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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
PHELPS MEMORIAL HEALTH CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1215 TIBBALS

City or town, state or country, and ZIP + 4
HOLDREGE, NE 68949

D Employer identification number
47-0481628

E Telephone number
(308) 995-2211

G Gross receipts $ 30,344,030

F Name and address of principal officer
MARK HARREL
1215 TIBBALS
HOLDREGE, NE 68949

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 PHELPSMEMORIAL COM

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1963 | **M** State of legal domicile NE

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PHELPS MEMORIAL HEALTH CENTER IS A PROGRESSIVE FAMILY-CENTERED HEALTH CARE PROVIDER DELIVERING A CONTINUUM OF CARE THAT ENHANCES THE QUALITY OF LIFE FOR PEOPLE WE SERVE

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	259
6	Total number of volunteers (estimate if necessary)	**6**	252
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
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)	47,108	22,699
9	Program service revenue (Part VIII, line 2g)	26,445,560	27,281,699
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	503,206	657,716
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	55,928	50,672
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	27,051,802	28,012,786
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	72,715	31,528
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)	10,655,301	10,677,047
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	12,539,517	12,661,394
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	23,267,533	23,369,969
19	Revenue less expenses Subtract line 18 from line 12	3,784,269	4,642,817

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	45,433,220	52,322,538
21	Total liabilities (Part X, line 26)	1,398,603	4,196,134
22	Net assets or fund balances Subtract line 21 from line 20	44,034,617	48,126,404

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2012-11-06
Signature of officer | Date

MARK HARREL CHIEF EXECUTIVE OFFICER
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: JULIE M GERKEN	Date	Check if self-employed ▶☐	Preparer's taxpayer identification number (see instructions) P00400882
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

PHELPS MEMORIAL HEALTH CENTER IS A PROGRESSIVE FAMILY-CENTERED HEALTH CARE PROVIDER DELIVERING A CONTINUUM OF CARE THAT ENHANCES THE QUALITY OF LIFE FOR PEOPLE WE SERVE

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 727,844 including grants of $) (Revenue $ 3,882,634)

MED/SURG - PHELPS MEMORIAL HEALTH CENTER HAS A LOT TO OFFER YOU AND YOUR FAMILY WE ARE A 25 BED CRITICAL ACCESS HOSPITAL WITH ALL PRIVATE ROOMS WE HAVE AN EXPERIENCED SURGICAL TEAM WHICH INCLUDES PHYSICIANS/SURGEONS, NURSE ANESTHETIST (CRNA'S), AND SURGICAL NURSES WE OFFER A WIDE VARIETY OF SURGICAL SERVICES RANGING FROM MINOR PROCEDURES TO MAJOR SURGERIES OUR GOALS ARE PATIENT-ORIENTED, FOCUSING ON SAFETY, CARE, AND PAIN MANAGEMENT OUR NURSES COLLABORATE WITH THE PHYSICIANS AND OTHER DEPARTMENTS TO DELIVER A CONTINUUM OF CARE THAT ENHANCES THE QUALITY OF LIFE FOR OUR PATIENTS AND THEIR FAMILIES

4b (Code) (Expenses $ 1,856,566 including grants of $) (Revenue $ 4,601,054)

PHYSICAL THERAPY - THE THERAPY CENTER INCLUDES A LARGE GYM FOR TRAINING AND REHABILITATION, A WHIRLPOOL ROOM FOR WOUND CARE AND A SPORTS FLOOR FOR ATHLETIC TRAINING PHYSICAL THERAPY ALLOWS INDIVIDUALS TO DEVELOP, RESTORE AND MAINTAIN MAXIMUM MOVEMENT AND FUNCTIONAL ABILITY THROUGHOUT LIFE THIS INCLUDES PROVIDING SERVICES IN CIRCUMSTANCES WHERE MOVEMENT AND FUNCTION ARE THREATENED BY AGING, INJURY OR DISEASE THE HYDROWORX THERAPY POOL HELPS PATIENTS RECOVER FROM SURGERY AND ARTHRITIC SYMPTOMS, AS WELL AS, ATHLETIC REHABILITATION OCCUPATIONAL THERAPY INCORPORATES MEANINGFUL AND PURPOSEFUL OCCUPATION TO ENABLE PEOPLE WITH LIMITATIONS OR IMPAIRMENTS TO PARTICIPATE IN EVERYDAY LIFE OCCUPATIONAL THERAPISTS WORK WITH INDIVIDUALS, FAMILIES, GROUPS AND POPULATIONS TO FACILITATE HEALTH AND WELL-BEING THROUGH ENGAGEMENT OR RE-ENGAGEMENT IN OCCUPATIONS AND EVERYDAY ACTIVITIES OCCUPATIONAL THERAPY MAY INCLUDE RESTORING FUNCTION, ADAPTING THE PATIENT'S ENVIRONMENT, OR EVEN HELPING PATIENTS FIND EQUIPMENT TO HELP THEM PARTICIPATE MORE INDEPENDENTLY IN THEIR EVERYDAY ACTIVITIES OCCUPATIONAL THERAPY HAS MORE ROOM TO EXPAND THEIR SERVICES AND BETTER SERVE THEIR PATIENTS SPEECH THERAPY ADDRESSES PEOPLE'S SPEECH PRODUCTION, VOCAL PRODUCTION, SWALLOWING DIFFICULTIES AND LANGUAGE NEEDS

4c (Code) (Expenses $ 1,232,453 including grants of $) (Revenue $ 11,203,434)

RADIOLOGY - THE RADIOLOGY DEPARTMENT AT PHELPS MEMORIAL HEALTH CENTER IS A PROGRESSIVE IMAGING CENTER WE ARE A FULLY ACCREDITED IMAGING CENTER WITH STATE OF THE ART EQUIPMENT FEATURING MRI, CT, GENERAL ULTRASOUND, CARDIOVASCULAR ULTRASOUND, NUCLEAR MEDICINE, MAMMOGRAPHY, AS WELL AS STANDARD X-RAYS WE ARE A FULLY STAFFED, HIGHLY EDUCATED AND EXPERIENCED DEPARTMENT OUR STAFF IS NOT ONLY EXPERIENCED BUT FRIENDLY AND WILLING TO SERVE YOU BEYOND YOUR EXPECTATIONS WE ARE VERY "PATIENT" ORIENTED, FOCUSING ON YOUR NEEDS AS A PATIENT TRYING TO MAKE YOUR EXPERIENCE AS COMFORTABLE AS POSSIBLE

(Code) (Expenses $ 16,184,948 including grants of $ 31,528) (Revenue $ 7,594,577)

OTHER MISCELLANEOUS PROGRAM SERVICES

4d Other program services (Describe in Schedule O)

(Expenses $ 16,184,948 including grants of $ 31,528) (Revenue $ 7,594,577)

4e **Total program service expenses** ▶ $ 20,001,811

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		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		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**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**		No
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	18		
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**	259		
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**	No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**	No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**	
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**	
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**	No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**	
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**	
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?			**9a**	
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**	
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	**11a**			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**	
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**			
c	Enter the aggregate amount of reserves on hand	**13c**			
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**	No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**	

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	13		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	8		
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	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .			3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			5		No
6	Did the organization have members or stockholders?			6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			7a	Yes	
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		No
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

LOREN D SCHRODER CFO
1215 TIBBALS
HOLDREGE, NE 68949
(308) 995-2211

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) CHARLES REESER PRESIDENT	2 00	X		X				0	0	0
(2) KATHRYN CANADA VICE PRESIDENT	2 00	X		X				0	0	0
(3) DAVID DANNEHL TREASURER	2 00	X		X				0	0	0
(4) ROGER PETERSON SECRETARY	2 00	X		X				0	0	0
(5) NANCY GARRELTS MEMBER	2 00	X						0	0	0
(6) DAVID ROSENTHAL MEMBER	2 00	X						0	0	0
(7) GARY BERGSTEN MEMBER	2 00	X						0	0	0
(8) JEFFREY BERNEY MD MEMBER	2 00	X						0	0	0
(9) DOUGLAS HOHMAN MEMBER	2 00	X						0	0	0
(10) SHERYL MCCLYMONT MEMBER	2 00	X						0	0	0
(11) STEVE KNESS MEMBER	2 00	X						0	0	0
(12) DAROLD TAGGE MEMBER	2 00	X						0	0	0
(13) RONA VANDELL MEMBER	2 00	X						0	0	0
(14) LARRY MYERS MEMBER	2 00	X						0	0	0
(15) THOMAS SMITH MD CHIEF OF STAFF	2 00	X						0	0	0
(16) MARK HARREL CEO	40 00			X				184,181	0	42,589
(17) LOREN SCHRODER CFO	40 00			X				123,933	0	31,969

