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services at cost plus one percent with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended December 31, 2009. Clinical services are paid on a cost basis or fixed fee schedule.

Medicare – Clinic: The Burke clinic is designated as a Certified Provider Based Rural Health Clinic by the Medicare program. As a result, clinical services rendered to Medicare program beneficiaries are reimbursed at cost based on a tentative rate with final settlement determined after submission of the Hospital's annual cost reports and audits thereof by the Medicare fiscal intermediary.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid on a percentage of charges basis. These rates currently are 95% for inpatient and 90% for outpatient. Clinical services are paid on a fixed fee schedule or on a cost related basis for rural health clinic services.

Blue Cross: Services rendered to Blue Cross subscribers are reimbursed under a prospectively determined percentage of charges methodology.

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

Revenue from the Medicare and Medicaid programs accounted for approximately 67.2% and 9.1% of the Hospital's net patient service revenue for the year ended December 31, 2011 and 69.7% and 7.1% for the year ended December 31, 2010. Laws and regulations governing the Medicare, Medicaid, and other 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.

A summary of patient service revenue and contractual adjustments for the years ended December 31, 2011 and 2010 is as follows:

	2011	2010
Total patient service revenue	\$ 4,716,033	\$ 4,992,573
Contractual adjustments		
Medicare	713,989	1,099,599
Medicaid	91,139	73,609
Other	142,839	134,511
Total contractual adjustments	947,967	1,307,719
Net patient service revenue	\$ 3,768,066	\$ 3,684,854

Note 3 - Property and Equipment

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

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 3,000	\$ -	\$ 3,000	\$ -
Land improvements	68,013	16,208	68,013	11,847
Buildings and improvements	1,467,982	1,303,685	1,450,901	1,277,333
Equipment	1,074,319	814,586	1,219,341	859,231
	<u>\$ 2,613,314</u>	<u>\$ 2,134,478</u>	<u>\$ 2,741,255</u>	<u>\$ 2,148,411</u>
Net property and equipment		<u>\$ 478,836</u>		<u>\$ 592,844</u>

Note 4 - Capital Lease

The Hospital leases certain equipment under noncancelable long-term lease agreements. Certain leases have been recorded as capitalized leases and others as operating leases. Total lease expense in December 31, 2011 and 2010 for all operating leases was \$30,572 and \$31,542. The capitalized leased assets consist of:

	2011	2010
Major moveable equipment	\$ 343,000	\$ 343,000
Less accumulated amortization (included as depreciation on the accompanying financial statements)	(240,100)	(171,500)
	<u>\$ 102,900</u>	<u>\$ 171,500</u>

Minimum future lease payments for the capital leases are as follows:

Year Ending December 31,

2012	\$ 70,956
2013	<u>91,305</u>
Total minimum lease payments	162,261
Less interest	<u>(10,703)</u>
Present value of minimum lease payments - Note 5	<u>\$ 151,558</u>

Note 5 - Long Term Debt

Long term debt consists of:

	2011	2010
Capitalized lease obligation - Note 4	\$ 151,558	\$ 210,281
Less current maturities	(62,755)	(58,723)
	<u>\$ 88,803</u>	<u>\$ 151,558</u>

Future maturities of long-term debt are as follows:

Year Ending December 31,

2012	\$ 62,755
2013	<u>88,803</u>
	<u>\$ 151,558</u>

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Grants for specific purposes	\$ 5,041	\$ 23,580

In 2011 and 2010, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of \$23,580 and \$11,700. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Note 7 - Pension Plan

The Hospital has a defined contribution pension plan under which employees become participants upon reaching age 21, completion of one year of service and work a minimum of 1,000 hours per year. Employer contributions of 3 percent for 2011 and 2 percent for 2010 of annual compensation are deposited with the plan trustee who invests the plan assets. Total pension expense for the years ended December 31, 2011 and 2010, was \$41,025 and \$26,219.

Note 8 - Concentration of Credit Risk

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

	<u>2011</u>	<u>2010</u>
Medicare	48%	48%
Medicaid	4%	5%
Blue Cross	7%	8%
Commercial	8%	14%
Other third-party payor and patients	33%	25%
	<u>100%</u>	<u>100%</u>

The Hospital's cash balances are maintained in various bank deposit accounts. At times, the balances of these deposits may be in excess of federally insured limits.

