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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 07-01-2011 and ending 06-30-2012

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

C Name of organization
MEMORIAL HEALTH CENTER INC

Doing Business As

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

City or town, state or country, and ZIP + 4
MEDFORD, WI 54451

D Employer identification number
39-0964813

E Telephone number
(715) 748-8100

G Gross receipts $ 67,833,716

F Name and address of principal officer
GRAHAM COURTNEY
135 SOUTH GIBSON STREET
MEDFORD, WI 54451

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 MEMHC ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1958 | **M** State of legal domicile WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
MEMORIAL HEALTH CENTER IS A CRITICAL ACCESS, LEVEL III, TRAUMA CARE HOSPITAL MEMORIAL HEALTH CENTER (MHC) OFFERS COMPREHENSIVE PRIMARY CARE THROUGH OUR CLINICS IN GILMAN, MEDFORD, PHILLIPS, PRENTICE, AND RIB LAKE MEMORIAL HEALTH CENTER HAS THERAPY CENTERS IN PRENTICE AND MEDFORD, AN ACUTE CARE SWING BED PROGRAM, A KIDNEY CARE CENTER (DIALYSIS CENTER), A PUBLIC FITNESS CENTER, A RETAIL MEDICAL CENTER PHARMACY IN MEDFORD, PLUS A CONTINUUM OF SENIOR CARE SERVICES FROM ASSISTED LIVING TO RESTORATIVE NURSING SERVICES YOU WILL FIND A WIDE RANGE OF SERVICES, SOME OF WHICH PATIENTS MIGHT NOT NORMALLY EXPECT TO FIND IN A RURAL SETTING MHC WAS ASPIRUS HEART & VASCULAR INSTITUTE'S FIRST SATELLITE CAMPUS, HAS ORTHOPEDIC SURGEONS PERFORMING TOTAL KNEE REPLACEMENTS, OFFERS CHEMOTHERAPY SERVICES FIVE DAYS A WEEK IN OUR CANCER SERVICES CENTER, AND A FULL-ARRAY OF OTHER ASPIRUS NETWORK SPECIALISTS ON-STAFF AND ON-SITE PROVIDING PATIENTS THE HIGHEST VALUE AND QUALITY OF HEALTH CARE SERVICES

Activities & Governance

2	Check this box ▶ ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	5
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	686
6	Total number of volunteers (estimate if necessary)	**6**	104
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,030,871
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-154,576

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	82,019	826,916
9	Program service revenue (Part VIII, line 2g)	60,420,572	59,221,422
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,864,821	1,134,356
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	72,014	57,373
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	62,439,426	61,240,067
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	8,517	8,910
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)	32,309,527	34,188,745
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)	23,226,899	21,219,081
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	55,544,943	55,416,736
19	Revenue less expenses Subtract line 18 from line 12	6,894,483	5,823,331
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	72,041,596	79,056,978
21	Total liabilities (Part X, line 26)	26,927,580	30,456,940
22	Net assets or fund balances Subtract line 21 from line 20	45,114,016	48,600,038

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

****** | 2013-05-08
Signature of officer | Date

LORI P PECK VP FINANCE / CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ KATHLEEN J LABRAKE CPA	Date 2013-05-08	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions) P00164006
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ WIPFLI LLP PO BOX 8010 WAUSAU, WI 544028010			EIN ▶ 39-0758449 Phone no ▶ (715) 845-3111

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

TO PROVIDE HEALTH CARE SERVICES OF HIGH VALUE AND PROMOTE HEALTH AND WELLNESS SO THAT WE ARE THE PROVIDER OF CHOICE FOR AREA RESIDENTS

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 $ 30,433,156 including grants of $ 8,910) (Revenue $ 34,690,239)