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) ROBERT MILLER PHARMACY LEADER	40 00					X		130,720	0	3,898
(19) LEORA D SMITH CHIEF NURSING OFFICER	40 00					X		103,629	0	17,969
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								542,463	0	96,425

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 ▶ 4

			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**	Yes	

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
BRASFIELD & GORRIE LLC PO BOX 11407 BIRMINGHAM, AL 35246	CONSTRUCTION	8,546,962
NEW WEST ORTHOPAEDIC & SPORTS REHAB 3219 CENTRAL AVE STE 104 KEARNEY, NE 68847	THERAPY	1,765,515
QUORUM HEALTH RESOURCES 105 CONTINENTAL PLACE BRENTWOOD, TN 37027	MANAGEMENT SERVICE	694,982
ANESTHESIA SERVICES OF NEBRASKA LLC 113 BENNETT DRIVE LEXINGTON, NE 68850	ANESTHESIA	603,163
HOLDREGE MEDICAL CLINIC 516 WEST 14TH AVE HOLDREGE, NE 68949	PHYSICIAN ON-CALL	542,349

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 9

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 22,699				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	22,699			
Program Service Revenue		Business Code				
	2a	NET PATIENT REVENUE	624100	15,813,666	15,813,666	
	b	MEDICARE/MEDICAID PAYM	624100	10,942,044	10,942,044	
	c	SUPPLY SALES/MISC OPER	624100	424,989	424,989	
	d	CHILD SERVICES OP OTHE	624100	101,000	101,000	
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	27,281,699			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	350,158			350,158
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss) . . . . . ▶				
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory: 2,638,502 / 300				
	b	Less cost or other basis and sales expenses: 2,317,988 / 13,256				
	c	Gain or (loss): 320,514 / -12,956				
	d	Net gain or (loss) . . . . . ▶	307,558			307,558
	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				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶				
Other Revenue		Miscellaneous Revenue / Business Code				
	11a	CAFETERIA 722210	50,672			50,672
	b					
	c					
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶	50,672			
	12	**Total revenue.** See Instructions . . . ▶	28,012,786	27,281,699	0	708,388

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	31,528	31,528		
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	382,672		382,672	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	8,123,696	6,763,403	1,360,293	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	184,074	149,505	34,569	
9	Other employee benefits	1,412,754	1,385,294	27,460	
10	Payroll taxes	573,851	460,303	113,548	
11	Fees for services (non-employees)				
a	Management				
b	Legal	72,111		72,111	
c	Accounting	74,455		74,455	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	4,455,645	3,977,325	478,320	
12	Advertising and promotion	67,840		67,840	
13	Office expenses	1,520,722	975,130	545,592	
14	Information technology				
15	Royalties . .				
16	Occupancy	485,099	389,622	95,477	
17	Travel	190,907	118,585	72,322	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings				
20	Interest	6,122	6,122		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,985,854	1,985,854		
23	Insurance	122,889	122,889		
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	2,910,070	2,910,070		
b	BAD DEBTS	695,004	695,004		
c	DUES AND SUBSCRIPTIONS	74,676	31,177	43,499	
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	23,369,969	20,001,811	3,368,158	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing	425	1	425
	2	Savings and temporary cash investments	11,984,060	2	11,344,139
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	3,682,479	4	4,832,129
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	515,572	8	561,755
	9	Prepaid expenses and deferred charges	251,140	9	177,245
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* — 10a: 52,555,135			
	b	Less accumulated depreciation — 10b: 23,616,059	18,985,871	10c	28,939,076
	11	Investments—publicly traded securities	8,762,674	11	6,036,527
	12	Investments—other securities See Part IV, line 11	1,171,112	12	387,516
	13	Investments—program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	79,887	15	43,726
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	45,433,220	16	52,322,538
Liabilities	17	Accounts payable and accrued expenses	1,379,302	17	3,630,482
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		22	
	23	Secured mortgages and notes payable to unrelated third parties	19,301	23	335,652
	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	0	25	230,000
	26	**Total liabilities.** Add lines 17 through 25	1,398,603	26	4,196,134
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	43,759,209	27	47,839,632
	28	Temporarily restricted net assets	76,395	28	86,438
	29	Permanently restricted net assets	199,013	29	200,334
		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	44,034,617	33	48,126,404
	34	Total liabilities and net assets/fund balances	45,433,220	34	52,322,538

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	28,012,786
2	Total expenses (must equal Part IX, column (A), line 25)	2	23,369,969
3	Revenue less expenses Subtract line 2 from line 1	3	4,642,817
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	44,034,617
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-551,030
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	48,126,404

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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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 331/3% 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 331/3% 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: 47-0481628
Name: PHELPS MEMORIAL HEALTH CENTER

Form 990, Special Condition Description:

Special Condition Description

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 16,184,948 including grants of $ 31,528) (Revenue $ 7,594,577)
OTHER MISCELLANEOUS PROGRAM SERVICES

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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
PHELPS MEMORIAL HEALTH CENTER	47-0481628

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		1,606
j	Total lines 1c through 1i			1,606
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	DUES PAID TO NHA & AHA CONTAIN A PORTION FOR LOBBYING EXPENSES

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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	401,558	383,151	368,643	345,888	
b Contributions			100	6,296	
c Investment earnings or losses	15,661	18,407	14,408	16,459	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	417,219	401,558	383,151	368,643	

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

- a Board designated or quasi-endowment ▶ 51 000 %
- b Permanent endowment ▶ 49 000 %
- 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)		No

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		246,511		246,511
b Buildings		23,733,578	11,825,838	11,907,740
c Leasehold improvements				
d Equipment		14,144,561	11,554,352	2,590,209
e Other		14,430,485	235,869	14,194,616
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				28,939,076

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

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

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
3RD PARTY PAYABLE	230,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	230,000

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	28,012,786
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	23,369,969
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	4,642,817
4	Net unrealized gains (losses) on investments	4	-551,030
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	-551,030
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	4,091,787

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	27,461,756
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-551,030		
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	-551,030
3	Subtract line **2e** from line **1**			3	28,012,786
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	0
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	28,012,786

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

1	Total expenses and losses per audited financial statements			1	23,369,969
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	0
3	Subtract line **2e** from line **1**			3	23,369,969
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	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	23,369,969

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	THE INTENDED USES FOR THE ENDOWMENT FUNDS ARE HEALTH CARE SCHOLARSHIPS, CHILD HEALTHCARE AND UNUSUAL HARDSHIP COSTS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE HEALTH CENTER IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE THE HEALTH CENTER 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 HEALTH CENTER TO MEET A COMMUNITY BENEFIT STANDARD AND COMPLY WITH VARIOUS LAWS AND REGULATIONS THE HEALTH CENTER ACCOUNTS FOR UNCERTAINTIES IN ACCOUNTING FOR INCOME TAX ASSETS AND LIABILITIES USING GUIDANCE INCLUDED IN FASB ASC 740, INCOME TAXES THE HEALTH CENTER RECOGNIZES THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED AT DECEMBER 31, 2011, THE HEALTH CENTER HAD NO UNCERTAIN TAX POSITIONS ACCRUED OPEN TAX YEARS FOR THE HEALTH CENTER INCLUDE 2010, 2009, AND 2008

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
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)			245,862		245,862	1 080 %
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			245,862		245,862	1 080 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			39,633	2,650	36,983	0 160 %
f Health professions education (from Worksheet 5)			36,130		36,130	0 160 %
g Subsidized health services (from Worksheet 6)			303,358	142,233	161,125	0 710 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			48,242		48,242	0 210 %
j **Total** Other Benefits			427,363	144,883	282,480	1 240 %
k **Total.** Add lines 7d and 7j			673,225	144,883	528,342	2 320 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building			6,286	0	6,286	0 030 %
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			6,286		6,286	0 030 %