Note 9 - Functional Expenses

The Hospital provides general health care services to patients within its geographic location. Expenses related to providing these services by functional class for the years ended December 31, 2011 and 2010 are as follows:

	2011	2010
Patient health care services	\$ 2,945,537	\$ 2,937,208
General and administrative	801,685	747,029
	<u>\$ 3,747,222</u>	<u>\$ 3,684,237</u>

Note 10 - Contingencies

Equipment Purchases

The Hospital ordered equipment related to the Sanford One Chart system conversion which was not received until after December 31, 2011. The total purchase commitment outstanding for the equipment totaled \$18,731.

Management Agreements

The Hospital's management agreement with Winner Regional Healthcare Center and Sanford Regional Health Network (Sanford) to manage the Hospital and provide certain management advisory services expired on March 31, 2010. On April 1, 2010, the Hospital entered into a similar agreement with Sanford Health Network. On March 22, 2011, the agreement was amended to add information system services. The agreement shall continue through July 31, 2022; however either party may cancel this agreement without cause by providing 180 days written notice. Under the terms of the management agreements, the Hospital is to reimburse Sanford for the salary and benefits of the Hospital's Chief Executive Officer, who is an employee of Sanford, plus an annual base amount which totaled \$35,761 and \$36,139 for the years ended December 31, 2011 and 2010, for management services provided. The information system fees were not incurred during 2011.

Malpractice Insurance

The Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

Litigations, Claims, and Other Disputes

The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigation, claims, and disputes in process will not be material to the financial position of the Hospital.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services.



Supplementary Information
December 31, 2011 and 2010

Community Memorial Hospital, Inc.



Independent Auditor's Report on Supplementary Information

The Board of Directors
Community Memorial Hospital, Inc.
Burke, South Dakota

We have audited the financial statements of Community Memorial Hospital, Inc. as of and for the year ended December 31, 2011 and 2010, and our report thereon dated April 18, 2012 which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Net Patient Service Revenue, Other Revenue, and Expenses on pages 16 through 20 are presented for the purposes of additional analysis and are not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

The Statistical Information on page 21, which are the responsibility of management, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Sioux Falls, South Dakota
April 18, 2012

Community Memorial Hospital, Inc.
Schedules of Net Patient Service Revenue
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Patient Service Revenue		
Routine services	\$ 496,875	\$ 541,676
Observation	182,011	185,132
Swingbed	648,992	646,665
Laboratory	769,148	852,050
Medical clinics	703,809	680,322
Radiology	863,363	951,711
Pharmacy	606,240	665,028
Emergency room	168,039	166,471
Cardiac rehab	100,194	127,566
Physical therapy	98,088	91,835
Medical supplies	18,526	24,651
EKG	25,539	36,546
Homemaker services	31,153	37,139
Occupational therapy	17,451	14,445
Speech therapy	1,973	875
Charity care	(15,368)	(29,539)
	<u>\$ 4,716,033</u>	<u>\$ 4,992,573</u>
Total patient service revenue *		
	<u>\$ 4,716,033</u>	<u>\$ 4,992,573</u>
Total Patient Service Revenue - Reclassified *		
Inpatients	\$ 1,002,494	\$ 1,083,467
Outpatients	2,008,780	2,272,969
Swingbed	1,016,318	985,354
Burke Medical Clinic	703,809	680,322
Charity care	(15,368)	(29,539)
	<u>\$ 4,716,033</u>	<u>\$ 4,992,573</u>
Total revenue		
	<u>\$ 4,716,033</u>	<u>\$ 4,992,573</u>
Deductions from Patient Service Revenue		
Contractual adjustments:		
Medicare	713,989	1,099,599
Medicaid	91,139	73,609
Other	142,839	134,511
	<u>947,967</u>	<u>1,307,719</u>
Total contractual adjustments		
	<u>947,967</u>	<u>1,307,719</u>
Net Patient Service Revenue	<u>\$ 3,768,066</u>	<u>\$ 3,684,854</u>

Community Memorial Hospital, Inc.
Schedules of Other Revenue
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Other Revenue		
Pharmacy rent	\$ 72,000	\$ 72,000
Dietary	7,931	7,584
Medimate	18,898	19,195
Miscellaneous	<u>44,158</u>	<u>30,915</u>
Total Other Revenue	<u><u>\$ 142,987</u></u>	<u><u>\$ 129,694</u></u>

Community Memorial Hospital, Inc.
Schedules of Expenses
Years Ended December 31, 2011 and 2010