HOSPITAL SERVICES - MEMORIAL HEALTH CENTER OPERATES A 25-BED CRITICAL ACCESS HOSPITAL IN MEDFORD, WISCONSIN DURING THE YEAR ENDED JUNE 30, 2012, THE HOSPITAL HAD 2,086 INPATIENT DAYS AND 60,503 OUTPATIENT VISITS SURGERY, EMERGENCY CARE, RADIOLOGY, LABORATORY, AMBULATORY CARE, AND THERAPIES ARE JUST SOME OF THE OTHER SERVICES THAT MEMORIAL HEALTH CENTER PROVIDES WITHIN THE HOSPITAL AS A CRITICAL ACCESS HOSPITAL, MEMORIAL HEALTH CENTER PROVIDES ACCESS TO LOCAL HEALTHCARE FOR THE COMMUNITIES OF WHICH WE SERVE MEMORIAL HEALTH CENTER ALSO PROMISES TO THE COMMUNITY TO PROVIDE HEALTHCARE SERVICES TO THOSE IN NEED REGARDLESS OF THEIR ABILITY TO PAY AS DEFINED IN THE ORGANIZATION'S CHARITY AND COMMUNITY CARE POLICIES AND PROGRAMS DURING FISCAL YEAR 2012, MEMORIAL HEALTH CENTER'S CHARITY CARE PROGRAM AWARDED APPROXIMATELY $1,407,000 IN FINANCIAL ASSISTANCE THROUGH CHARGE REDUCTIONS TO PATIENTS WHO COULD NOT OTHERWISE AFFORD CARE (SEE ADDITIONAL INFORMATION ON THE COST OF PROVIDING CHARITY CARE TO PATIENTS IN SCHEDULE H OF THE FORM 990) IN ADDITION TO PROVIDING CHARITY CARE SERVICES, MEMORIAL HEALTH CENTER ALSO PROVIDES A SIGNIFICANT AMOUNT OF SERVICES TO BENEFICIARIES OF THE MEDICARE AND MEDICAID PROGRAMS DURING FISCAL YEAR 2012, APPROXIMATELY 59 PERCENT OF THE PATIENT SERVICES PROVIDED BY MEMORIAL HEALTH CENTER WERE PROVIDED TO MEDICARE AND MEDICAID PROGRAM BENEFICIARIES THESE SERVICES ARE CONSIDERED A LARGE NEED IN THE COMMUNITY AND MEMORIAL HEALTH CENTER IS OFTEN REIMBURSED AT RATES BELOW THE COST OF PROVIDING THE CARE FOR THESE PATIENTS

4b (Code) (Expenses $ 9,347,252 including grants of $) (Revenue $ 11,076,855)

CLINIC SERVICES - MEMORIAL HEALTH CENTER OPERATES FIVE OUTPATIENT CLINICS IN THE COMMUNITIES OF MEDFORD, GILMAN, RIB LAKE, PRENTICE AND PHILLIPS (ALL LOCATED WITHIN THE STATE OF WISCONSIN) DURING THE YEAR ENDED JUNE 30, 2012, THE CLINICS HAD 52,501 VISITS MEMORIAL HEALTH CENTER PROVIDES ACCESS TO PRIMARY CARE PHYSICIANS IN THESE RURAL AND MEDICALLY UNDERSERVED AREAS THE CLINICS ALSO SERVICE A LARGE PORTION OF ELDERLY, DISABLED, AND LOW INCOME PATIENTS WHO ARE COVERED UNDER THE MEDICARE AND WISCONSIN MEDICAID PROGRAMS PATIENTS OF THE MEMORIAL HEALTH CENTER CLINICS ARE ALSO ELIGIBLE FOR CHARITY CARE AS DEFINED BY THE ORGANIZATION'S CHARITY CARE POLICY CHARITY CARE AMOUNTS FOR THE CLINICS ARE INCLUDED IN THE TOTAL NOTED UNDER 4A ABOVE

4c (Code) (Expenses $ 4,871,629 including grants of $) (Revenue $ 6,887,622)

