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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
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Doing Business As
MARY LANNING HEALTHCARE

Number and street (or P O box if mail is not delivered to street address) | Room/suite
715 NORTH ST JOSEPH AVE

City or town, state or country, and ZIP + 4
HASTINGS, NE 68901

D Employer identification number
47-0378779

E Telephone number
(402)463-4521

G Gross receipts $ 104,944,334

F Name and address of principal officer
MARK CALLAHAN
715 NORTH ST JOSEPH AVE
HASTINGS, NE 68901

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW MARYLANNING ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1915 | **M** State of legal domicile NE

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ADVANCING OUR TRADITION OF SERVICE, EDUCATION AND COMMUNITY INVOLVEMENT, MARY LANNING HEALTHCARE IS DEDICATED TO EXCELLENCE, OFFERING HOPE, HEALTH AND HEALING

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	7
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	7
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,090
6	Total number of volunteers (estimate if necessary)	6	275
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	230,811
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	3,104,386	2,473,735
9	Program service revenue (Part VIII, line 2g)	92,963,581	98,090,488
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,533,313	1,609,435
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,206,802	2,550,114
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	99,808,082	104,723,772
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	313,767	1,083,322
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	52,508,986	53,561,201
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶89,550		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	43,982,501	47,769,774
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	96,805,254	102,414,297
19	Revenue less expenses Subtract line 18 from line 12	3,002,828	2,309,475

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	136,946,286	138,226,405
21	Total liabilities (Part X, line 26)	51,445,541	56,406,414
22	Net assets or fund balances Subtract line 21 from line 20	85,500,745	81,819,991

Part II Signature Block

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

Sign Here

****** | 2012-10-25
Signature of officer | Date

MARK CALLAHAN PRESIDENT
Type or print name and title

Paid Preparer's Use Only

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

Firm's name (or yours if self-employed), address, and ZIP + 4: SEIM JOHNSON LLP, 18081 BURT STREET SUITE 200, OMAHA, NE 680224722 | EIN ▶ 47-6097913 | Phone no ▶ (402) 330-2660

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

ADVANCING OUR TRADITION OF SERVICE, EDUCATION AND COMMUNITY INVOLVEMENT, MARY LANNING HEALTHCARE IS DEDICATED TO EXCELLENCE, OFFERING HOPE, HEALTH AND HEALING

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 79,981,352 including grants of $ 1,083,322) (Revenue $ 99,509,189)

MARY LANNING HEALTHCARE (MLH) PROVIDES HEALTHCARE SERVICES TO THE GENERAL PUBLIC AND OPERATES ROUTINE SERVICE BEDS, ICU BEDS, OUTPATIENT SERVICES, A HOME HEALTH PROGRAM, AND A SCHOOL OF NURSING MLH TAKES ITS RESPONSIBILITIES FOR PROVIDING BENEFITS TO THE SURROUNDING COMMUNITIES SERIOUSLY THIS IS DEMONSTRATED IN NUMEROUS WAYS THE HOSPITAL ABSORBED OVER $72 MILLION IN COSTS DURING 2011 OVER $57 MILLION OF THAT AMOUNT RELATES TO CARE PROVIDED TO MEDICARE AND MEDICAID PATIENTS WITH AN ADDITIONAL $1 2 MILLION IN CARE TO THE UNINSURED IN THE FORM OF CHARITY CARE SEVENTY-TWO (72) ADDITIONAL PROGRAMS SERVED OVER 77,000 PEOPLE MUCH ATTENTION HAS BEEN PAID RECENTLY TO THE RESPONSIBILITIES OF TAX EXEMPT ORGANIZATIONS FROM THE INFORMATION SUMMARIZED ABOVE, IT IS CLEAR THAT THE CONTRIBUTIONS OF THE HOSPITAL WOULD FAR EXCEED FUNDS THAT WOULD BE GENERATED BY A CORPORATE TAX STRUCTURE

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 79,981,352

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	44		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c** Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	1,090		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b** Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a** Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b** Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**	
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the aggregate amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	

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

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

Section A. Governing Body and Management

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

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

SHAWN NORDBY
715 N ST JOSEPH AVE
HASTINGS, NE 68901
(402) 461-5344

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) JEFF S ANDERSON CHAIR	1 00	X						0	0	0
(2) MICHELE BEVER VICE-CHAIR	1 00	X						0	0	0
(3) CLARENCE GARY ANDERSON TRUSTEE	1 00	X						0	80,888	0
(4) DENNIS KRIENERT TRUSTEE	1 00	X						0	0	0
(5) CALVIN JOHNSON TRUSTEE	1 00	X						0	0	0
(6) PRADIPTA CHAUDHURI MD TRUSTEE	1 00	X						0	0	0
(7) ROBERT ANDERSON MD TRUSTEE - THROUGH 6/11	1 00	X						0	0	0
(8) BRADLEY NEET PRESIDENT	40 00			X				256,047	0	35,111
(9) LEOTA ROLLS VP PATIENT STRATEGY THROUGH 3/11	40 00			X				263,818	0	2,940
(10) LEON JOE DAVIS VP PROVIDER STRATEGY	40 00			X				218,068	0	12,857
(11) BRUCE CUTRIGHT VP OF PEOPLE STRATEGY	40 00			X				139,164	0	20,246
(12) MARK CALLAHAN VP OF OUTPATIENT STRATEGY	40 00			X				118,907	0	47,614
(13) SHAWN RIGGS EXECUTIVE DIRECTOR OF MEDICAL GROUP	40 00			X				110,116	0	25,131
(14) SHAWN NORDBY INTERIM CFO	40 00			X				105,869	0	13,123
(15) RENEE SIDLEY VP PATIENT STRATEGY	40 00			X				80,552	0	7,204
(16) KALPESH D GANATRA PHYSICIAN	40 00					X		1,057,308	0	34,153
(17) DENNIS HATCH PHYSICIAN	40 00					X		398,580	0	25,464

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JOHN BECK PHYSICIAN	40 00					X		388,549	0	27,829
(19) THOMAS SCHEER PHYSICIAN THROUGH 7/11	40 00					X		324,472	0	16,822
(20) PORNCHAI JONGLERTHAM PHYSICIAN	40 00					X		316,630	0	35,111

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	3,778,080	80,888	303,605

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 29

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
KIEWIT BUILDING GROUP 3921 MASON STREET OMAHA, NE 68105	GENERAL CONTRACTOR	2,259,763
FARRIS CONSTRUCTION PO BOX 2046 HASTINGS, NE 68902	GENERAL CONTRACTOR	1,046,281
MCKESSON AUTOMATION PO BOX 642164 PITTSBURGH, PA 15264	SOFTWARE SUPPORT	989,795
SS PSYCHIATRY GROUP 4110 HARGORD STREET GRAND ISLAND, NE 68803	PHYSICIAN COVERAGE	982,469
MCKESSON INFORMATION BOX 98347 CHICAGO, IL 60693	SOFTWARE SUPPORT	806,528

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 ▶ 82

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	131			
	c	Fundraising events	1c				
	d	Related organizations	1d	2,471,254			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,350			
	g	Noncash contributions included in lines 1a-1f $ 1,480,440					
	h	**Total.** Add lines 1a-1f		2,473,735			
Program Service Revenue			Business Code				
	2a	ALL OTHER PATIENT REVE	621300	58,227,642	58,227,642		
	b	NET MEDICARE REVENUE	621300	34,689,660	34,689,660		
	c	NET MEDICAID REVENUE	621300	5,173,186	5,173,186		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		98,090,488			
	3	Investment income (including dividends, interest and other similar amounts)		15,451			15,451
	4	Income from investment of tax-exempt bond proceeds		884,903			884,903
	5	Royalties					

		(i) Real	(ii) Personal				
	6a	Gross rents	299,477					
	b	Less rental expenses	2,908					
	c	Rental income or (loss)	296,569					
	d	Net rental income or (loss)		296,569			296,569

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	704,703	11,055				
	b	Less cost or other basis and sales expenses	0	6,677				
	c	Gain or (loss)	704,703	4,378				
	d	Net gain or (loss)			709,081	4,378		704,703
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities						
	10a	Gross sales of inventory, less returns and allowances	a	205,916				
	b	Less cost of goods sold	b	210,977				
	c	Net income or (loss) from sales of inventory			-5,061			-5,061

Other Revenue

	Miscellaneous Revenue	Business Code				
11a	MISCELLANEOUS	900099	1,414,323	1,414,323		
b	CAFETERIA	722210	613,472			613,472
c						
d	All other revenue		230,811		230,811	
e	**Total.** Add lines 11a–11d		2,258,606			
12	**Total revenue.** See Instructions		104,723,772	99,509,189	230,811	2,510,037

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	1,083,322	1,083,322		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	1,618,775		1,618,775	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	89,550			89,550
7	Other salaries and wages	40,455,893	34,727,186	5,728,707	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,265,331	1,955,148	310,183	
9	Other employee benefits	6,249,455	5,393,742	855,713	
10	Payroll taxes	2,882,197	2,487,549	394,648	
11	Fees for services (non-employees)				
a	Management				
b	Legal	140,440		140,440	
c	Accounting	64,314		64,314	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees	97,542		97,542	
g	Other	2,009,911	2,009,911		
12	Advertising and promotion				
13	Office expenses	2,914,690	1,033,649	1,881,041	
14	Information technology				
15	Royalties . .				
16	Occupancy	1,162,247	1,162,247		
17	Travel	345,323	252,319	93,004	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	249,874	112,903	136,971	
20	Interest	1,476,957	1,476,957		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	6,662,074	5,455,585	1,206,489	
23	Insurance	991,684	382,979	608,705	
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	17,054,149	17,007,935	46,214	
b	CONTRACTED SERVICES	8,464,397	4,116,490	4,347,907	
c	BAD DEBT EXPENSE	4,503,830		4,503,830	
d	REPAIRS	1,251,564	1,129,658	121,906	
e					
f	All other expenses	380,778	193,772	187,006	
25	**Total functional expenses.** Add lines 1 through 24f	102,414,297	79,981,352	22,343,395	89,550
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		5,345,066	2	4,488,544
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		9,902,145	4	9,861,799
	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		527,390	7	584,309
	8	Inventories for sale or use		2,146,691	8	2,403,869
	9	Prepaid expenses and deferred charges		1,038,602	9	1,173,074
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 148,001,445			
	b	Less accumulated depreciation	10b 80,433,401	65,226,374	10c	67,568,044
	11	Investments—publicly traded securities		29,366,443	11	27,451,673
	12	Investments—other securities See Part IV, line 11		22,230,245	12	23,597,435
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,163,330	15	1,097,658
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		136,946,286	16	138,226,405
Liabilities	17	Accounts payable and accrued expenses		11,836,931	17	10,973,989
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		29,820,000	20	28,530,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		9,788,610	25	16,902,425
	26	**Total liabilities.** Add lines 17 through 25		51,445,541	26	56,406,414
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		65,607,501	27	58,800,159
	28	Temporarily restricted net assets		1,899,028	28	2,950,416
	29	Permanently restricted net assets		17,994,216	29	20,069,416
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		85,500,745	33	81,819,991
	34	Total liabilities and net assets/fund balances		136,946,286	34	138,226,405