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			No
2	Enter the amount of the organization's bad debt expense	2	695,004		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	271,989		
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	10,489,251
6	Enter Medicare allowable costs of care relating to payments on line 5	6	10,178,803
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	310,448
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		No

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	PHELPS MEMORIAL HEALTH CENTER 1215 TIBBALS HOLDREGE, NE 68949	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)

PHELPS MEMORIAL HEALTH CENTER

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 100 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		No
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☐ Income level			
	b ☐ Asset level			
	c ☐ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	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? _____

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C PHELPS MEMORIAL HEALTH CENTER (PMHC) USES FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY FOR PROVIDING FREE AND DISCOUNTED CARE

Identifier	ReturnReference	Explanation
		PART I, LINE 6A THE COMMUNITY BENEFIT REPORT IS PREPARED BY THE STAFF AT PMHC

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 THE COST REPORT FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
		PART I, LINE 7G NO COSTS ASSOCIATED WITH PHYSICIAN CLINICS WERE INCLUDED AS SUBSIDIZED HEALTH SERVICES

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $ 695004

Identifier	ReturnReference	Explanation
		PART II ONE OF THE MAJOR COMMUNITY BUILDING ACTIVITIES THAT PMHC HELPS LEAD IS THE SAFE COMMUNITIES COALITION PMHC EMPLOYEES THREE COALITION MEMBERS, INCLUDING THE COALITION COORDINATOR WHO IS RESPONSIBLE FOR THE DAY TO DAY ORGANIZATIONAL RESPONSIBILITIES, MINUTES, AGENDAS, AND PROGRAM AND EVENT COORDINATION SAFE COMMUNITIES COALITION IS A GROUP OF REPRESENTATIVES FROM SEVERAL COMMUNITY AGENCIES, INCLUDING PHELPS MEMORIAL HEALTH CENTER, HOLDREGE POLICE DEPARTMENT, PHELPS COUNTY SHERIFF'S DEPARTMENT, NEBRASKA STATE PATROL, YMCA OF THE PRAIRIE, AMERICAN FAMILY INSURANCE, SAFE CENTER, TWO RIVERS PUBLIC HEALTH DEPARTMENT, HOLDREGE, LOOMIS, AND BERTRAND SCHOOLS, AND OTHERS

Identifier	ReturnReference	Explanation
		PART III, LINE 4 THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT CONTAIN A SPECIFIC FOOTNOTE DESCRIBING BAD DEBT HOWEVER, THE FOLLOWING IS THE TEXT OF THE FOOTNOTES TITLED "PATIENT RECEIVABLE, NET," "NET PATIENT SERVICE REVENUE," AND "CHARITY CARE" THE HEALTH CENTER REPORTS PATIENT RECEIVABLES FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS AFTER DETERMINING THE ESTIMATED ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CONTRACTUAL ADJUSTMENTS FROM THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES RELATIVE TO ACCOUNT AGE AND HISTORICAL COLLECTION INFORMATION TO DETERMINE AN ESTIMATED BAD DEBT PROVISION MANAGEMENT UTILIZES CALCULATION ESTIMATES BASED ON APPLICABLE THIRD-PARTY REIMBURSEMENT METHODOLOGIES TO DETERMINE CONTRACTUAL ADJUSTMENTS THE HEALTH CENTER HAS AGREEMENTS WITH THIRD-PARTY PAYORS THAT PROVIDE FOR PAYMENTS TO THE HEALTH CENTER AT AMOUNTS DIFFERENT FROM ITS ESTABLISHED RATES PAYMENT ARRANGEMENTS INCLUDE PROSPECTIVELY DETERMINED RATES PER DISCHARGE, REIMBURSED COSTS, DISCOUNTED CHARGES, AND PER DIEM PAYMENTS NET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYORS, AND OTHERS FOR SERVICES RENDERED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS UNDER REIMBURSEMENT AGREEMENTS WITH THIRD-PARTY PAYORS RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN FUTURE PERIODS AS FINAL SETTLEMENTS ARE DETERMINED THE HEALTH CENTER PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE HEALTH CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED IN THE STATEMENTS OF OPERATIONS THE HEALTH CENTER IS DEDICATED TO PROVIDING COMPREHENSIVE HEALTHCARE SERVICES TO ALL SEGMENTS OF SOCIETY, INCLUDING THE AGED AND OTHERWISE ECONOMICALLY DISADVANTAGED IN ADDITION, THE HEALTH CENTER PROVIDES A VARIETY OF COMMUNITY HEALTH SERVICES AT OR BELOW COST ESTIMATED BAD DEBT FOR PATIENTS ELIGIBLE FOR CHARITY CARE WAS DETERMINED BY APPLYING CHARITY CARE GUIDELINES BASED ON AVERAGE PER HOUSEHOLD INCOME FOR PHELPS COUNTY THE HEALTH CENTER PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE HEALTH CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED IN THE STATEMENTS OF OPERATIONS

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE ORGANIZATION USED THE MEDICARE COST REPORT FOR FISCAL YEAR 2011 TO REPORT THE AMOUNTS OF TOTAL REVENUE RECEIVED FROM MEDICARE AND RELATED MEDICARE ALLOWABLE COSTS

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF A PATIENT IS UNABLE TO MAKE FULL PAYMENT OF THE PATIENT BALANCE WHEN DUE, PERIODIC, PARTIAL PAYMENTS MAY BE APPROVED IN ACCORDANCE WITH CREDIT AND COLLECTION PROCEDURES, AS AUTHORIZED BY THE CHIEF FINANCIAL OFFICER A PATIENT FINANCIAL STATEMENT MAY BE REQUESTED TO DETERMINE APPROPRIATE PAYMENT ARRANGEMENTS IF A PATIENT IS DETERMINED TO BE FINANCIALLY INDIGENT, THE PATIENT FINANCIAL SERVICES DEPARTMENT WILL ASSIST THE PATIENT IN APPLYING FOR OTHER FINANCIAL ASSISTANCE IF NO SOURCE OF FINANCIAL ASSISTANCE IS AVAILABLE, THE HOSPITAL WILL REVIEW THE ACCOUNT FOR CHARITY CARE ALLOWANCE ALL CHARITY CARE ALLOWANCE MUST BE APPROVED BY THE CHIEF FINANCIAL OFFICER AND PATIENT FINANCIAL SEVICES LEADER IF PAYMENT ARRANGEMENTS HAVE NOT BEEN MADE AFTER 120 DAYS THE FIRST NOTICE IS RECEIVED, THE PATIENT IS SENT A LETTER STATING THAT THE ACCOUNT IS BEING FORWARDED TO A COLLECTION AGENCY

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 PHELPS MEMORIAL HEALTH CENTER MANAGEMENT, BOARD OF DIRECTORS AND MEDICAL STAFF MEET EVERY 3 TO 5 YEARS FOR A MAJOR STRATEGIC PLANNING AGENDA THAT INCLUDES ASSESSMENT OF THE HEALTH CARE NEEDS OF THE COMMUNITY OUTSIDE RESOURCES ARE UTILIZED TO IDENTIFY THE CURRENT PATIENT DEMOGRAPHIC TRENDS, HEALTH CARE CONCERNS IN OUR COUNTY AND STATE, PHYSICIAN NEED, ETC EVERY YEAR MANAGEMENT, BOARD OF DIRECTORS AND MEDICAL STAFF MEET TO DISCUSS AND ASSESS THE ONGOING HEALTH CARE NEEDS OF THE COMMUNITY AND DEVELOP AN ANNUAL BUSINESS PLAN TO ADDRESS THESE NEEDS IN THE UPCOMING YEAR