NURSING HOME AND LONG-TERM CARE SERVICES - MEMORIAL HEALTH CENTER OPERATES A 101-BED SKILLED NURSING FACILITY, 10 CBRF APARTMENTS, AND A 28-UNIT RCAC DURING THE YEAR ENDED JUNE 30, 2012, THE SNF HAD A DAILY CENSUS OF 92 6 AND THE RCAC HAD A DAILY CENSUS OF 26 6 THROUGH THESE SENIOR CARE SERVICES, MEMORIAL HEALTH CENTER PROVIDES CARE AND ASSISTANCE TO THE ELDERLY IN OUR COMMUNITY A MAJORITY OF THE RESIDENTS RECEIVING NURSING HOME AND LONG-TERM CARE SERVICES AT MEMORIAL HEALTH CENTER RECEIVE CARE UNDER THE WISCONSIN MEDICAID OR FAMILY CARE PROGRAMS MEMORIAL HEALTH CENTER RECOGNIZES THAT THE COST OF CARING FOR THESE INDIVIDUALS OFTEN EXTENDS BEYOND THE AMOUNT THAT IS PAID TO THE FACILITY BY THE MEDICAID PROGRAM ADDITIONAL INFORMATION ON THE COST OF PROVIDING SERVICES TO MEDICAID PROGRAM BENEFICIARIES CAN BE FOUND IN SCHEDULE H OF THE FORM 990

(Code) (Expenses $ 2,061,619 including grants of $) (Revenue $ 3,804,965)

RETAIL PHARMACY - MEMORIAL HEALTH CENTER OPERATES A RETAIL PHARMACY THAT PROVIDES ACCESS TO PRESCIPTION MEDICATION FOR PATIENTS OF MEMORIAL HEALTH CENTER AND THE COMMUNITY DURING THE YEAR ENDED JUNE 30, 2012, A TOTAL OF 96,404 PRESCRIPTIONS WERE PROVIDED TO PATIENTS

4d Other program services (Describe in Schedule O)

(Expenses $ 2,061,619 including grants of $) (Revenue $ 3,804,965)

4e **Total program service expenses** ▶ $ 46,713,656

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	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		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**	Yes	
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**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		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**	113		
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**	686			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	5		
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		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6	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	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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 ▶

LORI P PECK VP FINANCE CFO
135 SOUTH GIBSON STREET
MEDFORD, WI 54451
(715) 748-8100

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) GRAHAM COURTNEY CHAIR	9 00	X		X				0	0	0
(2) DUANE L ERWIN VICE-CHAIR	1 00	X		X				0	0	0
(3) AMY L WAGONER PHYSICIAN/TERMED SECRETARY	40 00	X		X				213,977	0	26,643
(4) DIANE POSTLER-SLATTERY ASSISTANT SECRETARY	1 00	X		X				0	0	0
(5) WILLIAM GRUNEWALD TERMED TREASURER	1 00	X						0	0	0
(6) ROBERT J BERNKLAU TERMED BOARD MEMBER	1 00	X						0	0	0
(7) ERIK T BRANSTETTER PHYSICIAN/BOARD MEMBER	40 00	X						614,252	0	30,647
(8) BRUCE CZECH TREASURER	1 00	X						0	0	0
(9) MARK REUTER PHYSICIAN/TERMED BOARD MEMBER	40 00	X						219,959	0	32,919
(10) DARLA J WRAGE PHYSICIAN/TERMED BOARD MEMBER	1 00	X						0	0	0
(11) MARITA HATTEM BOARD MEMBER	1 00	X						0	0	0
(12) ROGER LUCAS BOARD MEMBER	1 00	X						0	0	0
(13) LEN HAMMAN BOARD MEMBER	1 00	X						0	0	0
(14) DEBBIE WOODS BOARD MEMBER	1 00	X						0	0	0
(15) ALECIA HYLTON PHYSICIAN/BOARD MEMBER	1 00	X						210,369	0	12,421
(16) TERRI FLANDERMEYER PHYSICIAN/BOARD MEMBER	40 00	X						178,329	0	14,234
(17) SUSAN FRAZIER PHYSICIAN/BOARD MEMBER	40 00	X						179,214	0	8,547