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	104,723,772
2	Total expenses (must equal Part IX, column (A), line 25)	2	102,414,297
3	Revenue less expenses Subtract line 2 from line 1	3	2,309,475
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	85,500,745
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-5,990,229
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	81,819,991

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:

Software Version:

EIN: 47-0378779

Name: THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Form 990, Special Condition Description:

Special Condition Description

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION	47-0378779

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		18,345
j	Total lines 1c through 1i			18,345
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	A PORTION OF DUES PAID TO AHA AND NHA IS FOR LOBBYING PURPOSES AND 100% OF DUES PAID TO NABHO IS FOR LOBBYING ACTIVITIES IN ADDITION, $6,000 PAID TO RURAL REFERRAL CENTER / SOLE COMMUNITY HOSPITAL COALITION SUPPORTS LOBBYING ACTIVITY CONDUCTED BY THAT ORGANIZATION

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	17,842,614	15,975,895	14,499,723	13,467,863	
b Contributions		87,241	67,547	37,074	
c Investment earnings or losses	3,119,278	1,850,255	1,873,061	994,786	
d Grants or scholarships					
e Other expenditures for facilities and programs	267,147	70,777	464,436		
f Administrative expenses					
g End of year balance	20,694,745	17,842,614	15,975,895	14,499,723	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

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

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		5,889,784		5,889,784
b Buildings		83,742,067	37,952,863	45,789,204
c Leasehold improvements				
d Equipment		57,339,612	42,480,538	14,859,074
e Other		1,029,982	0	1,029,982
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				67,568,044

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) STUDENT LOAN AND RESTRICTED FUNDS	603,639	F
(B) JOINT VENTURES	13,499	F
(C) BENEFICIAL INTEREST IN FOUNDATION	3,423,881	F
(D) BENEFICIAL INTEREST IN TRUST	19,556,416	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	23,597,435	

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
THIRD PARTY REIMBURSEMENT CONTRACTS	2,899,845
LIABILITY FOR PENSION BENEFITS	14,002,580
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	16,902,425

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	TEMPORARILY RESTRICTED FUNDS ARE HELD FOR CAPITAL ACQUISITION, SCHOLARSHIPS, EDUCATION AND COMMUNITY HEALTH CARE PERMANENTLY RESTRICTED FUND ASSETS ARE HELD IN PERPETUITY WITH THE INCOME USED FOR HOSPITAL OPERATIONS, SCHOLARSHIPS AND RESEARCH
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE THE HOSPITAL HAS RECEIVED A DETERMINATION LETTER THAT IT IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE INTERNAL REVENUE CODE THE INTERNAL REVENUE SERVICE HAS ESTABLISHED STANDARDS TO BE MET TO MAINTAIN TAX-EXEMPT STATUS IN GENERAL, SUCH STANDARDS REQUIRE THE HOSPITAL TO MEET A COMMUNITY BENEFIT STANDARD AND COMPLY WITH VARIOUS LAWS AND REGULATIONS THE HOSPITAL ACCOUNTS FOR UNCERTAINTIES IN ACCOUNTING FOR INCOME TAX ASSETS AND LIABILITIES USING GUIDANCE INCLUDED IN FASB ASC 740, INCOME TAXES THE HOSPITAL RECOGNIZES THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED AT DECEMBER 31, 2011, THE HOSPITAL HAD NO UNCERTAIN TAX POSITIONS ACCRUED
		PART V, LINE 3A(II) MARY LANNING HEALTHCARE FOUNDATION AND MARY LANNING HOSPITAL TRUST HOLD ENDOWMENT FUNDS RESTRICTED TO DISTRIBUTION TO MARY LANNING HEALTHCARE THESE FUNDS ARE REFLECTED ON MARY LANNING HEALTHCARE'S BALANCE SHEET IN "INVESTMENTS - OTHER SECURITIES" AND ARE SHOWN ON SCHEDULE D, PART VIII THESE FUNDS ARE NOT UNDER THE CONTROL OF MARY LANNING HEALTHCARE

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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
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☑ Other 125.000000000000 %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			1,478,691		1,478,691	1 510 %
b Medicaid (from Worksheet 3, column a)			10,347,973	4,441,318	5,906,655	6 030 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			11,826,664	4,441,318	7,385,346	7 540 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			555,680		555,680	0 570 %
f Health professions education (from Worksheet 5)			985,445		985,445	1 010 %
g Subsidized health services (from Worksheet 6)			120,533		120,533	0 120 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			118,629		118,629	0 120 %
j **Total** Other Benefits			1,780,287		1,780,287	1 820 %
k **Total.** Add lines 7d and 7j			13,606,951	4,441,318	9,165,633	9 360 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support			4,455		4,455	0 %
4	Environmental improvements						
5	Leadership development and training for community members			1,413		1,413	0 %
6	Coalition building			7,188		7,188	0 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			13,056		13,056	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	2,482,950		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	25,025,165
6	Enter Medicare allowable costs of care relating to payments on line 5	6	33,123,769
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-8,098,604
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

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

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	MARY LANNING HEALTHCARE 715 NORTH ST JOSEPH AVENUE HASTINGS,NE 68901	X	X		X			X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

MARY LANNING HEALTHCARE

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 125 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☐ Asset level			
	c ☑ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☐ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☑ Other (describe in Part VI)			

Billing and Collections

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

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **11**

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C NOT APPLICABLE

Identifier	ReturnReference	Explanation
		PART I, LINE 6A NOT APPLICABLE

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE WAS A COST-TO-CHARGE RATIO THE RATIO WAS DERIVED FROM WORKSHEET 2

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE IS $4,503,830

Identifier	ReturnReference	Explanation
		PART II MLH PARTICIPATES IN NEBRASKA HEALTH INFORMATION INITIATIVE WHICH ALLOWS PHYSICIANS TO VIEW THE ENTIRE RECORD OF A PATIENT THIS BENEFITS THE PATIENT BECAUSE THE DOCTOR SEES THEIR ENTIRE HISTORY INSTEAD OF JUST THE ILLNESS OR INJURY FOR WHICH THEY ARE CURRENTLY BEING TREATED

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE HOSPITAL REPORTS PATIENT ACCOUNTS RECEIVABLE AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYORS, PATIENTS AND OTHERS AN ALLOWANCE FOR BAD DEBTS HAS BEEN ESTABLISHED FOR THE UNCOLLECTIBLE PORTION OF THESE RECEIVABLES AND IS ADJUSTED THROUGHOUT THE YEAR BASED ON THE AGING OF EACH FUNDING SOURCE'S RECEIVABLE ACCOUNT INDIVIDUAL ACCOUNTS WITH BALANCES OVER NINETY DAYS ARE REVIEWED PERIODICALLY FOR FUNDING SOURCE DENIALS, REBILLS TO DIFFERENT FUNDING SOURCES, SUBMISSIONS TO A COLLECTION AGENCY OR WRITE-OFF AS BAD DEBT THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNT REPORTED ON LINES 2 AND 3 IS TOTAL EXPENSES DIVIDED BY TOTAL REVENUE TIMES BAD DEBT EXPENSE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 FOR-PROFIT SPECIALITY HOSPITALS HAVE BEEN CARVING OUT CERTAIN HIGH-MARGIN SERVICES, LEAVING GENERAL ACUTE CARE HOSPITALS WITH LOWER-MARGIN MEDICARE SERVICES THIS INDICATES THAT MEDICARE LOSSES CAN BE A RESULT OF RENDERING THESE LOWER-MARGIN SERVICES RATHER THAN INEFFICIENT OPERATIONS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B ACCOUNTS WILL BE SCREENED FOR APPROPRIATE REFERRAL TO FINANCIAL ASSISTANCE VS BAD DEBT WRITE OFF DURING THE COLLECTION PROCESS THE FINANCIAL ASSISTANCE POLICY DOES INCLUDE PROVISION FOR IMPLIED CHARITY CARE IF THERE IS SUFFICIENT KNOWLEDGE TO DETERMINE THAT THE PATIENT MEETS THE QUALIFYING FACTORS OF THE PROGRAM

Identifier	ReturnReference	Explanation
MARY LANNING HEALTHCARE		PART V, SECTION B, LINE 13G THE FULL POLICY IS AVAILABLE UPON REQUEST FREE OF CHARGE A SUMMARY OF THE POLICY AND CONTACT INFORMATION IS POSTED ON MLH'S WEBSITE, PRINTED ON BILLING STATEMENTS, POSTED IN ALL ADMISSION AREAS AND PROVIDED IN WRITING TO ALL PATIENTS UPON CHECK IN