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PHELPS MEMORIAL HEALTH CENTER SOCIAL SERVICES DEPARTMENT MONITORS PATIENTS WITHIN THE HOSPITAL AND INDENTIFIES POSSIBLE PATIENTS THAT COULD QUALIFY FOR ASSISTANCE UNDER FEDERAL, STATE OR LOCAL GOVERNMENT A REPRESENTATIVE OF SOCIAL SERVICES THEN MEETS WITH THE PATIENT TO ASSIST IN REGISTERING FOR SUCH ASSISTANCE EVERY PATIENT REGISTERING AT PHELPS MEMORIAL HEALTH CENTER IS GIVEN A BILLING PAMPLET THAT EXPLAINS THE FINANCIAL ASSISTANCE PROGRAM ATTACHED TO EVERY STATEMENT THERE IS A PAYMENT OPTIONS LETTER THAT ALLOWS PATIENTS TO INQUIRE ABOUT THE FINANCIAL ASSISTANCE PROGRAM EVERY PATIENT WITH A SELF PAY BALANCE IS SENT A LETTER INFORMING THEM PHELPS MEMORIAL HEALTH CENTER HAS A FINANCIAL ASSISTANCE PROGRAM THAT THEY MAY APPLY FOR

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 PHELPS COUNTY NEBRASKA IS LOCATED ON THE HIGH PLAINS IN RURAL NEBRASKSA THE PRIMARY INDUSTRY IS AGRICULTURE INCLUDING CROPS AND LIVESTOCK ADDITIONAL INDUSTRY INCLUDES MANUFACTURING PMHC'S PRIMARY SERVICE AREA IS THE COUNTY OF PHELPS AND PORTIONS OF SURROUNDING COUNTIES WITH A TOTAL SERVICE POPULATION OF APPROXIMATELY 20,000

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 PHELPS MEMORIAL HEALTH CENTER IS THE LEADING ENTITY FOR HEALTH PROMOTION IN THE COMMUNITY IN PARTNERSHIP WITH LOCAL PHYSICIANS, OTHER HEALTH CARE PROFESSIONALS AND THE LOCAL PUBLIC HEALTH DEPARTMENT THE HOSPITAL IS GOVERNED BY A VOLUNTEER GROUP OF LOCAL CITIZENS REPRESENTING ALL ASPECTS OF THE COMMUNITY THE MEDICAL STAFF IS OPEN TO ALL PHYSICIANS AND MEDICAL STAFF PROFESSIONALS THAT MEET CREDENTIALING CRITERIA PHELPS MEMORIAL HEALTH CENTER MAINTAINS A PERMANENT SUB-COMMITTEE OF THE BOARD THAT SUPPORTS AND PROMOTES COMMUNITY HEALTH PROJECTS THROUGH GRANT FUNDING AND OTHER ASSISTANCE IN ADDITION, THE HOSPITAL PROVIDES MULTIPLE HEALTH RELATED ANNUAL EVENTS TO THE PUBLIC AT NO CHARGE THAT ADDRESS HEALTH CARE NEEDS AND RISKS OF THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 PMHC IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

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

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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) HOLDREGE BOY SCOUT TROOP 216 HOLDREGE UNITED METHODIST CHURCH604 WEST AVENUE HOLDREGE,NE 68949	47-0402819	501(C)(3)	5,500				BUS FOR BOY SCOUTS
(2) CASA (COURT APPOINTED SPECIAL ADVOCATES) CO PHELPS COUNTY GOVERNMENT 715 5TH AVE HOLDREGE,NE 68949	47-6006496	GOV ENTITY	10,000				HELP SUPPORT CASA PROGRAM (CASA IMPROVES THE QUALITY OF REPRESENTATION PROVIDED TO CHILD VICTIMS OF ABUSE AND NEGLECT)
(3) EDUCATIONAL SERVICE UNIT412 W 14TH AVENUE HOLDREGE,NE 68949	47-0522576	SCHOOL	5,528				AEDS PURCHASED
(4) LOOMIS PUBLIC SCHOOL101 BRYAN STREET LOOMIS,NE 68958	47-6004726	SCHOOL	6,000				PLAYGROUND EQUIPMENT PROJECT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 4

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 ALL GRANTS MADE TO LOCAL ORGANIZATIONS IN PHELPS COUNTY AND SURROUNDING COUNTIES CRITERIA IN PLACE TO ENSURE GRANTS ARE AWARDED TO ORGANIZATION MEETING FOUNDATION GUIDELINES

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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**	Yes	
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) MARK HARREL	(i)	167,621	16,560	0	2,763	39,826	226,770	0
	(ii)	0	0	0	0	0	0	0
(2) LOREN SCHRODER	(i)	122,477	1,456	0	1,859	30,110	155,902	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	PHELPS MEMORIAL HEALTH CENTER PROVIDES A MEMBERSHIP TO A COUNTRY CLUB FOR THE CEO OF THE ORGANIZATION THE MEMBERSHIP ALLOWS THE CEO AND OTHER MEMBERS OF THE STAFF TO TAKE EMPLOYEES, CLIENTS AND VENDORS OUT TO THE COUNTRY CLUB FURTHERMORE, THE ORGANIZATION UTILIZES THE COUNTRY CLUB'S FACILITY FOR MEETINGS AND OTHER EVENTS
SUPPLEMENTAL INFORMATION	PART III	MARK HARREL AND LOREN SCHRODER RECEIVE COMPENSATION FROM QUORUM HEALTH RESOURCES, AN UNRELATED ENTITY, WHICH PROVIDES MANAGEMENT SERVICES TO ITS CLIENTS THE PHELPS MEMORIAL HEALTH CENTER BOARD OF DIRECTORS SETS THE SALARY AND BENEFITS FOR MR HARREL AND MR SCHRODER QUORUM HEALTH RESOURCES CHARGES PHELPS MEMORIAL HEALTH CENTER FOR THE SERVICES MR HARREL AND MR SCHRODER PROVIDE TO THE ORGANIZATION

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

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

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

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

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 47-0481628
Name: PHELPS MEMORIAL HEALTH CENTER

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction $	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
SHERYL MCCLYMONT	SISTER IS AN EMPLOYEE	57,226	EMPLOYEE WAGES		No
RONA VANDELL	SISTER-IN-LAW IS AN EMPLOYEE	75,202	EMPLOYEE WAGES		No
THOMAS SMITH MD	PARTNERSHIP MORE THAN 5% OWNED BY THOMAS SMITH, CURRENT BOARD MEMBER	542,349	PAID FAMILY MEDICAL SPECIALTIES FOR EMERGENCY ROOM, CARDIAC REHABILITATION, AND RESPIRATORY REHABILITATION COVERAGE		No
JEFFREY R BERNEY MD	PARTNERSHIP MORE THAN 5% OWNED BY JEFFREY R BERNEY, CURRENT BOARD MEMBER	542,349	PAID FAMILY MEDICAL SPECIALTIES FOR EMERGENCY ROOM, CARDIAC REHABILITATION, AND RESPIRATORY REHABILITATION COVERAGE		No
DAROLD TAGGE	GRANDDAUGHTER IS AN EMPLOYEE	13,495	EMPLOYEE WAGES		No
THOMAS SMITH MD	PARTNERSHIP MORE THAN 5% OWNED BY THOMAS SMITH, CURRENT BOARD MEMBER	318,687	RENT RECEIVED FROM FAMILY MEDICAL SPECIALTIES		No
JEFFREY R BERNEY MD	PARTNERSHIP MORE THAN 5% OWNED BY JEFFREY R BERNEY, CURRENT BOARD MEMBER	318,687	RENT RECEIVED FROM FAMILY MEDICAL SPECIALTIES		No
					No

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	JEFF BERNEY, MD AND THOMAS SMITH, MD BOTH OFFICERS ON THE BOARD, HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	QUORUM HEALTH RESOURCES, LLC ("QHR") AND PHELPS MEMORIAL HEALTH CENTER ("PMHC") HAVE AN AGREEMENT IN PLACE FOR ADMINISTRATIVE SERVICES QHR PROVIDES THE HOSPITAL THE SERVICES OF INDIVIDUALS TO SERVE AS THE CEO & CFO AT PMHC THE CEO & CFO SHALL OVERSEE THE EXECUTION AND PERFORMANCE OF THE ADMINISTRATIVE FUNCTIONS OF PMHC AND COMMUNICATE THE BUSINESS AND OPERATIONAL ACTIVITY OF PMHC WITH THE BOARD OR BOARD REPRESENTATIVE ROUTINELY THE CFO REPORTS TO THE CEO, AND THE CEO IS ACCOUNTABLE AND REPORTS DIRECTLY TO THE BOARD