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) GREGORY A OLSON PRESIDENT/CEO	40 00			X				308,254	0	33,948
(19) LORI P PECK VP FINANCE/CFO	40 00			X				157,153	0	8,915
(20) SCOTT T BUSKERUD ANESTHETIST	40 00					X		278,991	0	30,021
(21) AMY A FALKENBERG PHYSICIAN	40 00					X		265,874	0	34,992
(22) TROY D SENNHOLZ PHYSICIAN	50 00					X		427,892	0	32,375
(23) FRANK J MCHUGH PHYSICIAN	54 00					X		263,172	0	36,022
(24) BRANDON TAYLOR PHYSICIAN	40 00					X		258,953	0	28,238

1b	**Sub-Total** ▶			
c	**Total from continuation sheets to Part VII, Section A** ▶			
d	**Total (add lines 1b and 1c)** ▶	3,576,389	0	329,922

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 ▶ 36

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ASPIRUS INC 333 PINE RIDGE BLVD WAUSAU, WI 54401	IT, PATIENT FINANCIAL SERVICES, LEGAL, A	618,501
ASPIRUS WAUSAU HOSPITAL INC 333 PINE RIDGE BLVD WAUSAU, WI 54401	ECHO, SLEEP LAB, PHYSICIAN, AND OTHER	596,768
COMPUTERIZED MEDICAL IMAGING 719 WEST HAMILTON AVENUE B EAU CLAIRE, WI 54701	RADIOLOGY SERVICES	437,129
SHARED MEDICAL EQUIPMENT GROUP 4253 ARGOSY COURT MADISON, WI 53714	CONTRACTED SERVICES	346,829
MIRON CONSTRUCTION COMPANY INC 1471 MCMAHON DRIVE NEENAH, WI 54956	CONSTRUCTION SERVICES	317,475

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 ▶ 13

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 80,855				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 746,061				
	g	Noncash contributions included in lines 1a-1f $ _____				
	h	**Total.** Add lines 1a-1f . . . . . ▶	826,916			
Program Service Revenue		Business Code				
	2a	PATIENT SERVICE REVENU	621110	52,654,716	52,654,716	
	b	PHARMACY REVENUE	561000	5,835,836	3,804,965	2,030,871
	c	CAFETERIA	621990	259,546		259,546
	d	OTHER OPERATING REVENU	621110	238,185		238,185
	e	CONTRACT SERVICE REVEN	621110	233,139		233,139
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	59,221,422			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	753,775			753,775
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents 90,818				
	b	Less rental expenses 33,445				
	c	Rental income or (loss) 57,373				
	d	Net rental income or (loss) . . . . . ▶	57,373			57,373
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 6,915,188 / 25,597				
	b	Less cost or other basis and sales expenses 6,543,995 / 16,209				
	c	Gain or (loss) 371,193 / 9,388				
	d	Net gain or (loss) . . . . . ▶	380,581			380,581
Other Revenue	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 . . ▶				
		Miscellaneous Revenue / Business Code				
	11a					
	b					
	c					
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶				
	12	**Total revenue.** See Instructions . . . ▶	61,240,067	56,459,681	2,030,871	1,922,599