Identifier	ReturnReference	Explanation
MARY LANNING HEALTHCARE		PART V, SECTION B, LINE 17E THE FACILITY TAKES REASONABLE EFFORTS TO NOTIFY PATIENTS OF THE FAP BEFORE THE FACILITY OR AUTHORIZED THIRD PARTY PERFORMS ANY COLLECTION ACTIONS HENCE, NO ITEMS WHERE CHECKED IN QUESTIONS 15 OR 16 THE EFFORTS/ACTIONS TAKEN BY THE FACILITY BEFORE INITIATING ANY COLLECTION ARE PERSONAL VISITS WITH ALL PATIENTS AND FAP IS DISCUSSED IN DETAIL WHEN FINANCIAL CONCERNS ARE EXPRESSED DURING PHONE CALLS WITH PATIENTS REGARDING COLLECTION ISSUES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 MLH CURRENTLY UTILITIZES THE MAPP ASSESSMENT CONDUCTED BY THE SOUTH HEARTLAND DISTRICT HEALTH DEPARTMENT IN 2008 THIS ASSESSMENT COVERS A FOUR COUNTY AREA THAT CLOSELY MATCHES THE PATIENT BASE OF MLH PARNERSHIPS AND COLLABORATIONS OCCUR REGULARLY WITH THE HEALTH DEPARTMENT AND OTHER AGENCIES IN THE COMMUNITY TO ADDRESS AND MEET NEEDS MLH CURRENTLY PROVIDES MANY SERVICES AND PROJECTS THAT TARGET THE NEEDS OF THE COMMUNITY INCLUDING THE ANNUAL FLU SHOT PROGRAM AS WELL AS OUTREACH OF HEALTHY LIVING AND DISEASE MANAGEMENT TO WORKSITES, MINORITIES AND THE COMMUNITY AT LARGE

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 MLH INFORMS AND EDUCATES PATIENTS BY POSTING SIGNS IN ALL ADMISSION AREAS AND PATIENT ROOMS BROCHURES ARE AVAILABLE IN ADMISSION AREAS ALL NON-INSURED INPATIENTS ARE PERSONALLY VISITED AND PATIENTS MAY HAVE DISCUSSIONS WITH A FINANICAL COUNSELOR AT ANYTIME DURING THE BILLING/COLLECTION PROCESS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 MLH'S PRIMARY SERVICE AREA IS ADAMS COUNTY WITH A SECONDARY AREA INCLUDING MERRICK, HALL, HAMILTON, KEARNEY, CLAY, FRANKLIN, WEBSTER, AND NUCKOLLS COUNTIES THE ESTIMATED POPULATION OF ADAMS COUNTY IS 35,000 AND THE SECONDARY SERVICE AREA IS 93,000 ADAMS COUNTY IS 563 SQ MILES FIFTEEN PERCENT OF THE POPULATION IN ADAMS COUNTY IS MEDICARE AGE OR OLDER

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 NOT APPLICABLE

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 NOT APPLICABLE

Additional Data

Software ID:
Software Version:
EIN: 47-0378779
Name: THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **11** Name and address	Type of Facility (Describe)
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC
LANNING CENTER 815 S BURLINGTON AVENUE HASTINGS, NE 68901	OUTPATIENT CLINIC

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) MARY LANNING HEALTHCARE FOUNDATION715 NORTH ST JOSEPH AVENUE HASTINGS,NE 68901	47-0800042	501(C)(3)	298,209	760,113	FMV	INVESTMENT TRANSFER	TO ASSIST WITH THE OPERATING COSTS OF FUNDRAISING
(2) ADAMS COUNTY CLERK 500 WEST 4TH STREET HASTINGS,NE 68901	47-6006427	501(C)(1)	25,000	0			TO ASSIST WITH OPERATING COSTS OF THE AMBULANCE SERVICE

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

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

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

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

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 MARY LANNING HEALTHCARE ONLY MAKES CONTRIBUTIONS AND GRANTS TO CHARITABLE OR GOVERNMENTAL TAX EXEMPT ENTITIES THE HOSPITAL VERIFIES THE TAX EXEMPT STATUS OF THE GRANT RECIPIENTS PRIOR TO MAKING THE GRANT TERMS OF THE GRANT STATE THAT THE FUNDS ARE ONLY TO BE USED FOR CHARITABLE PURPOSES

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

Part I Questions Regarding Compensation

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) BRADLEY NEET	(i)	256,047	0	0	11,840	23,271	291,158	0
	(ii)	0	0	0	0	0	0	0
(2) LEOTA ROLLS	(i)	263,818	0	0	0	2,940	266,758	0
	(ii)	0	0	0	0	0	0	0
(3) LEON JOE DAVIS	(i)	218,068	0	0	8,712	4,145	230,925	0
	(ii)	0	0	0	0	0	0	0
(4) BRUCE CUTRIGHT	(i)	139,164	0	0	0	20,246	159,410	0
	(ii)	0	0	0	0	0	0	0
(5) MARK CALLAHAN	(i)	118,907	0	0	0	47,614	166,521	0
	(ii)	0	0	0	0	0	0	0
(6) KALPESH D GANATRA	(i)	499,990	0	557,318	7,350	26,803	1,091,461	0
	(ii)	0	0	0	0	0	0	0
(7) DENNIS HATCH	(i)	354,363	0	44,217	7,350	18,114	424,044	0
	(ii)	0	0	0	0	0	0	0
(8) JOHN BECK	(i)	344,132	0	44,417	9,800	18,029	416,378	0
	(ii)	0	0	0	0	0	0	0
(9) THOMAS SCHEER	(i)	324,472	0	0	0	16,822	341,294	0
	(ii)	0	0	0	0	0	0	0
(10) PORNCHAI JONGLERTHAM	(i)	316,630	0	0	11,840	23,271	351,741	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	PART I, LINE 1A HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES A COUNTRY CLUB MEMBERSHIP IS PROVIDED TO BRADLEY NEET, CEO, FOR PERSONAL USE THE VALUE OF THE MEMBERSHIP WAS INCLUDED AS TAXABLE WAGES IN MR NEET'S 2011 W-2 CHAUFFEUR VEHICLES OWNED BY MARY LANNING HEALTHCARE AND DRIVERS EMPLOYED BY THE HOSPITAL ARE MADE AVAILABLE TO PHYSICIANS WHO CHOOSE TO USE THEM FOR TRAVEL TO CLINICS IN OTHER CITIES SUCH TRAVEL IS STRICTLY FOR HOSPITAL BUSINESS PURPOSES, AND THE PROVISION OF CARS AND DRIVERS ENABLES THE PHYSICIANS TO PERFORM VARIOUS ADMINISTRATIVE TASKS DURING THE TRAVEL TIME PERSONAL SERVICES A VEHICLE ALLOWANCE IS GIVEN MONTHLY TO BRADLEY NEET THE ALLOWANCE WAS INCLUDED AS TAXABLE WAGES IN MR NEET'S 2011 FORM W-2 PART I, LINE 1B MR NEET TURNS IN THE MONTHLY BILL FROM THE COUNTRY CLUB FOR THE MEMBERSHIP DUES PHYSICIANS ARE NOT REQUIRED TO "ACCOUNT" TO THE HOSPITAL FOR THE NUMBER OF MILES DRIVEN, AS THE ENTIRE TRAVEL COST IS A HOSPITAL BUSINESS EXPENSE

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	HOSPITAL AUTHORITY NO 1 OF ADAMS COUNTY NE	47-0762824	006060BUO	10-15-2003	3,305,000	RENOVATION OF LOBBY AND ELEVATORS		X		X		X
B	HOSPITAL AUTHORITY NO 1 OF ADAMS COUNTY NE	47-0762824	006060CL9	07-01-2008	23,725,120	TWO ADDITIONS TO THE HOSPITAL		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,535,000	1,175,000		
2	Amount of bonds defeased				
3	Total proceeds of issue	3,350,850	24,173,723		
4	Gross proceeds in reserve funds	302,565	1,752,116		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	3,048,285	22,421,606		
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2005	2011		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?		X		X				
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X	X					

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
(1) KATHY ANDERSON STUDENT LOAN		X	50,400	50,400		No	Yes		Yes	
Total . . . . . ▶ $				50,400						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

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

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

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial	X	1	1,480,440	BOOK VALUE OF DONOR
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▶ (_____)				
26	Other ▶ (_____)				
27	Other ▶ (_____)				
28	Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A COPY OF FORM 990 WAS PROVIDED TO THE MEMBERS OF THE BOARD AND WAS REVIEWED WITH THOSE MEMBERS PRIOR TO FILING THE RETURN
	FORM 990, PART VI, SECTION B, LINE 12C	EACH EMPLOYEE AND BOARD MEMBER MUST ANNUALLY FILL OUT A CONFLICT SURVEY AND SIGN A CONFLICT OF INTEREST STATEMENT
	FORM 990, PART VI, SECTION B, LINE 15	AN EXECUTIVE COMPENSATION REVIEW IS PERFORMED ANNUALLY IN 2010, THE BOARD HIRED AN INDEPENDENT CONSULTANT, GRANT THORTON, TO PERFORM A REVIEW OF EXECUTIVE COMPENSATION
	FORM 990, PART VI, SECTION C, LINE 19	ALL GOVERNING DOCUMENTS, THE CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST THROUGH MARY LANNING HEALTHCARE'S ADMINISTRATIVE OFFICES
	FORM 990, PART VII, SECTION A, COLUMN B	CLARENCE (GARY) ANDERSON IS EMPLOYED BY MARY LANNING TRUST HE WORKS 40 HOURS PER WEEK FOR THE TRUST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -1,469,411 CHANGE IN BENEFICIAL INTEREST OF FOUNDATION -613,966 CHANGE IN BENEFICIAL INTEREST OF TRUST 2,341,237 PENSION RELATED CHANGES -6,248,089 TOTAL TO FORM 990, PART XI, LINE 5 -5,990,229
AUDIT OF ORGANIZATION'S FINANCIAL STATEMENTS	FORM 990, PART XI, LINE 2C	THE BOARD OF TRUSTEES OF THE ORGANIZATION ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT OF ITS FINANCIAL STATEMENTS AND THE SELECTION OF AN INDEPENDENT ACCOUNTANT
SCHOOLS CONDUCTED WITHIN MARY LANNING HEALTHCARE	FORM 990, PART IV, LINE 13	FORM 990, PART IV, LINE 13 IS ANSWERED "NO" BECAUSE MARY LANNING HEALTHCARE'S PRIMARY PROGRAM SERVICE IS THE PROVISION OF MEDICAL CARE THROUGH ITS HOSPITAL HOWEVER, IT ALSO CONDUCTS A NURSING SCHOOL IN CONJUNCTION WITH CREIGHTON UNIVERSITY AND A RADIOLOGY SCHOOL SCHEDULE E HAS NOT BEEN PREPARED BECAUSE THE ORGANIZATION DOES NOT CHECK BOX 2, PART I OF SCHEDULE A TO INDICATE IT IS A "SCHOOL" BOTH THE NURSING SCHOOL AND THE RADIOLOGY SCHOOL ARE OPERATED ON A RACIALLY NONDISCRIMINITORY BASIS