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	EVERY DONOR OF A GIFT OF $100 OR MORE TO PHELPS COUNTY MEMORIAL HOSPITAL ASSOCIATION SHALL BE A MEMBER OF PHELPS MEMORIAL HEALTH CENTER

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	EACH MEMBER OF PHELPS MEMORIAL HEALTH CENTER HAS ONE VOTE IN THE ELECTION OF DIRECTORS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	YES, A COPY OF THE FORM 990 WILL BE DISTRIBUTED TO THE BOARD OF DIRECTORS A WEEK BEFORE THE MEETING DURING THE BOARD OF DIRECTORS MEETING THE FORM 990 WILL BE THOROUGHLY REVIEWED AND DISCUSSED IN ORDER TO ADDRESS ANY QUESTIONS PRIOR TO SUBMISSION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	PMHC BOARD OF TRUSTEES DISCLOSE CONFLICTS OF INTEREST ON AN ANNUAL BASIS BY SIGNING A CONFLICT OF INTEREST STATEMENT ALL MEMBERS OF THE BOARD OF DIRECTORS, THE TOP MANAGEMENT OFFICIAL (CEO) AND THE TOP FINANCIAL OFFICIAL (CFO) ARE REQUIRED TO DISCLOSE, ON AN ANNUAL BASIS, ALL INTERESTS THAT COULD GIVE RISE TO A CONFLICT OF INTEREST THESE DISCLOSURES ARE REVIEWED BY THE BOARD OF DIRECTORS, THE CEO AND THE ORGANIZATION'S COMPLIANCE OFFICER ACTUAL CONFLICTS ARE ALSO REVIEWED BY THE ENTIRE BOARD OF DIRECTORS UPON A DIRECTOR'S DISCLOSURE OF A CONFLICT OF INTEREST, THAT DIRECTOR WITHDRAWS FROM BOARD CONSIDERATION AND DISCUSSION, DOES NOT PARTICIPATE IN THE VOTING OR DECISION-MAKING AND, AT THE REQUEST OF THE PRESIDENT, IS EXCUSED FROM THE BOARD MEETING DURING DISCUSSION AND VOTING ALL EMPLOYEES, INCLUDING SENIOR LEADERSHIP AND DEPARTMENT LEADERS ALSO DISCLOSE AND SIGN A CONFLICT OF INTEREST STATEMENT DURING THEIR ANNUAL REVIEWS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15A	QUORUM HEALTH RESOURCES, LLC ("QHR") PROVIDES ADMINISTRATIVE SERVICES TO PHELPS MEMORIAL HEALTH CENTER ("PMHC") THIS INCLUDES THE HOSPITAL'S CHIEF EXECUTIVE OFFICER AND THE HOSPITAL'S CHIEF FINANCIAL OFFICER THE BOARD OF DIRECTORS CONDUCTS AN ANNUAL EVALUATION FOR THE CEO AND CFO A NATIONAL COMPARATIVE BENCHMARK FROM QHR IS PRESENTED TO THE BOARD OF DIRECTORS THIS COMPARATIVE DATA IS BASED ON SIMILAR HOSPITAL SIZE AND SIMILAR ANNUAL NET REVENUE THIS DATA IS UTILIZED BY THE BOARD OF DIRECTORS IN ADDITION TO THE ANNUAL PERFORMANCE OF THE CEO AND CFO TO DETERMINE COMPENSATION MARKET ADJUSTMENTS ARE DETERMINED ANNUALLY BY THE HR LEADER, CEO AND CFO WITH APPROPRIATE DEPARTMENT LEADERS PAY INCREASES SHALL BE DETERMINED BY THE PERFORMANCE APPRAISAL OVERALL SCORE ANNUAL PAY INCREASES ARE EFFECTIVE ON THE SECOND PAY PERIOD IN AUGUST EACH YEAR PROVIDED AN ANNUAL PERFORMANCE APPRAISAL HAS BEEN COMPLETED ELECTRONICALLY THE HUMAN RESOURCE LEADER AND CEO SHALL BE RESPONSIBLE FOR COMPLETION OF AN ANNUAL COMPETENCY REPORT TO BE SUBMITTED TO THE BOARD OF DIRECTORS THIS REPORT SHALL INCLUDE COMPETENCY OF ALL HOSPITAL EMPLOYEES

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	PMHC DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY OR FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -551,030

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	PHELPS MEMORIAL HEALTH CENTER HAS A BOARD OF DIRECTORS THAT IS ORGANIZED INTO SIX STANDING COMMITTEES EXECUTIVE COMMITTEE, FINANCE COMMITTEE, QUALITY & COMMUNITY HEALTH COMMITTEE, GOVERNANCE COMMITTEE, SPECIALTY RECRUITMENT COMMITTEE, AND FOUNDATION COMMITTEE IT IS THE FINANCE COMMITTEE'S DUTY TO PROVIDE INPUT INTO THE ANNUAL BUDGET PREPARATION, THE THREE YEAR CAPITAL AND LAND USE PROJECTIONS, MONITOR INVESTMENT FUNDS, PROVIDE FOR AN ANNUAL OUTSIDE AUDIT AND IN GENERAL SEE TO THE OVERALL FINANCIAL WELL BEING OF THE FACILITY THE OVERSIGHT PROCESS OF THE AUDIT AND THE SELECTION PROCESS OF AN INDEPENDENT ACCOUNTANT HAS NOT CHANGED FROM THE PRIOR YEAR

Phelps Memorial Health Center

Holdrege, Nebraska

Financial Statements
December 31, 2011 and 2010

Together with Independent Auditor's Report

Phelps Memorial Health Center

Table of Contents

SEIM JOHNSON

Independent Auditor's Report

To the Board of Directors of
Phelps Memorial Health Center
Holdrege, Nebraska

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

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

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

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole The supplementary statements (Exhibits 1, 2 and 3) are presented for purpose of additional analysis and are not a required part of the basic financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole

Seim Johnson, LLP

Omaha, Nebraska,
March 23, 2012

[illegible]

Phelps Memorial Health Center

Balance Sheets
December 31, 2011 and 2010

		2011	2010
ASSETS			
Current assets			
Cash and cash equivalents	$	6,609,811	7,519,043
Short-term investments		637,456	2,173,816
Receivables -			
Patients, net of allowance for doubtful accounts of $507,354 in 2011 and $213,524 in 2010		4,832,129	3,682,479
Other		43,726	32,852
Inventories		561,755	515,572
Prepaid expenses		177,245	251,140
Estimated third-party payor settlements - Medicare and Medicaid		--	47,035
Total current assets		12,862,122	14,221,937
Assets limited as to use		286,772	275,408
Long-term investments		10,234,568	11,950,004
Property and equipment, net		28,939,076	18,985,871
Total assets	$	52,322,538	45,433,220
LIABILITIES AND NET ASSETS			
Current liabilities			
Current portion of capital lease obligations	$	104,550	17,768
Accounts payable -			
Trade		773,382	380,813
Construction		1,895,842	111,009
Accrued salaries, vacation and benefits payable		961,258	887,480
Estimated third-party payor settlements - Medicare and Medicaid		230,000	--
Total current liabilities		3,965,032	1,397,070
Capital lease obligations, net of current portion		231,102	1,533
Total liabilities		4,196,134	1,398,603
Commitments and contingencies			
Net assets			
Unrestricted		47,839,632	43,759,209
Temporarily restricted		86,438	76,395
Permanently restricted		200,334	199,013
Total net assets		48,126,404	44,034,617
Total liabilities and net assets	$	52,322,538	45,433,220

See notes to financial statements

Phelps Memorial Health Center

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

	2011	2010
UNRESTRICTED REVENUE		
Net patient service revenue	$ 26,755,710	25,874,693
Other revenue	563,705	669,371
Total revenue	27,319,415	26,544,064
EXPENSES		
Salaries and wages	8,406,810	8,283,729
Employee benefits	2,245,478	2,191,989
Professional and purchased services	4,445,824	4,092,287
Supplies and other	3,772,245	3,847,979
Repair and maintenance	1,004,431	902,886
Utilities	513,776	507,888
Depreciation and amortization	1,985,854	2,231,547
Insurance	276,886	299,180
Provision for bad debts	695,004	888,752
Interest	6,122	1,847
Rental and lease	17,539	19,449
Total expenses	23,369,969	23,267,533
OPERATING INCOME	3,949,446	3,276,531
NONOPERATING GAINS, NET		
Unrestricted gifts, grants and bequests	17,584	25,950
Investment income, net	660,629	468,390
Nonoperating gains, net	678,213	494,340
EXCESS OF REVENUE OVER EXPENSES	4,627,659	3,770,871
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	(552,351)	323,154
GIFTS, GRANTS AND BEQUESTS FOR PURCHASE OF PROPERTY AND EQUIPMENT	5,115	3,500
INCREASE IN UNRESTRICTED NET ASSETS	$ 4,080,423	4,097,525