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	8,910	8,910		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,282,552	1,769,485	513,067	
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	24,118,569	20,303,629	3,814,940	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	1,073,091	920,540	152,551	
9	Other employee benefits	5,038,318	3,907,643	1,130,675	
10	Payroll taxes	1,676,215	1,391,607	284,608	
11	Fees for services (non-employees)				
a	Management				
b	Legal	277,392		277,392	
c	Accounting	27,555		27,555	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees				
g	Other	5,860,254	4,542,835	1,317,419	
12	Advertising and promotion	37,478	66	37,412	
13	Office expenses	296,272	151,193	145,079	
14	Information technology	372,561		372,561	
15	Royalties . .				
16	Occupancy	1,989,082	1,134,357	854,725	
17	Travel	162,910	115,842	47,068	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	267,494	202,614	64,880	
20	Interest				
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,770,662	2,048,209	722,453	
23	Insurance	326,157	172,293	153,864	
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/PATIENT SUPPLIE	7,889,610	7,852,864	36,746	
b	LICENSES AND FEES	561,341	285,266	276,075	
c	EQUIPMENT RENTAL/MAINT	524,544	244,408	280,136	
d	PUBLIC EDUCATION	253,352		253,352	
e					
f	All other expenses	-397,583	1,661,895	-2,059,478	
25	**Total functional expenses.** Add lines 1 through 24f	55,416,736	46,713,656	8,703,080	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		2,183,365	1	708,530
	2	Savings and temporary cash investments		4,748,011	2	6,314,051
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		7,376,301	4	7,137,079
	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		852,127	8	1,040,023
	9	Prepaid expenses and deferred charges		462,395	9	884,725
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 43,248,461			
	b	Less accumulated depreciation	10b 20,438,439	23,668,943	10c	22,810,022
	11	Investments—publicly traded securities		29,953,233	11	36,237,793
	12	Investments—other securities See Part IV, line 11		1,539,415	12	1,589,297
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		114,767	14	108,320
	15	Other assets See Part IV, line 11		1,143,039	15	2,227,138
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		72,041,596	16	79,056,978
Liabilities	17	Accounts payable and accrued expenses		4,094,941	17	5,070,900
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		19,860,000	20	19,310,000
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		2,972,639	25	6,076,040
	26	**Total liabilities.** Add lines 17 through 25		26,927,580	26	30,456,940
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		43,887,078	27	47,377,350
	28	Temporarily restricted net assets		1,106,938	28	1,102,688
	29	Permanently restricted net assets		120,000	29	120,000
		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		45,114,016	33	48,600,038
	34	Total liabilities and net assets/fund balances		72,041,596	34	79,056,978

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	61,240,067
2	Total expenses (must equal Part IX, column (A), line 25)	2	55,416,736
3	Revenue less expenses Subtract line 2 from line 1	3	5,823,331
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	45,114,016
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-2,337,309
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	48,600,038

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
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2011

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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
MEMORIAL HEALTH CENTER INC	39-0964813

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		6,113
j	Total lines 1c through 1i			6,113
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	MEMORIAL HEALTH CENTER PAYS ANNUAL ASSOCIATION MEMBERSHIP DUES TO THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND WISCONSIN HOSPITAL ASSOCIATION (WHA) THESE DUES ARE PRIMARILY TO ACCESS EDUCATIONAL MATERIALS AND FOR STAFF TRAINING AND MATERIALS WHA HAS NOTIFIED MEMORIAL HEALTH CENTER THAT APPROXIMATELY $3,629 OF THE ANNUAL DUES WERE USED IN CONJUNCTION WITH LOBBYING ACTIVITIES WITH THE GOAL OF IMPROVING THE OVERALL HEALTHCARE ENVIRONMENT MEMORIAL HEALTH CENTER IS ALSO A MEMBER OF THE RURAL WISCONSIN HEALTH COOPERATIVE (RWHC) EACH YEAR, MEMORIAL HEALTH CENTER PAYS MEMBERSHIP FEES TO THE RWHC RWHC PROVIDES SUPPORT SERVICES FOR A NUMBER OF ITS MEMBER HOSPITALS THROUGHOUT THE STATE OF WISCONSIN SOME OF THE MANY SERVICES PROVIDED TO MEMBER HOSPITALS INCLUDE PROVIDING ASSISTANCE TO ORGANIZATIONS IN FINDING GRANT FUNDING FOR NEW PROGRAMS, LEGAL SERVICES, REIMBURSEMENT REVIEW SERVICES, ACCOUNTING ASSISTANCE, CONTRACTING FOR THERAPIST AND EMERGENCY ROOM PATIENT CARE COVERAGE, AND ADMINISTRATIVE CONSULTING SERVICES AS A PART OF THESE SERVICES, THE RWHC ALSO PROVIDES ANALYSIS ON CURRENT HEALTHCARE ISSUES IN AN EFFORT TO PROMOTE AND IMPROVE HEALTHCARE FOR HOSPITALS IN RURAL COMMUNITIES THROUGHOUT WISCONSIN ONE OF THESE EFFORTS ALSO INCLUDES SOME LOBBYING ON THE PART OF MEMBER ORGANIZATIONS RWHC DETERMINED THAT APPROXIMATELY $2,484 OF THE FEES PAID BY MEMORIAL HEALTH CENTER IN 2012 RELATED TO LOBBYING ACTIVITIES WITH THE GOAL OF IMPROVING THE HEALTHCARE ENVIRONMENT IN THE STATE OF WISCONSIN