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Employer identification number
47-0378779

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) MARY LANNING HEALTHCARE FOUNDATION 741 N DENVER AVE HASTINGS, NE 68901 47-0800042	FUNDRAISING ACTIVITIES	NE	501(C)(3)	509(A)(3) TYPE III	N/A	Yes	
(2) MARY LANNING HOSPITAL TRUST 122 N HASTINGS AVE HASTINGS, NE 68901 47-6000224	INVESTMENT MANAGEMENT	NE	501(C)(3)	509(A)(3) TYPE II	N/A	Yes	

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

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

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

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

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MARY LANNING HOSPITAL TRUST	C	850,000	CASH TRANSFER
(2) MARY LANNING HEALTHCARE FOUNDATION	B	298,209	CASH TRANSFER
(3) MARY LANNING HEALTHCARE FOUNDATION	C	140,814	CASH TRANSFER
(4) MARY LANNING HEALTHCARE FOUNDATION	B	492,966	INVESTMENT TRANSFER
(5) MARY LANNING HEALTHCARE FOUNDATION	C	1,480,440	ASSET TRANSFER
(6)			

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

The Mary Lanning Memorial Hospital Association and Affiliate

Hastings, Nebraska

Consolidated Financial Statements
December 31, 2011 and 2010

Together with Independent Auditor's Report

The Mary Lanning Memorial Hospital Association and Affiliate

Table of Contents

SEIM JOHNSON

Independent Auditor's Report

To the Board of Trustees of
The Mary Lanning Memorial Hospital Association and Affiliate
Hastings, Nebraska

We have audited the accompanying consolidated balance sheets of The Mary Lanning Memorial Hospital Association and Affiliate (the Hospital) as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended These consolidated financial statements are the responsibility of the Hospital's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits We did not audit the financial statements of the Mary Lanning Healthcare Foundation, for which Mary Lanning Memorial Hospital is the sole corporate member, which statements reflect total assets and operating loss constituting 3% and (154)%, respectively, in 2011, and 3% and (66)%, respectively, in 2010 of the related consolidated total Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mary Lanning Healthcare Foundation, is based solely on the report of other auditors

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 consolidated financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Mary Lanning Memorial Hospital Association and Affiliate as of December 31, 2011 and 2010, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole The supplementary information (Exhibits 1 through 3) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Seim Johnson, LLP

Omaha, Nebraska,
April 24, 2012

[illegible]

The Mary Lanning Memorial Hospital Association and Affiliate

Consolidated Balance Sheets
December 31, 2011 and 2010

		2011	2010
ASSETS			
Current assets			
Cash and cash equivalents	$	1,187,916	2,406,323
Investments		819,852	940,670
Receivables -			
Patient, net of estimated uncollectibles of $6,282,737 in 2011 and $5,869,351 in 2010		9,861,799	9,902,144
Other		584,308	527,390
Inventories		2,403,869	2,146,691
Prepaid expenses		1,122,544	1,038,604
Assets limited as to use - required for current liabilities		5,817	100,210
Total current assets		15,986,105	17,062,032
Assets limited as to use, net of current portion		30,752,668	32,212,321
Property and equipment, net		67,568,043	66,723,897
Other assets, net		972,644	1,141,631
Restricted assets		22,790,443	19,663,857
Total assets	$	138,069,903	136,803,738
LIABILITIES AND NET ASSETS			
Current liabilities			
Current portion of long-term debt	$	1,345,000	1,290,000
Accounts payable -			
Trade		3,214,566	2,617,497
Property and equipment		240,244	2,166,174
Accrued salaries and wages		5,304,152	4,642,182
Accrued employee benefits		1,581,696	1,611,224
Estimated third-party payor settlements		2,709,845	1,843,564
Other current liabilities		805,339	800,747
Total current liabilities		15,200,842	14,971,388
Liability for pension benefits		14,002,580	7,945,046
Long-term debt, net of current portion		27,185,000	28,530,000
Total liabilities		56,388,422	51,446,434
Commitments and Contingencies			
Net assets			
Unrestricted		58,891,038	65,693,447
Temporarily restricted		2,269,064	1,899,028
Permanently restricted		20,521,379	17,764,829
Total net assets		81,681,481	85,357,304
Total liabilities and net assets	$	138,069,903	136,803,738

See notes to consolidated financial statements

The Mary Lanning Memorial Hospital Association and Affiliate

Consolidated Statements of Operations
For the Years Ended December 31, 2011 and 2010

	2011	2010
OPERATING REVENUE		
Net patient service revenue	$ 98,090,488	92,963,589
Other operating revenue	2,413,413	2,431,657
Net assets released from restrictions -		
Income beneficiary trusts	850,000	750,000
Other	--	142,535
Total operating revenue	101,353,901	96,287,781
OPERATING EXPENSES		
Salaries and wages	42,031,122	40,051,855
Employee benefits	11,740,824	12,706,906
Professional medical fees	2,009,913	2,201,626
Utilities	1,430,184	1,350,590
Contracted services	8,446,805	7,209,841
Insurance	991,681	1,063,283
Leases and rentals	744,103	666,312
Supplies	19,263,767	19,499,584
Depreciation	6,618,413	6,158,510
Interest and amortization	1,537,698	896,857
Provision for bad debts	4,506,768	3,318,214
Grants	185,649	97,906
Other	2,253,788	1,779,298
Total operating expenses	101,760,715	97,000,782
OPERATING LOSS	(406,814)	(713,001)
NONOPERATING REVENUE (EXPENSE)		
Investment income, net	1,602,122	1,236,527
Unrestricted contributions	153,287	79,633
Other	(2,028)	20,853
Nonoperating revenue, net	1,753,381	1,337,013
EXCESS OF REVENUE OVER EXPENSES	1,346,567	624,012
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	(1,553,512)	1,414,112
GIFTS, GRANTS, AND BEQUESTS FOR PURCHASE OF PROPERTY AND EQUIPMENT	109,669	--
NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT	31,145	2,261,674
PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	(6,248,089)	4,578,261
NET ASSET TRANSFER	(488,189)	--
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (6,802,409)	8,878,059

See notes to consolidated financial statements

The Mary Lanning Memorial Hospital Association and Affiliate

Consolidated Statements of Changes in Net Assets
For the Years Ended December 31, 2011 and 2010

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Balance, December 31, 2009	$ 56,815,388	4,103,468	15,975,895	76,894,751
Excess of revenue over expenses	624,012	--	--	624,012
Change in net unrealized gains and losses on trading securities	1,414,112	--	(15,017)	1,399,095
Net assets released from restrictions used for purchase of property and equipment	2,261,674	(2,261,674)	--	--
Pension related changes other than net period pension cost	4,578,261	--	--	4,578,261
Net assets released from restrictions used for operations	--	(892,535)	--	(892,535)
Distributions from income beneficiary trusts	--	750,000	--	750,000
Increase in value of income beneficiary trusts	--	--	1,787,487	1,787,487
Restricted gifts and grants	--	128,992	87,241	216,233
Net asset transfers	--	70,777	(70,777)	--
Increase (decrease) in net assets	8,878,059	(2,204,440)	1,788,934	8,462,553
Balance, December 31, 2010	65,693,447	1,899,028	17,764,829	85,357,304
Excess of revenue over expenses	1,346,567	--	--	1,346,567
Change in net unrealized gains and losses on other than trading securities	(1,553,512)	(14,579)	1,108	(1,566,983)
Gifts, grants, and bequests for purchase of property and equipment	109,669	--	--	109,669
Net assets released from restrictions used for purchase of property and equipment	31,145	(31,145)	--	--
Pension related changes other than net period pension cost	(6,248,089)	--	--	(6,248,089)
Net assets released from restrictions used for operations	--	(850,000)	--	(850,000)
Distributions from income beneficiary trusts	--	850,000	--	850,000
Increase in value of income beneficiary trusts	--	--	2,341,237	2,341,237
Restricted gifts and grants	--	329,276	12,500	341,776
Net asset transfer	(488,189)	86,484	401,705	--
Increase (decrease) in net assets	(6,802,409)	370,036	2,756,550	(3,675,823)
Balance, December 31, 2011	$ 58,891,038	2,269,064	20,521,379	81,681,481