See notes to financial statements

Phelps Memorial Health Center

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

		2011	2010
UNRESTRICTED NET ASSETS			
Operating income	$	3,949,446	3,276,531
Nonoperating gains, net		678,213	494,340
Change in net unrealized gains and losses on other than trading securities		(552,351)	323,154
Gifts, grants and bequests for purchase of property and equipment		5,115	3,500
Increase in unrestricted net assets		4,080,423	4,097,525
TEMPORARILY RESTRICTED NET ASSETS,			
Investment income, net		10,043	9,898
PERMANENTLY RESTRICTED NET ASSETS,			
Change in net unrealized gains and losses on other than trading securities		1,321	5,896
INCREASE IN NET ASSETS		4,091,787	4,113,319
NET ASSETS, beginning of year		44,034,617	39,921,298
NET ASSETS, end of year	$	48,126,404	44,034,617

See notes to financial statements

Phelps Memorial Health Center

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

		2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from patients and third-party payors	$	25,188,091	24,376,126
Cash received from others		583,371	694,707
Cash paid to employees and related benefits		(10,578,510)	(10,414,048)
Cash paid to suppliers		(9,610,420)	(9,887,509)
Interest paid		(6,122)	(1,847)
Investment activity		670,672	478,288
Net cash provided by operating activities		6,247,082	5,245,717
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposits to long-term and short-term investments		(610,729)	(1,506,400)
Withdrawals from long-term and short-term investments		3,310,174	262,788
Deposits to assets limited as to use		(10,043)	(9,898)
Purchase of property and equipment, net		(9,793,952)	(2,447,034)
Net cash used in investing activities		(7,104,550)	(3,700,544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on capital lease obligations		(56,879)	(16,653)
Restricted gifts, grants and bequests		5,115	3,500
Net cash used in financing activities		(51,764)	(13,153)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(909,232)	1,532,020
CASH AND CASH EQUIVALENTS - Beginning of year		7,519,043	5,987,023
CASH AND CASH EQUIVALENTS - End of year	$	6,609,811	7,519,043
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
New capital lease obligations	$	373,230	--

See notes to financial statements

Phelps Memorial Health Center

Statements of Cash Flows (Continued)
For the Years Ended December 31, 2011 and 2010

		2011	2010
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Change in net assets	$	4,091,787	4,113,319
Adjustments to reconcile the change in net assets to net cash provided by operating activities -			
Restricted gifts, grants and bequests		(5,115)	(3,500)
Depreciation and amortization		1,985,854	2,231,547
Loss (gain) on disposal of property and equipment		12,956	(24,918)
Changes in net unrealized gains and losses on other than trading securities		551,030	(329,050)
(Increase) decrease in assets -			
Receivables -			
Patients		(1,149,650)	(601,320)
Other		(10,874)	24,304
Inventories		(46,183)	13,738
Prepaid expenses		73,895	(22,282)
Estimated third-party payor settlements - Medicare and Medicaid		47,035	(8,495)
Increase (decrease) in liabilities -			
Accounts payable - trade		392,569	(209,296)
Accrued salaries, vacation and benefits payable		73,778	61,670
Estimated third-party payor settlements - Medicare and Medicaid		230,000	--
Net cash provided by operating activities	$	6,247,082	5,245,717

See notes to financial statements

(1) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of Phelps Memorial Health Center (Health Center) These policies are in accordance with accounting principles generally accepted in the United States of America

A Organization

The Health Center, located in Holdrege, Nebraska (a Nebraska corporation not-for-profit), operated as a 49-bed acute care hospital until November 30, 2005 Effective December 1, 2005, the Health Center began operating as a 25-bed Critical Access Hospital The Health Center provides inpatient, outpatient, swing bed, emergency, home health and ambulance services in the local area Admitting physicians are primarily practitioners in the local area The hospital was incorporated in 1963

The Budget Reconciliation Act of 1997 (Act) contained many provisions impacting Medicare reimbursement for the Health Center The Act established the Medicare Rural Hospital Flexibility Program to assist states and rural communities to improve access to essential health care services During fiscal year 2005, the Hospital's Board of Directors approved the Hospital's plan to obtain Critical Access Hospital (CAH) designation CAH's are acute care facilities that provide emergency, outpatient and short-term inpatient services Medicare reimburses CAH's on a reasonable cost basis

The Hospital's application to become certified as a CAH was approved by Nebraska Health and Human Services System and the certification was effective December 1, 2005

B Industry Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursements for patient services, and Medicare and Medicaid fraud and abuse Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed Management believes that the Health Center is in compliance with applicable government laws and regulations While no regulatory inquiries have been made, 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 Management

The Health Center is a not-for-profit provider of healthcare services The Health Center has an agreement for management services with Quorum Health Resources, Inc (QHR) The Health Center has had this agreement with QHR since 1992

D Use of Estimates

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

E *Cash and Cash Equivalents*

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

F *Short-Term Investments*

Short-term investments are assets available for operations without donor imposed restrictions for capital acquisitions or endowment

G *Patient Receivables, Net*

The Health Center reports patient receivables for services rendered at net realizable amounts after determining the estimated allowance for doubtful accounts and contractual adjustments from third-party payors Management reviews patient receivables by payor class and applies percentages relative to account age and historical collection information to determine an estimated bad debt provision Management utilizes calculation estimates based on applicable third-party reimbursement methodologies to determine contractual adjustments

H *Inventories*

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

I *Assets Limited as to Use*

Assets limited as to use include the following

By Donor – These assets are restricted for scholarship funding and endowment

J *Investment Securities and Investment Income*

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying 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 revenue or expense is restricted by donor or law Changes in net unrealized gains and losses on investments are excluded from excess of revenue over expenses and are included as changes in net assets

K *Property and Equipment*

Property and equipment acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method 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 and amortization in the 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 The Health Center maintains a capitalization policy of $5,000

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support 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 these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service

L *Temporarily and Permanently Restricted Net Assets*

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

M *Net Patient Service Revenue*

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

N *Charity Care*

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

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

O *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated at cost The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets

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

P *Income Taxes*

The Health Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code The Health Center 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 Health Center to meet a community benefit standard and comply with various laws and regulations

The Health Center accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC 740, *Income Taxes* The Health Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained At December 31, 2011, the Health Center had no uncertain tax positions accrued Open tax years for the Health Center include 2010, 2009, and 2008

Q *Fair Value of Financial Statements*

The Health Center applies the provisions included in FASB ASC 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date At December 31, 2011 and 2010, there were no nonfinancial assets or liabilities measured at fair value in the financial statements on the nonrecurring basis

Financial instruments consist of cash and cash equivalents, short-term investments, receivables, assets limited as to use, and current liabilities Management's estimates of fair value of short-term investments and assets limited as to use are described in Note 4 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

R *Excess of Revenue Over Expenses*

The 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 changes in net unrealized gains and losses on other than trading securities and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets)

S *Subsequent Events*

The Health Center considered events occurring through March 23, 2012 for recognition or disclosure in the financial statements as subsequent events That date is the date the financial statements were available to be issued

(2) Net Patient Service Revenue

The Health Center has agreements with third-party payors that provide for payments to the Health Center 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 in a Critical Access Hospital are paid based on Medicare defined costs of providing the services Inpatient nonacute services and certain outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology Physician clinic services related to Medicare beneficiaries are paid based on fee schedule amounts The Health Center is reimbursed on a prospectively determined rate per episode for home care services rendered to Medicare beneficiaries The Health Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Health Center and audits thereof by the Medicare fiscal intermediary The Health Center's Medicare cost reports have been audited by the intermediary through December 31, 2009