	2011	2010
<i>Professional care of patients</i>		
Routine Services		
Salaries and wages	\$ 655,828	\$ 607,069
Purchased Services	10,191	10,236
Supplies and other expenses	46,381	42,233
	<u>712,400</u>	<u>659,538</u>
Nursing Administration		
Salaries and wages	83,551	93,266
Supplies and other expenses	1,193	2,850
	<u>84,744</u>	<u>96,116</u>
Central Services and Supply		
Salaries and wages	23,461	22,993
Purchased Services	2,413	850
Supplies and other expenses	10,687	12,191
	<u>36,561</u>	<u>36,034</u>
Emergency Room		
Salaries and wages	160,661	153,961
Supplies and other expenses	19,393	7,002
Purchased services	-	700
	<u>180,054</u>	<u>161,663</u>
Laboratory		
Salaries and wages	103,535	101,842
Medical specialist fees	85,634	74,584
Supplies and other expenses	57,904	68,559
	<u>247,073</u>	<u>244,985</u>
EKG		
Salaries and wages	1,195	1,656
Purchased services	23,406	31,751
	<u>24,601</u>	<u>33,407</u>
Radiology		
Salaries and wages	89,521	88,520
Medical specialist fees	133,510	148,505
Supplies and other expenses	12,645	16,611
	<u>235,676</u>	<u>253,636</u>
Pharmacy		
Purchased services	20,100	18,429
Supplies and other expenses	99,718	158,305
	<u>119,818</u>	<u>176,734</u>

Community Memorial Hospital, Inc.
Schedules of Expenses
Years Ended December 31, 2011 and 2010

	2011	2010
Physical Therapy		
Contracted services	\$ 56,944	\$ 52,991
Occupational Therapy		
Contracted services	8,207	7,372
Speech Therapy		
Contracted services	630	330
Cardiac Rehab		
Salaries and wages	5,817	4,499
Homemaker Program		
Salaries and wages	25,488	29,065
Supplies and other expenses	1,912	3,300
	27,400	32,365
Medical Records		
Salaries and wages	18,822	19,144
Purchased services	6,563	7,100
Supplies and other expenses	1,777	6,026
	27,162	32,270
Social Services		
Salaries and wages	13,243	10,770
Purchased services	1,255	1,248
	14,498	12,018
Activities		
Salaries and wages	4,942	3,781
Burke Medical Clinic		
Salaries and wages	362,731	348,197
Purchased services	137,008	136,266
Supplies and other expenses	52,588	54,480
	552,327	538,943
Total professional care of patients	2,338,854	2,346,682
General and administrative		
Administrative Services		
Salaries and wages	89,994	83,165
Purchased services	233,999	211,541
Supplies and other expenses	114,025	116,832
Employee benefits	363,667	335,491
Total general and administrative	801,685	747,029

Community Memorial Hospital, Inc.
Schedules of Expenses
Years Ended December 31, 2011 and 2010

	2011	2010
<i>Property and household</i>		
Plant Operations and Maintenance		
Salaries and wages	\$ 64,585	\$ 61,284
Purchased services	5,429	5,743
Supplies and other expenses	79,892	62,589
	<u>149,906</u>	<u>129,616</u>
Housekeeping		
Salaries and wages	41,777	36,136
Supplies and other expenses	7,929	8,209
	<u>49,706</u>	<u>44,345</u>
Laundry and Linen		
Salaries and wages	602	2,512
Contract laundry	10,038	10,683
Supplies and other expenses	1,456	1,219
	<u>12,096</u>	<u>14,414</u>
Total property and household	<u>211,708</u>	<u>188,375</u>
Depreciation and amortization	<u>186,549</u>	<u>183,509</u>
Dietary		
Salaries and wages	82,515	80,418
Professional fees	5,322	5,131
Supplies and other expenses	35,040	32,983
Total dietary	<u>122,877</u>	<u>118,532</u>
Interest	<u>12,232</u>	<u>16,006</u>
Provision for bad debts	<u>73,317</u>	<u>84,104</u>
Total Expenses	<u>\$ 3,747,222</u>	<u>\$ 3,684,237</u>

Community Memorial Hospital, Inc.
Statistical Information - Unaudited
Years Ended December 31, 2011, 2010 and 2009

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Number of Admissions (Excluding Swingbed)	141	160	160
Patient Days (Excluding Swingbed)	502	536	573
Swingbed Days	1,357	1,705	1,752
Emergency Room/Outpatient Visits	1,624	1,693	1,709
Number of Beds	16	16	16
Percent of Occupancy	31.8%	38.4%	39.8%
Year-End Routine Service Rates			
Private-rooms	\$ 970	\$ 950	\$ 900
Semi-private rooms	970	950	900
CCU	1,425	1,400	1,400