See notes to consolidated financial statements

The Mary Lanning Memorial Hospital Association and Affiliate

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (3,675,823)	8,462,553
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	6,618,413	6,158,510
Amortization of deferred financing costs	60,741	60,741
(Gain) loss on disposal of property and equipment	4,378	(16,430)
Restricted gifts and grants	(341,776)	(216,233)
Increase in value of income beneficiary trusts	(2,341,237)	(1,787,487)
Change in net unrealized gains and losses on other than trading securities	1,566,983	(1,399,095)
Change in liability for pension benefits	6,057,534	(4,281,261)
(Increase) decrease in current assets -		
Patient accounts receivable, net	40,345	466,766
Other receivables	(56,918)	11,935
Inventories	(257,178)	126,553
Prepaid expenses	(83,940)	(109,511)
Increase (decrease) in current liabilities -		
Accounts payable - trade	597,069	912,528
Accrued salaries and wages	661,970	(911,175)
Accrued employee benefits	(29,528)	(718,359)
Estimated third-party payor settlements	866,281	29,638
Other current liabilities	4,592	2,542
Net cash provided by operating activities	9,691,906	6,792,215
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment, net	(9,392,867)	(16,544,512)
Decrease in other assets	108,246	433,751
Withdrawals from (deposits to) investments, net	120,818	(274,855)
Withdrawals from (deposits to) assets limited as to use, net	(12,937)	4,841,486
Withdrawals from (deposits to) restricted assets, net	(785,349)	2,202,993
Net cash used in investing activities	(9,962,089)	(9,341,137)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(1,290,000)	(1,245,000)
Proceeds from restricted gifts and grants	341,776	216,233
Net cash used in financing activities	(948,224)	(1,028,767)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,218,407)	(3,577,689)
CASH AND CASH EQUIVALENTS - Beginning of year	2,406,323	5,984,012
CASH AND CASH EQUIVALENTS - End of year	$ 1,187,916	2,406,323
SUPPLEMENTAL SCHEDULE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest, net of amount capitalized	$ 1,476,957	836,116

See notes to consolidated financial statements

(1) Description of Organization and Summary of Significant Accounting Policies

The following is a description of the organization and a summary of significant accounting policies of The Mary Lanning Memorial Hospital Association and Affiliate (Hospital) These policies are in accordance with accounting principles generally accepted in the United States of America

A Description of Organization

The Mary Lanning Memorial Hospital Association, located in Hastings, Nebraska, is a not-for-profit acute care hospital which provides inpatient, outpatient, emergency care, acute rehabilitation, skilled nursing, and psychiatric services

The Mary Lanning Memorial Hospital Association sponsors and is the sole corporate member of the Mary Lanning Healthcare Foundation (Foundation) The Foundation was incorporated to support the purposes of the Hospital and the general health care needs of the community

The consolidated financial statements include the accounts of these organizations (collectively referred to here as the Hospital) All significant intercompany accounts and transactions have been eliminated in consolidation

B Industry Environment

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

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

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

C Use of Estimates

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

D Cash and Cash Equivalents

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

E *Investments*

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

F *Inventories*

Inventories are stated at the lower of cost or market Cost is determined principally using the first-in, first-out method

G *Patient Receivables, Net*

The Hospital reports patient accounts receivable at net realizable amounts from third-party payors, patients and others An allowance for uncollectible accounts has been established for these receivables and is adjusted throughout the year based on the aging of each funding source's receivable account Individual accounts with balances over ninety days are reviewed periodically for funding source denials, rebills to different funding sources, submissions to a collection agency or write-off as bad debt Accounts deemed uncollectible are written off

H *Assets Limited as to Use*

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements, over which the board retains control and may at its discretion, subsequently use for other purposes Amounts required to meet current liabilities of the Hospital have been reclassified in the consolidated balance sheets at December 31, 2011 and 2010

I *Property and Equipment*

Property and equipment acquisitions are recorded at cost Depreciation is computed using the straight-line method based upon useful lives set forth using general guidelines from the American Hospital Association Guide for Estimated Useful Lives of Depreciable Hospital Assets Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation as well as interest and amortization in the consolidated financial statements Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets Interest payments of $-0- and $687,829 were capitalized in 2011 and 2010, respectively, and are included in property and equipment in the accompanying consolidated balance sheets The Hospital maintains a capitalization policy of $5,000

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from the excess of revenue over 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 the donated or acquired long-lived assets are placed into service

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

J *Deferred Financing Costs*

In connection with the issuance of Hospital Revenue Bonds, the Hospital incurred certain financing costs which are being amortized over the term of the Bonds on the straight-line basis Amortization expense of $60,741 in 2011 and 2010, respectively, is included in the accompanying consolidated statements of operations

K *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 When the Hospital has both restricted and unrestricted net assets available for a particular expense, it is the Hospital's policy to apply restricted net assets before unrestricted

L *Endowments*

Hospital endowments consist of funds established to invest permanently restricted donations As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Trustees of the Hospital has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by NUPMIFA In accordance with NUPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

1 The duration and preservation of the fund
2 The purposes of the organization and the donor-restricted endowment fund
3 General economic conditions
4 The possible effect of inflation and deflation
5 The expected total return from income and the appreciation of investments
6 Other resources of the organization
7 The investment policies of the organization

M *Excess of Revenue Over Expenses*

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

N *Net Patient Service Revenue*

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors 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

O *Charity Care*

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

P *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 a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

Q *Rental Income*

The Hospital is the lessor of certain office space under various one to five year noncancellable operating leases Rental income is recorded monthly as earned in the consolidated statements of operations

R *Group Health Insurance Costs*

The Hospital is partially self-insured under its employee group health and dental programs, up to certain limits Included in the accompanying consolidated statements of operations is a provision for premiums for excess coverage insurance and payments for claims, including estimates of the ultimate costs for both reported claims and claims incurred but not yet reported at year end

S *Medical Malpractice Insurance*

Medical malpractice insurance is purchased under claims-made policies Under these policies, only claims made and reported to the insurer are covered during the policy term

The Hospital accrues the expense of its share of asserted and unasserted claims occurring during the year by estimating the probable ultimate cost of any such claim Such estimates are based on the Hospital's own claims experience The Hospital's management does not expect any claim to exceed the insurance coverage limits However, because of the risk involved in providing health care services, it is possible an event has occurred that will be the basis of a future material claim

T Income Taxes

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

The Hospital accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes* The Hospital recognizes the effect of income tax positions only if those positions are more likely than not of being sustained At December 31, 2011, the Hospital had no uncertain tax positions accrued With few exceptions, the Hospital is no longer subject to income tax examinations by U S federal, state or local authorities for years before 2007

U Fair Value of Financial Statements

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

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

V Subsequent Events

The Hospital considered events occurring through April 24, 2012 for recognition or disclosure in the consolidated financial statements as subsequent events That date is the date the consolidated financial statements were available to be issued

(2) Net Patient Service Revenue

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

Medicare. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient skilled nursing services are reimbursed at prospectively determined rates per day of care Inpatient non-acute services are paid based on prospectively determined rates per day Outpatient services related to Medicare beneficiaries are paid at prospectively determined rates based on ambulatory payment classifications or fee schedule amounts Homecare services are paid at prospectively determined rates per episode of care Physician clinic services provided to Medicare beneficiaries are paid on cost or fee schedule amounts The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor The Hospital's Medicare cost reports have been audited by the Medicare Administrative Contractor through December 31, 2006

Medicaid. Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge Certain outpatient services are reimbursed based on a percentage rate representing a reduced average ratio of cost to charges Outpatient lab and physician clinic services related to Medicaid beneficiaries are paid based on fee schedule amounts

Commercial Insurance. The basis for reimbursement with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations primarily includes discounts from established charges

Net patient service revenue, as reflected in the accompanying consolidated statements of operations, consists of the following as of December 31, 2011 and 2010

	2011	2010
Gross patient charges		
Inpatient charges -		
Routine	$ 28,345,198	26,933,842
Ancillary	59,211,540	57,638,519
	87,556,738	84,572,361
Outpatient charges	96,116,211	89,383,520
	183,672,949	173,955,881
Less deductions from gross patient charges		
Medicare	57,514,873	55,332,220
Medicaid	14,470,765	11,938,387
Blue Cross/Blue Shield	5,207,206	4,914,822
Other third-party payors	5,582,561	5,629,877
Charity care	2,807,056	3,176,986
	85,582,461	80,992,292
Net patient service revenue	$ 98,090,488	92,963,589

The Hospital reports net patient service revenue at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations Net patient service revenue increased $1,020,000 and $440,000 in 2011 and 2010, respectively, due to the removal of allowances previously estimated that are no longer necessary as a result of information obtained from final settlements and years that are no longer subject to audits, reviews, and investigations

Revenue from the Medicare and Medicaid programs accounted for approximately 36% and 5%, respectively, of the Hospital's net patient revenue for the year ended December 31, 2011 and approximately 37% and 6%, respectively, of the Hospital's net patient revenue for the year ended December 31, 2010 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Medicare Recovery Audit Contractor (RAC)

The Hospital is currently involved in a RAC audit and has claims that have been denied by the RAC Management has expensed claims denied, even though they may be under appeal, in the consolidated financial statements

(3) Charity Care

The Hospital provides charity care to patients who are financially unable to pay for the health care services they receive Patients who qualify for charity care are given a percentage discount from established charges based on a sliding scale using poverty guidelines It is the policy of the Hospital not to pursue collection of amounts determined to qualify as charity care Accordingly, the Hospital does not report these amounts in net operating revenue or in the allowance for doubtful accounts The Hospital determines the costs associated with providing charity care by aggregating the direct and indirect costs, including salaries, benefits, supplies, and other operating expenses, based on the overall cost to charge ratio for the Hospital only The costs of caring for charity care patients for the years ended December 31, 2011 and 2010 were $1,478,692 and $1,701,310, respectively

(4) Assets Limited as to Use and Investments

Assets limited as to use consist of the following

By Board

The Hospital's Board of Trustees has designated cash resources not needed for day-to-day operations as assets whose use is limited These assets will be used to replace and expand facilities as necessary in the future The Board retains control over these assets and may at its discretion subsequently use them for other purposes

By Trustee

In connection with the issuance of Hospital Revenue Bonds, Series 1998, 2003, and 2008, and related trust indenture agreements, the Hospital is required to maintain the following

Bond Fund – These funds have been established for the next required principal and interest payment

Debt Service Reserve Fund – These funds have been established to provide reserve funds in the event of any deficiencies in the payment of principal and interest

Assets limited as to use and investments are presented in the consolidated financial statements at fair value The composition of assets limited as to use and investments as of December 31, 2011 and 2010 are as follows