Medicaid - Inpatient acute services and outpatient services rendered to Medicaid program beneficiaries in a Critical Access Hospital are paid based on Medicaid defined costs of providing the services Beginning July 1, 2011, Medicaid changed reimbursement paid to 97 5% of defined costs The Health Center is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Health Center

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

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

Revenue from the Medicare and Medicaid programs accounted for approximately 47% and 4%, respectively, of the Health Center's net patient service revenue for the years ended December 31, 2011 and 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 The 2011 and 2010 net patient service revenue increased by approximately $97,000 and $34,000 respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations

(3) Charity Care

The Health Center provides charity care to patients who are financially unable to pay for the health care services they receive Patients who qualify for charity care are given a percentage discount from established charges based on a sliding scale using the U S Department of Health and Human Services poverty guidelines It is the policy of the Health Center not to pursue collection of amounts determined to qualify as charity care Accordingly, the Health Center does not report these amounts in net operating revenue or in the allowance for doubtful accounts

The Health Center determines the costs associated with providing charity care by aggregating the direct and indirect costs, including salaries, benefits, supplies, and other operating expenses, based on the overall cost to charge ratio for the Health Center The estimated cost of caring for charity care patients for the years ended December 31, 2011 and 2010 were $248,364 and $260,315, respectively

(4) Fair Value

Fair Value Hierarchy

The Health Center adopted ASC Topic 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 financial statements on a recurring basis ASC Topic 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 prices (unadjusted) in active markets for identical assets or liabilities that the Health Center has the ability to access at the measurement date

Level 2 Inputs – 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 – Inputs are unobservable for the asset or liability Therefore, unobservable inputs shall reflect the Health Center's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances

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

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

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

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

Fixed income – Investments in fixed income securities are comprised of U S government agency obligations and corporate bonds and notes They are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets

Mutual funds – The fair value of mutual funds is classified as Level 1 as the market value is based on quoted market prices, when available, or market prices provided by recognized broker dealers

Real estate trust – Investment in the real estate trust is classified as Level 2 based on multiple sources of information, which may include historical data and/or quoted market prices from either markets that are not active or are for the same or similar assets of active markets

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

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis

	December 31, 2011			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 3,371,931	3,371,931	--	--
Certificates of deposit	1,362,822	--	1,362,822	--
Fixed income -				
Government bonds	260,368	--	260,368	--
Corporate bonds	127,148	--	127,148	--
Mutual funds -				
Growth	729,852	729,852	--	--
Value	734,956	734,956	--	--
Blended	1,813,624	1,813,624	--	--
Fixed income	1,802,265	1,802,265	--	--
Diversified	83,955	83,955	--	--
Government	510,044	510,044	--	--
Real estate trust	361,831	--	361,831	--
	$ 11,158,796	9,046,627	2,112,169	--

	December 31, 2010			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 892,448	892,448	--	--
Certificates of deposit	3,572,994	--	3,572,994	--
Fixed income -				
Government bonds	627,049	--	627,049	--
Corporate bonds	544,063	--	544,063	--
Mutual funds -				
Growth	1,034,517	1,034,517	--	--
Value	1,030,797	1,030,797	--	--
Blended	2,957,869	2,957,869	--	--
Fixed income	1,756,977	1,756,977	--	--
Diversified	97,771	97,771	--	--
Government	1,506,526	1,506,526		
Real estate trust	378,217	--	378,217	--
	$ 14,399,228	9,276,905	5,122,323	--

(5) Investments, including Assets Limited as to Use

The composition of investments at December 31, 2011 and 2010 is as follows

	2011	2010
Short-term investments	$ 637,456	2,173,816
Assets limited as to use –		
Scholarship fund	29,142	28,889
Child Care and Unusual Hardships fund	257,630	246,519
Total assets limited as to use	286,772	275,408
Long-term investments	10,234,568	11,950,004
Total at fair value	$ 11,158,796	14,399,228

The following table shows the gross unrealized losses and fair value of the Health Center's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual security has been in a continuous unrealized loss position, at December 31, 2011

	December 31, 2011			
	Less Than 12 Months		12 Months or Greater	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual funds –				
Blended	$ 9,792	711	--	--
Fixed income	1,081,080	9,898	--	--
Government	--	--	510,044	4,802
Real estate trust	--	--	364,504	124,840
Total	$ 1,090,872	10,609	874,548	129,642

	December 31, 2010			
	Less Than 12 Months		12 Months or Greater	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed income				
Corporate bonds	$ 101,668	1,902	--	--
Government bonds	--	--	165,476	4,679
Mutual funds				
Government	1,506,526	10,313	--	--
Real estate trust	378,798	84,181	--	--
Total	$ 1,986,992	96,396	165,476	4,679

Fixed Income – The Health Center did not have an unrealized loss on investment in Fixed Income in 2011 The Health Center's unrealized loss on investment in Fixed Income relates to one investment in corporate bonds and one investment in government bonds in 2010 Recent interest rate decreases have caused this unrealized loss Because the Health Center has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, it does not consider these investments to be other-than-temporarily impaired at December 31, 2010

Mutual Funds – The Health Center's unrealized loss on investment in Mutual Funds relates to one investment in a blended mutual fund, one investment in a fixed income mutual fund, and one investment in a government mutual fund in 2011 The Health Center's unrealized loss on investment in Mutual Funds relates to two investments in government mutual funds in 2010 Recent interest rate decreases have caused this unrealized loss Because the Health Center has the ability and intent to hold these investments until a recovery of fair value, which may be maturity, it does not consider these investments to be other-than-temporarily impaired at December 31, 2011 and 2010

Real Estate Trust – The Health Center's unrealized loss on investment in Real Estate Trust relates to one investment in a real estate trust in 2011 and 2010 Recent decreases in property values have caused this unrealized loss Because the Health Center has the ability and intent to hold this investment until a recovery of fair value, which may be maturity, it does not consider this investment to be other-than-temporarily impaired at December 31, 2011 and 2010

Investment income and realized gains (losses) for assets limited as to use, cash equivalents and other investments are comprised of the following for the years ended December 31, 2011 and 2010

	2011	2010
Interest income	$ 142,032	279,922
Dividend income	208,126	224,796
Net realized gains (losses)	320,514	(26,430)
Net unrealized gains (losses)	(551,030)	329,050
Total investment return	$ 119,642	807,338
Reported in nonoperating income	$ 660,629	468,390
Reported in change in unrestricted net assets	(552,351)	323,154
Reported in change in temporarily restricted net assets	10,043	9,898
Reported in change in permanently restricted net assets	1,321	5,896
Total investment return	$ 119,642	807,338

(6) Property and Equipment

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

	2011	2010
Land and land improvements	$ 536,316	536,316
Buildings	23,733,578	23,733,578
Equipment and furnishings	14,144,561	13,534,692
Construction in progress	14,140,680	2,912,021
	52,555,135	40,716,607
Less accumulated depreciation and amortization	23,616,059	21,730,736
	$ 28,939,076	18,985,871

Depreciation and amortization expense for the years ended December 31, 2011 and 2010 was $1,985,854 and $2,231,547, respectively

Included in construction in progress as of December 31, 2011 are the following

	2011	Estimated Total Cost
Facility addition/remodel	$ 12,908,966	21,500,000
Computer software	1,190,905	1,322,949
Other miscellaneous	40,809	43,819
	$ 14,140,680	22,866,768

These items are to be paid for out of operations Estimated completion date of the facility addition/remodel is December 2012

(7) Capital Lease Obligations

The Health Center is the lessee of certain equipment under capital leases which expire from August 2014 through August 2015 Depreciation expense for 2011 and 2010 was $41,043 and $9,548, respectively The following is a summary of capitalized leased assets included in capital assets

	2011	2010
Equipment	$ 384,742	57,290
Less accumulated depreciation	46,799	28,645
	$ 337,943	28,645

Capital lease obligations at December 31, 2011 are as follows

	2011	2010
Capital lease obligations, at varying rates of imputed interest from 4 0% to 6 5% collateralized by leased equipment	$ 335,652	19,301
Less current portion	104,550	17,768
	$ 231,102	1,533

Scheduled payments on capital lease obligations are as follows

Year Ending December 31,	Capital Lease Obligations
2012	$ 116,158
2013	116,158
2014	94,899
2015	30,874
	358,089
Less amount representing interest under capital lease obligations	22,437
	$ 335,652