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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
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

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	126,900	131,250	125,787	121,695	
b	Contributions					
c	Investment earnings or losses	636	756	5,463	4,092	
d	Grants or scholarships					
e	Other expenditures for facilities and programs		5,106			
f	Administrative expenses					
g	End of year balance	127,536	126,900	131,250	125,787	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 94 100 %
- c Term endowment ▶ 5 900 %

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		227,478		227,478
b Buildings		28,706,278	11,678,200	17,028,078
c Leasehold improvements				
d Equipment		12,110,702	7,839,131	4,271,571
e Other		2,204,003	921,108	1,282,895
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				22,810,022

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	
DEFERRED COMPENSATION	1,082,183
BOND SWAP LIABILITY	3,936,205
ASSET RETIREMENT OBLIGATION	237,735
LONG TERM INSURANCE LIABILITY	819,917
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	6,076,040

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	61,240,067
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	55,416,736
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	5,823,331
4	Net unrealized gains (losses) on investments	4	-367,126
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-1,970,183
9	Total adjustments (net) Add lines 4 - 8	9	-2,337,309
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	3,486,022

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	61,356,418
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-367,126		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	573,736		
e	Add lines **2a** through **2d**			2e	206,610
3	Subtract line **2e** from line **1**			3	61,149,808
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	90,259		
c	Add lines **4a** and **4b**			4c	90,259
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	61,240,067

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

1	Total expenses and losses per audited financial statements			1	55,327,671
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	24,041		
e	Add lines **2a** through **2d**			2e	24,041
3	Subtract line **2e** from line **1**			3	55,303,630
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	113,106		
c	Add lines **4a** and **4b**			4c	113,106
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	55,416,736