	2011	2010
Assets limited as to use –		
By Board for future capital improvements	$ 27,960,041	29,397,544
By Trustee under indenture agreement		
Bond fund	5,817	100,210
Debt service reserve fund	2,792,627	2,814,777
	30,758,485	32,312,531
Less amount required for current obligations	5,817	100,210
Assets limited as to use, net of current portion	30,752,668	32,212,321
Investments	819,852	940,670
	$ 31,572,520	33,152,991

The Hospital has outsourced the management of a majority of their investment portfolios to third-party investment managers Third-party investment managers follow the Hospital's investment policies The Hospital has a policy to identify impairment losses Impairment losses are included with nonoperating revenue, net, and a new cost basis is established for each security for which an impairment loss is recognized There were no impairment losses in 2011 or 2010

Investment return for the years ending December 31, 2011 and 2010 is summarized as follows

		2011	2010
Investment income	$	986,206	787,705
Realized gains on sale of securities, net		713,458	538,862
Investment management fees		(97,542)	(90,040)
Change in net unrealized gains		(1,566,983)	1,399,095
Total investment return	$	35,139	2,635,622
Included in nonoperating revenue, net	$	1,602,122	1,236,527
Reported separately as a change in net assets		(1,566,983)	1,399,095
Total investment return	$	35,139	2,635,622

(5) Fair Value

Fair Value Hierarchy

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

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

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

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

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

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

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

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

Fixed income securities – Investments in fixed income securities are comprised of U S government agency obligations, municipal bonds, and corporate bonds and notes U S government agency obligations are classified as Level 1 if they trade with sufficient frequency and volume to enable to the Hospital to obtain pricing information on an ongoing basis The remaining fixed income securities are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices form either markets that are not active or are for the same or similar assets in active markets

Corporate stocks – The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers

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

Real estate – The fair value of real estate is the market value using county assessor valuations which is based upon sales of similar assets in local markets

Pledges and grants receivable – The fair value of pledges and grants receivable are the original pledge and grant amounts discounted to present value using an observable interest rate of return commensurate with risk

For the fiscal years ended December 31, 2011 and 2010, the application of valuation techniques applied to similar assets and liabilities has been consistent

The Hospital receives income in conjunction with certain income beneficiary trusts These trusts provide distributions to the Hospital by the trust's executors with no corresponding transfer of trust assets to the Hospital Distributions from the income beneficiary trusts to the Hospital amounted to $850,000 and $750,000 for the years ended December 31, 2011 and 2010 The assets, comprised primarily of income producing land, are held in trust in perpetuity Accordingly, the Hospital has recorded its beneficial interest in the fair market value of these trusts in the accompanying consolidated financial statements

The following tables present the financial instruments that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2011 and 2010

	December 31, 2011			
	Total	Level 1	Level 2	Level 3
Assets limited as to use and investments				
By board for future capital improvements -				
Cash and cash equivalents	$ 1,108,861	1,108,861	--	--
Certificates of deposit	101,715	--	101,715	--
Fixed income -				
US government agency obligations	2,332,811	2,332,811	--	--
Municipal bonds	932,846	--	932,846	--
Corporate bonds and notes -				
AA rating	353,050	--	353,050	--
AA- rating	664,308	--	664,308	--
A+ rating	573,543	--	573,543	--
A rating	2,149,845	--	2,149,845	--
A- rating	1,378,732	--	1,378,732	--
BBB+ rating	664,868	--	664,868	--
BBB rating	570,745	--	570,745	--
BBB- rating	216,894	--	216,894	--
Corporate stock -				
Domestic	10,531,814	10,531,814	--	--
International	297,352	297,352	--	--
Mutual funds -				
Domestic	2,412,510	2,412,510	--	--
International	3,400,590	3,400,590	--	--
Fixed income	269,557	269,557	--	--
	27,960,041	20,353,495	7,606,546	--
By trustee under indenture agreement -				
Bond fund - cash and cash equivalents	5,817	5,817	--	--
Debt service reserve fund -				
Cash and cash equivalents	2,066,300	2,066,300	--	--
Mutual funds - fixed income	726,327	726,327	--	--
	2,792,627	2,792,627	--	--
Investments -				
Cash and cash equivalents	22,652	22,652	--	--
Corporate stock - domestic	2,705	2,705	--	--
Mutual funds -				
Domestic	365,162	365,162	--	--
International	330,990	330,990	--	--
Fixed income	98,343	98,343	--	--
	819,852	819,852	--	--
	$ 31,578,337	23,971,791	7,606,546	--
Restricted assets				
Hospital managed -				
Cash and cash equivalents	$ 847,431	847,431	--	--
Fixed income -				
US government agency obligations	51,894	51,894	--	--
Corporate bonds and notes -				
A rating	27,541	--	27,541	--
A- rating	77,151	--	77,151	--
Corporate stock - domestic	791,910	791,910	--	--
Mutual funds -				
Domestic	502,203	502,203	--	--
International	451,915	451,915	--	--
Fixed income	252,091	252,091	--	--
Pledges and grants receivable	231,891	--	231,891	--
	3,234,027	2,897,444	336,583	--
Held in trust by others -				
Cash and cash equivalents	1,641,891	1,641,891	--	--
Corporate stock - domestic	1,265,012	1,265,012	--	--
Mutual funds –				
Domestic	3,044,963	3,044,963	--	--
International	315,547	315,547	--	--
Fixed income	126,156	126,156	--	--
Real estate	19,565	19,565	--	--
Real estate –				
Farms	12,978,642	--	--	12,978,642
Other	164,640	--	--	164,640
	19,556,416	6,413,134	--	13,143,282
	$ 22,790,443	9,310,578	336,583	13,143,282

	December 31, 2010			
	Total	Level 1	Level 2	Level 3
Assets limited as to use and investments				
By board for future capital improvements -				
Cash and cash equivalents	$ 793,678	793,678	--	--
Certificates of deposit	345,547	--	345,547	
Fixed income -				
US government agency obligations	3,121,673	3,121,673	--	--
Municipal bonds	880,336	--	880,336	--
Corporate bonds and notes -				
AA+ rating	387,366	--	387,366	--
AA rating	739,600	--	739,600	--
AA- rating	410,960	--	410,960	--
A+ rating	789,393	--	789,393	--
A rating	3,843,213	--	3,843,213	--
A- rating	95,402	--	95,402	--
Corporate stock -				
Domestic	11,217,240	11,217,240	--	--
International	361,060	361,060	--	--
Mutual funds -				
Domestic	3,579,318	3,579,318	--	--
International	2,832,758	2,832,758	--	--
	29,397,544	21,905,727	7,491,817	--
By trustee under indenture agreement -				
Bond fund - cash and cash equivalents	100,210	100,210	--	--
Debt service reserve fund -				
Cash and cash equivalents	2,068,967	2,068,967	--	--
Mutual funds - fixed income	745,810	745,810	--	--
	2,814,777	2,814,777	--	--
Investments -				
Cash and cash equivalents	111,498	111,498	--	--
Corporate stock - domestic	2,697	2,697	--	--
Mutual funds –				
Domestic	591,199	591,199	--	--
International	133,717	133,717	--	--
Fixed income	101,559	101,559	--	--
	940,670	940,670	--	--
	$ 33,253,201	25,761,384	7,491,817	--
Restricted assets				
Hospital managed -				
Cash and cash equivalents	$ 568,951	568,951	--	--
Corporate stock - domestic	993,696	993,696	--	--
Mutual funds –				
Domestic	352,524	352,524	--	--
Fixed income	289,022	289,022	--	--
Pledges and grants receivable	244,485	--	244,485	--
	2,448,678	2,204,193	244,485	--
Held in trust by others -				
Cash and cash equivalents	$ 1,002,797	1,002,797	--	--
Corporate stock - domestic	931,498	931,498	--	--
Mutual funds –				
Domestic	3,363,991	3,363,991	--	--
International	310,728	310,728	--	--
Fixed income	110,901	110,901	--	--
Real estate	18,272	18,272	--	--
Real estate –				
Farms	11,312,352	--	--	11,312,352
Other	164,640	--	--	164,640
	17,215,179	5,738,187	--	11,476,992
	$ 19,663,857	7,942,380	244,485	11,476,992

The following is a reconciliation of Level 3 assets for the year ended December 31, 2011 and 2010

	Farms	Other
Balance December 31, 2009	$ 10,125,575	162,785
Unrealized gains	1,186,777	1,855
Balance December 31, 2010	11,312,352	164,640
Purchases	199,119	--
Sales	(386,705)	--
Unrealized gains	1,853,876	--
Balance December 31, 2011	$ 12,978,642	164,640

(6) Property and Equipment

Property and equipment as of December 31, 2011 and 2010 is summarized as follows

	2011	2010
Land and land improvements	$ 5,889,784	5,863,777
Buildings and building service equipment	83,742,067	69,331,733
Equipment and furnishings	57,339,613	51,310,149
Construction in process	1,029,982	14,227,060
	148,001,446	140,732,719
Less accumulated depreciation	80,433,403	74,008,822
	$ 67,568,043	66,723,897

Construction in progress at December 31, 2011 consists of approximately $465,000 in advanced payments for equipment and other assets that will be acquired in 2012 in relation to the purchase of an imagining center as seen in the subsequent event Note 17 The remaining amounts in construction in process are related to numerous smaller projects throughout the Hospital

(7) Other Assets, Net

Other assets as of December 31, 2011 and 2010 is summarized as follows

	2011	2010
Unrestricted investments	$ 13,498	121,744
Bond issuance costs, net	959,146	1,019,887
	$ 972,644	1,141,631

See Note 8 to the consolidated financial statements for the Hospital's guarantee of indebtedness of various unrestricted investments

(8) Guarantees

During 2006, the Hospital became a 29 415% member of Southshore Properties, LLC, (Southshore) based on its Class A share ownership percentage The Hospital's capital account balance in Southshore is included with unrestricted investments The purpose of the company is to purchase land and construct and own a building for rental purposes Southshore began operations during 2008 and as of December 31, 2011 has outstanding debt of $2,420,834 which the Hospital has guaranteed a maximum of $625,059 which is equal to its current percentage of Southshore Class A share membership