(8) Temporarily and Permanently Restricted Net Assets

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

	2011	2010
Temporarily restricted for scholarships	$ 5,090	4,837
Temporarily restricted for child healthcare and unusual hardship costs	81,348	71,558
	$ 86,438	76,395

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

	2011	2010
Investments to be held in perpetuity, the income from which is expendable for scholarships	$ 24,052	24,052
Investments to be held in perpetuity, the income from which is expendable for child healthcare and unusual hardship costs	176,282	174,961
	$ 200,334	199,013

(9) Professional Liability Insurance

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

The Health Center has not established reserves for losses on both asserted and unasserted claims, however, the Health Center has renewed their policies and has included the cost of the 2011 premium as an expense in the accompanying statements of operations

Accounting principles generally accepted in the United States of America require a healthcare provider recognize the ultimate costs of malpractice claims or similar contingent liabilities, which include costs associated with litigating or settling claims, when the incidents that give rise to the claims occur The Health Center does evaluate all incidents and claims along with prior claims experienced to determine if a liability is to be recognized For the years ending 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 financial statements

(10) Pension Plan

Effective July 1, 1987, the Health Center implemented a Money Purchase Thrift Plan for its employees The plan is a defined contribution plan which covers all employees over 21 years of age who work in excess of 1,000 hours per year The plan is funded through contributions by both employees and the Health Center The employee may elect to contribute 0 to 16-2/3% of compensation and is fully vested Contributions by the Health Center will match those made by employees up to a maximum of 3% Twenty percent of the Health Center's portion of the contribution is vested after two years of employment and 20% after each of the following four years Pension expense was $186,385 and $194,482, respectively, for the years ended December 31, 2011 and 2010

(11) Irene Anderson Trust

The Health Center receives distributions from certain assets that have been placed in the Irene Anderson Trust Under this trust, the Health Center receives annual distributions as provided for in the trust to comply with the purposes specified by the trust Because the assets are solely under the control of the trust management, they have not been reflected in the accompanying balance sheet The distributions are reflected in the statements of operations

(12) Concentrations of Credit Risk

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

	2011	2010
Medicare	47%	43%
Medicaid	5	4
Blue Cross	18	14
Other third-party payors	15	23
Private pay	15	16
	100%	100%

(13) Commitments and Contingencies

Purchase Agreements

The Health Center has an agreement for the servicing of their computer software system The initial term commenced in December 2009 and will continue through 2013

The Health Center's minimum contractual obligations under the agreement are as follows

Year Ending December 31,	
2012	$ 102,568
2013	102,568

(14) Functional Expenses

The Health Center provides general healthcare services to residents within its geographic location Expenses included in the statements of operations relate to the provision of these services

(15) Subsequent Event

On February 18, 2012, the Health Center completed the new patient wing The patient wing was Phase I of the facility addition / remodel Phase II of the facility addition / remodel commenced February 2012 This second phase of construction is estimated to cost $8,600,000 and will be paid for out of operations

Statements of Patient Service Revenue
For the Years Ended December 31, 2011 and 2010

	2011	2010
NURSING SERVICES		
Adults, swing bed, intensive care, hospice and observation	$ 3,416,361	3,425,959
Obstetrics, nursery, and delivery and labor	381,340	379,303
	3,797,701	3,805,262
OTHER PROFESSIONAL SERVICES		
Operating and recovery room	3,882,634	3,803,626
Pharmacy	3,812,422	3,622,460
Central supply	1,688,305	1,816,332
Radiology, mammograms, ultrasound, nuclear medicine, MRI, vascular studies, and CT scan	11,203,434	10,710,331
Laboratory	3,414,584	3,366,958
Respiratory therapy, EKG, and EEG	2,289,204	2,359,272
Physical therapy, occupational therapy and speech therapy	4,601,054	3,794,914
Emergency room	1,563,660	1,443,414
Anesthesiology	1,257,882	1,224,268
Ambulance	646,598	510,984
Home health	1,040,184	1,053,411
Durable medical equipment	--	729,463
Physician clinic	318,971	77,634
	35,718,932	34,513,067
TOTAL GROSS PATIENT CHARGES	39,516,633	38,318,329
LESS		
Contractual allowances and other deductions -		
Medicare	8,513,797	8,387,625
Medicaid	1,455,614	1,144,391
Other	2,352,473	2,458,109
Charity care	439,039	453,511
NET PATIENT SERVICE REVENUE	$ 26,755,710	25,874,693

Phelps Memorial Health Center **Exhibit 2**

Statements of Departmental Expenses
For the Years Ended December 31, 2011 and 2010

	2011			2010		
	Salaries and Wages	Supplies and Other	Total	Salaries and Wages	Supplies and Other	Total
NURSING SERVICES						
Adults, swing bed, intensive care, hospice and observation	$ 1,960,090	82,584	2,042,674	1,973,405	93,027	2,066,432
Nursing administration	254,349	60,328	314,677	242,839	63,053	305,892
Obstetrics, nursery, and delivery and labor	169,617	10,949	180,566	155,825	9,188	165,013
	2,384,056	153,861	2,537,917	2,372,069	165,268	2,537,337
OTHER PROFESSIONAL SERVICES						
Operating and recovery room	652,031	75,813	727,844	642,497	75,980	718,477
Pharmacy	230,960	1,272,508	1,503,468	223,924	1,227,195	1,451,119
Central supply	29,997	961,206	991,203	29,888	909,118	939,006
Radiology, mammograms, ultrasound, nuclear medicine, MRI, vascular studies and CT scan	635,802	596,651	1,232,453	615,861	625,884	1,241,745
Laboratory	510,524	508,730	1,019,254	492,824	492,193	985,017
Respiratory therapy, EKG and EEG	469,877	113,844	583,721	454,369	125,008	579,377
Physical therapy, occupational therapy and speech therapy	--	1,856,566	1,856,566	--	1,617,647	1,617,647
Emergency room	212,074	503,209	715,283	211,064	506,226	717,290
Anesthesiology	--	612,164	612,164	--	601,592	601,592
Ambulance	92,453	45,228	137,681	86,192	33,146	119,338
Home health	399,628	99,697	499,325	408,805	72,859	481,664
Durable medical equipment	--	--	--	117,524	115,115	232,639
Physician clinic	52,052	197,584	249,636	25,767	54,761	80,528
Medical records	245,148	137,904	383,052	255,884	188,606	444,490
	3,530,546	6,981,104	10,511,650	3,564,599	6,645,330	10,209,929
GENERAL SERVICES						
Plant operations and maintenance	181,864	606,876	788,740	160,645	507,629	668,274
Dietary	264,398	307,495	571,893	286,666	263,369	550,035
Housekeeping	223,250	60,608	283,858	217,709	49,228	266,937
Laundry	94,106	27,990	122,096	84,671	22,984	107,655
	763,618	1,002,969	1,766,587	749,691	843,210	1,592,901
ADMINISTRATIVE SERVICES AND EMPLOYEE BENEFITS	1,728,590	3,861,359	5,589,949	1,597,370	3,908,670	5,506,040
GRAND TOTAL	$ 8,406,810	11,999,293	20,406,103	8,283,729	11,562,478	19,846,207

Phelps Memorial Health Center **Exhibit 3**

Statistical Highlights
For the Years Ended December 31, 2011 and 2010

	2011	2010
Patient days -		
Acute and intensive care		
Medicare	2,379	2,629
Other	1,258	1,619
Subtotal	3,637	4,248
Swing bed	827	395
Newborn	230	220
Total	4,694	4,863
Patient discharges -		
Acute and intensive care		
Medicare	537	639
Other	453	565
Subtotal	990	1,204
Swing bed	81	59
Newborn (deliveries)	115	113
Total	1,186	1,376
Average length of stay -		
Acute and intensive care		
Medicare	4 4 days	4 1 days
Other	2 8 days	2 9 days
Swing bed	10 2 days	6 7 days
Percent occupancy – acute, intensive care and swing bed	48 9%	50 9%
Emergency room visits	2,923	2,889
Home health visits	8,864	8,857
Surgeries	651	655
Full-time equivalent employees	185 12	188 41