During 2006, the Hospital became a 50% member of Hastings Imaging Center, LLC (Imaging Center) The Hospital's capital account balance in the Imaging Center is included with unrestricted investments The purpose of the company was to establish and operate a diagnostic imaging center in Hastings, Nebraska The Imaging Center began operations during 2008 and as of December 31, 2011, has an outstanding equipment loan balance of $2,186,855 The Hospital has guaranteed a maximum of $1,093,428 of the equipment loan, which is equal to its percentage of company ownership

The Imaging Center has an available $500,000 line of credit, and as of December 31, 2011, has an outstanding balance of $79,000 The Hospital has guaranteed $39,500 of the line of credit which is equal to its percentage of company ownership

The obligations of these guarantees remain in full force and effective until the entire principal and interest have been paid in accordance with the underlying debt agreements Should the Hospital be obligated to perform under the guarantees, the Hospital may seek reimbursement from the applicable entity of amounts expended under the agreement As of December 31, 2011, no amounts have been paid by the Hospital under the guarantee agreements

See subsequent event Note 17 regarding the Imaging Center

(9) Long-Term Debt

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

		2011	2010
Hospital Authority No 1 of Adams County, Nebraska, Hospital Revenue Bonds, Series 2008, due 2033, annual principal payments ranging from $615,000 to $1,655,000, with interest rates ranging from 3 65% to 5 50%	$	22,615,000	23,210,000
Hospital Authority No 1 of Adams County, Nebraska, Hospital Revenue Bonds, Series 1998, due 2018, annual principal payments ranging from $505,000 to $685,000, with interest rates ranging from 5 10% to 5 30%		4,145,000	4,625,000
Hospital Authority No 1 of Adams County, Nebraska, Hospital Revenue Bonds, Series 2003, due 2018, annual principal payments ranging from $225,000 to $285,000, with interest rates ranging from 4 05% to 4 65%		1,770,000	1,985,000
		28,530,000	29,820,000
Less current portion		1,345,000	1,290,000
Long-term debt, excluding current portion	$	27,185,000	28,530,000

The terms and provisions relating to the Hospital Revenue Bonds are included in a Loan Agreement and Trust Indenture dated December 15, 1992, and subsequent amendments The Indenture provides, among other things, for certain covenants related to the incurrence of additional indebtedness, the restriction on disposal of assets, and the maintenance of certain funds to be used by the trustee to pay principal and interest on the bonds as they become due These investments have been reflected as bond trust fund investments in the accompanying consolidated balance sheets

The bonds are secured by funds held by the trustee and certain real property and equipment in accordance with the Trust Indenture

Scheduled principal payments on long-term debt obligations are as follows

		Long-Term Debt
2012	$	1,345,000
2013		1,395,000
2014		1,465,000
2015		1,525,000
2016		1,610,000
Thereafter		21,190,000
	$	28,530,000

(10) Restricted Net Assets

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

		2011	2010
Capital acquisition	$	138,627	243,907
Research		86,484	--
Scholarships, education and community health care		2,043,953	1,655,121
	$	2,269,064	1,899,028

Permanently restricted net assets at December 31, 2011 and 2010 are restricted to

		2011	2010
Assets held in trust in perpetuity, the income from which is expendable to support hospital operations	$	19,556,416	17,215,179
Endowment requiring income to be expended for Landscaping		492,966	--
Endowment requiring income to be expended for scholarships and research		471,997	549,650
	$	20,521,379	17,764,829

(11) Pension Plans

The Hospital sponsors the following pension plans which cover substantially all full-time employees over 21 years of age

Defined Contribution Plan

The Hospital also sponsors a contributory 401(k) plan Employees are vested over a three-year period which provides for both employee contributions with a Hospital match of up to 3% of eligible wages In addition, the Hospital may provide a discretionary match of up to 2% of eligible wages Total expense related to the 401(k) plan was $1,127,117 and $480,111 for the years ended December 31, 2011 and 2010, respectively

Defined Benefit Plan

The Hospital has frozen entry to its defined benefit plan Employees hired after January 1, 2001, are only eligible to participate in the Hospital sponsored 401(k) plan The plan provides benefits based on years of credited service, age, and compensation for each year of participation The Hospital's funding policy is to make the annual contributions to the plan in amounts that are approximately equal to or exceed the minimum funding requirements of ERISA, plus such amounts as the Hospital may determine to be appropriate from time to time Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future As of December 31, 2010, the plan has been curtailed due to accrued benefits being frozen No new employees are allowed to enter the plan and any current participants are no longer able to accrue additional benefits

The following table summarizes the changes in benefit obligations, the fair value of plan assets and the funded status at the measurement date of December 31, 2011 and 2010

		2011	2010
Change in projected benefit obligation			
Benefit obligation at beginning of period	$	36,523,981	38,175,558
Service cost		--	1,025,968
Interest cost		1,890,294	2,064,570
Actuarial loss		5,998,675	2,133,392
Benefits paid		(520,745)	(2,155,604)
Other – settlement/curtailment due to benefit freeze		(2,493,621)	(4,719,903)
Projected benefit obligation at end of period	$	41,398,584	36,523,981
Change in plan assets			
Fair value of plan assets at the beginning of period	$	28,578,935	25,949,251
Actual return on plan assets		501,435	3,015,288
Contributions by employer		1,330,000	1,770,000
Benefits paid		(520,745)	(2,155,604)
Other – settlement		(2,493,621)	--
Fair value of plan assets at end of period	$	27,396,004	28,578,935
Reconciliation of funded status	$	(14,002,580)	(7,945,046)
Amounts recognized in the Balance Sheet			
Non current liabilities	$	(14,002,580)	(7,945,046)
Amounts recognized in net assets			
Net loss recognized	$	13,555,022	7,306,833

The following are the actuarial assumptions used by the Plan to develop the components of the projected benefit obligation for the years ended December 31, 2011 and 2010

	2011	2010
Discount rate	4 50%	5 50%
Long-term inflation rate	2 50%	3 00%
Rate of increase in compensation levels – frozen plan	NA	NA

The impact of the decrease in the annual discount rate and long-term inflation rate on the projected benefit obligation of the Plan was an increase of approximately $5,475,000 at December 31, 2011, which was reflected as an actuarial loss

The following are the actuarial assumptions used by the Plan to develop the components of pension cost for the years ended December 31, 2011 and 2010

	2011	2010
Discount rate	5 50%	5 75%
Expected long-term rate of return on plan assets	7 50	8 00

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class The overall rate of each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium A weighted average rate was developed based on those overall rates and the target asset allocation of the plan

Plan assets are held by an administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement The plan agreement permits investment in mutual funds, common stocks, corporate bonds and debentures, U S Government securities, real estate and other specified investments, based on certain target allocation percentages

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plan to recognize potentially higher returns through a limited investment in equity securities, including mutual funds

The fair value of the Hospital's pension plan assets at December 31, 2011 and 2010 by asset category are as follows

	Fair Value Measurements at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Separate account - mutual funds				
Large cap	$ --	6,673,365	--	6,673,365
Mid cap	--	837,175	--	837,175
Small cap	--	838,690	--	838,690
International	--	2,772,017	--	2,772,017
Fixed income	--	15,167,372	--	15,167,372
Real estate	--	1,107,385	--	1,107,385
Total	$ --	27,396,004	--	27,396,004

	Fair Value Measurements at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Separate account - mutual funds				
Large cap	$ --	8,708,833	--	8,708,833
Mid cap	--	1,072,580	--	1,072,580
Small cap	--	1,082,091	--	1,082,091
International	--	3,623,856	--	3,623,856
Fixed income	--	12,463,905	--	12,463,905
Real estate	--	1,627,670	--	1,627,670
Total	$ --	28,578,935	--	28,578,935

The fair value of separate account mutual funds is the net asset value of its underlying investments held at year end adjusted for any fees charged by the broker There are no unfunded commitments with the brokers and funds can be redeemed daily without a redemption notice period

The Hospital's investment objective with respect to the pension plan is to produce sufficient current income and capital growth through a portfolio of equity and fixed income investments, which together with appropriate employer contributions is sufficient to provide for the pension benefit obligations Pension assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, and maturity

The Hospital anticipates contributing an amount at least sufficient to satisfy minimum funding requirements for 2012, which is estimated to be $1,330,000

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

2012	$ 3,430,000
2013	2,180,000
2014	2,280,000
2015	2,840,000
2016	4,050,000
2017 – 2021	12,810,000

The following is a summary of the components of net periodic pension cost for the years ended December 31, 2011 and 2010

		2011	2010
Components of net period benefit cost			
Service cost during the period	$	--	1,025,968
Interest cost on projected benefit obligation		1,890,294	2,064,570
Expected return on plan assets		(2,018,962)	(1,966,077)
Recognized net actuarial loss		451,722	968,070
Amortization of prior service cost		--	3,206
Effect of special events – settlement/curtailment		816,391	449
Net periodic pension cost	$	1,139,445	2,096,186
Other changes recognized in net assets			
Net loss	$	7,516,202	1,084,181
Amortization of net loss		(451,722)	(968,070)
Amortization of prior service costs		--	(3,206)
Amount recognized due to special event		(816,391)	(4,720,352)
Total recognized in net assets	$	6,248,089	(4,607,447)
Total recognized in net periodic pension cost and net assets	$	7,387,534	(2,511,261)

(12) Rental Income

The Hospital is the lessor of certain office space under various one to five year noncancelable operating leases Rental income is recorded monthly as earned in other revenue The future minimum rentals under these leases are as follows

2012	$ 242,758
2013	242,758
	$ 485,516

(13) Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of who are local residents of Nebraska and Northern Kansas and are insured under third-party payor agreements The mix of receivables from patients and third-party payors at December 31, 2011 and 2010 approximates the following

	2011	2010
Medicare	35%	36%
Medicaid	10	7
Blue Cross	15	18
Private	24	22
Other	16	17
	100%	100%

The Hospital maintains deposits in excess of Federal Deposit Insurance Corporation limits Management believes the risk related to these deposits is minimal

(14) Professional Liability Insurance

The Hospital carries a professional liability policy (including malpractice) which provides $1,000,000 of coverage for injuries per occurrence and $3,000,000 aggregate coverage As of March 1, 2006, the Hospital qualified under the Nebraska Hospital Medical Liability Act (the Act) The Excess Liability Fund under the Act, on a claims-made basis, pays claims in excess of $500,000 for losses up to $1,750,000 per occurrence The statutes limit covered claims above $1,750,000 and, in connection therewith, the Hospital carries an umbrella policy which also provides an additional $4,000,000 of professional liability coverage per occurrence and aggregate coverage These policies provide coverage on a claims-made basis covering only the claims which have occurred and are reported to the insurance company while the coverage is in force The Hospital could have exposure on possible incidents that have occurred for which claims will be made in the future should professional liability insurance not be obtained, should coverage be limited and/or not available

Accounting principles generally accepted in the United States of America require a healthcare provider to accrue the ultimate costs of malpractice claims or similar contingent liabilities, which include costs associated with litigating or settling claims, when the incidents that give rise to the claims occur The Hospital does evaluate all incidents and claims along with prior claims experience to determine if a liability is to be recognized For the years ended December 31, 2011 and 2010, management determined no liability should be recognized for asserted or unasserted claims Management is not aware of any such claim that would have a material adverse impact on the accompanying consolidated financial statements however, the Hospital has renewed their policies and has included the cost of the 2012 premium as an expense in the accompanying consolidated statements of operations

(15) Functional Expenses

The Hospital provides general health care services to residents with in its geographic location Expenses related to providing these services are as follows

	2011	2010
Health care services	$ 91,735,074	88,067,648
General and administrative	9,729,042	8,409,131
Fundraising	296,599	359,284
	$ 101,760,715	96,836,063

(16) Commitments and Contingencies

Litigation

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

(17) Subsequent Events

As of December 31, 2011, the Hospital was a 50% member of the Hastings Imaging Center, LLC (Imaging Center) as seen in Note 8 The Hospital entered into a membership interest purchase agreement in the amount of $750,000 to purchase the remaining 50% membership interest effective January 1, 2012 The Imaging Center will be a wholly owned LLC of the Hospital upon assignment and transfer of the membership interests and the services will become operations of the Hospital All existing debt held by the Imaging Center will be refinanced by the Hospital

The Hospital also entered into an asset purchase agreement in the amount of approximately $400,000 to purchase the assets of an additional imaging center effective January 1, 2012 Upon completion of the purchase, the services will become operations of the Hospital

The Mary Lanning Memorial Hospital Association and Affiliate — Exhibit 1

Consolidating Balance Sheet
December 31, 2011

	Hospital	Foundation	Eliminations	Total
ASSETS				
Current assets				
Cash and cash equivalents	$ 1,181,732	6,184	--	1,187,916
Investments	--	819,852	--	819,852
Receivables -				
Patient, net of estimated uncollectibles of $6,282,737	9,861,799	--	--	9,861,799
Other	584,308	--	--	584,308
Inventories	2,403,869	--	--	2,403,869
Prepaid expenses	1,122,544	--	--	1,122,544
Assets limited as to use - required for current liabilities	5,817	--	--	5,817
Total current assets	15,160,069	826,036	--	15,986,105
Assets limited as to use, net of current portion	30,752,668	--	--	30,752,668
Property and equipment, net	67,568,043	--	--	67,568,043
Beneficial interest in the net assets of the Mary Lanning Healthcare Foundation	3,423,881	--	(3,423,881)	--
Other assets, net	972,644	--	--	972,644
Restricted assets	20,160,055	2,630,388	--	22,790,443
Total assets	$ 138,037,360	3,456,424	(3,423,881)	138,069,903
LIABILITIES AND NET ASSETS				
Current liabilities				
Current portion of long-term debt	$ 1,345,000	--	--	1,345,000
Accounts payable -				
Trade	3,182,023	32,543	--	3,214,566
Property and equipment	240,244	--	--	240,244
Accrued salaries and wages	5,304,152	--	--	5,304,152
Accrued employee benefits	1,581,696	--	--	1,581,696
Estimated third-party payor settlements	2,709,845	--	--	2,709,845
Other current liabilities	805,339	--	--	805,339
Total current liabilities	15,168,299	32,543	--	15,200,842
Liability for pension benefits	14,002,580	--	--	14,002,580
Long-term debt, net of current portion	27,185,000	--	--	27,185,000
Total liabilities	56,355,879	32,543	--	56,388,422
Commitments and Contingencies				
Net assets				
Unrestricted	58,891,038	793,493	(793,493)	58,891,038
Temporarily restricted	2,269,064	1,949,036	(1,949,036)	2,269,064
Permanently restricted	20,521,379	681,352	(681,352)	20,521,379
Total net assets	81,681,481	3,423,881	(3,423,881)	81,681,481
Total liabilities and net assets	$ 138,037,360	3,456,424	(3,423,881)	138,069,903

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

	Hospital	Foundation	Eliminations	Total
OPERATING REVENUE				
Net patient service revenue	$ 98,090,488	--	--	98,090,488
Other operating revenue	2,535,656	31,145	(153,388)	2,413,413
Net assets released from restrictions - Income beneficiary trusts	850,000	--	--	850,000
Total operating revenue	101,476,144	31,145	(153,388)	101,353,901
OPERATING EXPENSES				
Salaries and wages	41,837,995	193,127	--	42,031,122
Employee benefits	11,723,216	17,608	--	11,740,824
Professional medical fees	2,009,913	--	--	2,009,913
Utilities	1,430,184	--	--	1,430,184
Contracted services	8,446,805	--	--	8,446,805
Insurance	991,681	--	--	991,681
Leases and rentals	744,103	--	--	744,103
Supplies	19,263,767	--	--	19,263,767
Depreciation	6,601,332	17,081	--	6,618,413
Interest and amortization	1,537,698	--	--	1,537,698
Provision for bad debts	4,503,829	2,939	--	4,506,768
Grants	--	339,037	(153,388)	185,649
Other	2,167,924	85,864	--	2,253,788
Total operating expenses	101,258,447	655,656	(153,388)	101,760,715
OPERATING INCOME (LOSS)	217,697	(624,511)	--	(406,814)
NONOPERATING REVENUE (EXPENSES)				
Investment income, net	1,535,805	66,317	--	1,602,122
Unrestricted contributions	--	153,287	--	153,287
Other	(2,028)	--	--	(2,028)
Nonoperating revenue, net	1,533,777	219,604	--	1,753,381
EXCESS OF REVENUE OVER (UNDER) EXPENSES	1,751,474	(404,907)	--	1,346,567
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	(1,484,722)	(68,790)	--	(1,553,512)
CHANGE IN THE BENEFICIAL INTEREST IN THE NET ASSETS OF THE MARY LANNING HEALTHCARE FOUNDATION	(1,651,151)	--	1,651,151	--
GIFTS, GRANTS, AND BEQUESTS FOR PURCHASE OF PROPERTY AND EQUIPMENT	109,669	--	--	109,669
NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT	31,145	--	--	31,145
PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	(6,248,089)	--	--	(6,248,089)
TRANSFERS (TO) FROM AFFILIATES	1,182,231	(1,182,231)	--	--
NET ASSET TRANSFER	(492,966)	4,777	--	(488,189)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ (6,802,409)	(1,651,151)	1,651,151	(6,802,409)

The Mary Lanning Memorial Hospital Association and Affiliate

Exhibit 3

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

	Hospital				Foundation				Eliminations	Total			
	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total	Total	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Balance December 31 2010	$ 65 693 447	1 899 028	17 764 829	85 357 304	2 444 644	1 593 203	--	4 037 847	(4 037 847)	65 693 447	1 899 028	17 764 829	85 357 304
Excess of revenue over (under) expenses	1 751 474	--	--	1 751 474	(404 907)	--	--	(404 907)	--	1 346 567	--	--	1 346 567
Change in net unrealized gains and losses on other than trading securities	(1 484 722)	14 203	1 108	(1 469 411)	(68 790)	(28 782)	--	(97 572)	--	(1 553 512)	(14 579)	1 108	(1 566 983)
Change in beneficial interest in the net assets of the Foundation	(1 651 151)	355 833	681 352	(613 966)	--	--	--	--	613 966	--	--	--	--
Gifts grants and bequests for purchase of property and equipment	109 669	--	--	109 669	--	--	--	--	--	109 669	--	--	109 669
Net assets released from restrictions used for purchase of property and equipment	31 145	--	--	31 145	--	(31 145)	--	(31 145)	--	31 145	(31 145)	--	--
Pension related changes other than net period pension cost	(6 248 089)	--	--	(6 248 089)	--	--	--	--	--	(6 248 089)	--	--	(6 248 089)
Transfers (to) from affiliates	1 182 231	--	--	1 182 231	(1 182 231)	--	--	(1 182 231)	--	--	--	--	--
Net assets released from restrictions used for operations	--	(850 000)	--	(850 000)	--	--	--	--	--	--	(850 000)	--	(850 000)
Distributions from income beneficiary trusts	--	850 000	--	850 000	--	--	--	--	--	--	850 000	--	850 000
Increase in value of income beneficiary trusts	--	--	2 341 237	2 341 237	--	--	--	--	--	--	--	2 341 237	2 341 237
Restricted gifts and grants	--	--	--	--	--	329 276	12 500	341 776	--	--	329 276	12 500	341 776
Net asset transfer	(492 966)	--	(267 147)	(760 113)	4 777	86 484	668 852	760 113	--	(488 189)	86 484	401 705	--
Increase (decrease) in net assets	(6 802 409)	370 036	2 756 550	(3 675 823)	(1 651 151)	355 833	681 352	(613 966)	613 966	(6 802 409)	370 036	2 756 550	(3 675 823)
Balance December 31 2011	$ 58 891 038	2 269 064	20 521 379	81 681 481	793 493	1 949 036	681 352	3 423 881	(3 423 881)	58 891 038	2 269 064	20 521 379	81 681 481