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	TERM-ENDOWMENT FUNDS HELD BY MEMORIAL HEALTH CENTER FOUNDATION, INC , ANY AMOUNT ABOVE $120,000 MAY BE USED TO PURCHASE ITEMS FOR THE COUNTRY GARDENS ASSISTED LIVING FACILITY AT MEMORIAL HEALTH CENTER
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, THE ORGANIZATION DETERMINES WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION IF THE TAX POSITION DOES NOT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD, THE BENEFIT OF THE TAX POSITION IS NOT RECOGNIZED IN THE FINANCIAL STATEMENTS THE ORGANIZATION IS ALSO ENGAGED, TO A LIMITED EXTENT, IN ACTIVITIES THAT THE INTERNAL REVENUE SERVICE (IRS) CONSIDERS UNRELATED TO ITS EXEMPT PURPOSE AND, THEREFORE, TAXABLE IF THESE ACTIVITIES RESULT IN NET OPERATING INCOME FOR INCOME TAX PURPOSES, THE ORGANIZATION RECOGNIZES THE ANTICIPATED TAX LIABILITY AND EXPENSE IF THESE ACTIVITIES RESULT IN NET OPERATING LOSSES FOR INCOME TAX PURPOSES, THE ORGANIZATION DOES NOT RECOGNIZE THE TAX BENEFIT FROM THE NET OPERATING LOSSES THAT WOULD BE REALIZED IN THE FUTURE UNLESS IT CAN BE DETERMINED THAT IT IS REASONABLE THAT SUCH AN ESTIMATED BENEFIT WILL BE REALIZED IN THE FUTURE CURRENTLY, ANY POTENTIAL DEFERRED TAX ASSET RESULTING FROM THE AVAILABILITY OF NET OPERATING LOSS CARRYFORWARDS IS OFFSET BY A VALUATION ALLOWANCE OF EQUAL AMOUNT NO DEFERRED TAX ASSETS AND LIABILITIES HAVE BEEN RECOGNIZED SINCE NO OTHER DIFFERENCES EXIST BETWEEN THE FINANCIAL TAX BASES OF REPORTING THE ORGANIZATION'S ASSETS AND LIABILITIES THE ORGANIZATION'S POLICY IS TO RECOGNIZE INTEREST AND ANY PENALTIES RELATED TO INCOME TAX MATTERS IN INCOME TAX EXPENSE WHEN INCURRED IN 2012 AND 2011, THERE WERE NO PAYMENTS OF INCOME TAX, TAX PENALTIES, OR INTEREST RELATED TO TAX PENALTIES RECORDED BY THE ORGANIZATION IN THE FINANCIAL STATEMENTS THE ORGANIZATION RECORDED NO ASSETS OR LIABILITIES FOR UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS IN 2012 OR 2011 FEDERAL RETURNS FOR THE YEARS ENDED JUNE 30, 2009 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE IRS
PART XI, LINE 8 - OTHER ADJUSTMENTS		BOND SWAP VALUATION ADJUSTMENT -2,020,065 CHANGE IN INTEREST IN NET ASSETS OF MHC FOUNDATION, INC -4,250 CHANGE IN INVESTMENT IN UNCONSOLIDATED AFFILIATES 54,132 TOTAL TO SCHEDULE D, PART XI, LINE 8 -1,970,183
PART XII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSE INCLUDED AS OFFSET TO RENTAL REVENUE 33,445 CHANGE IN INVESTMENT IN UNCONSOLIDATED AFFILIATES 54,132 CREDIT FOR BAD DEBTS 486,159
PART XII, LINE 4B - OTHER ADJUSTMENTS		NET ASSETS RELEASED FROM RESTRICTIONS FROM FOUNDATION 80,855 REVENUE/GAIN NET AGAINST EXPENSES ON F/S 9,404
PART XIII, LINE 2D - OTHER ADJUSTMENTS		REVENUE/GAIN NET AGAINST EXPENSES ON F/S -9,404 RENTAL EXPENSE INCLUDED AS OFFSET TO RENTAL REVENUE 33,445
PART XIII, LINE 4B - OTHER ADJUSTMENTS		CREDIT FOR BAD DEBTS -486,159 INTEREST RATE SWAP EXPENSE 571,502 AMORTIZATION OF EFFECTIVE PORTION OF INTEREST RATE SWAP 27,763

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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
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

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		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was 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)			1,468,965		1,468,965	2 630 %
b Medicaid (from Worksheet 3, column a)			11,696,281	9,894,679	1,801,602	3 220 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			928,313	832,224	96,089	0 170 %
d **Total** Charity Care and Means-Tested Government Programs			14,093,559	10,726,903	3,366,656	6 020 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			202,856	2,160	200,696	0 360 %
f Health professions education (from Worksheet 5)			15,964	0	15,964	0 030 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			10,308	0	10,308	0 020 %
j **Total** Other Benefits			229,128	2,160	226,968	0 410 %
k **Total.** Add lines 7d and 7j			14,322,687	10,729,063	3,593,624	6 430 %

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			1,623	0	1,623	0 %
7	Community health improvement advocacy						
8	Workforce development			69,144	0	69,144	0 120 %
9	Other						
10	**Total**			70,767		70,767	0 120 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	9,231,100
6	Enter Medicare allowable costs of care relating to payments on line 5	6	9,358,097
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-126,997
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	MEMORIAL HEALTH CENTER INC 135 SOUTH GIBSON STREET MEDFORD, WI 54451	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)

MEMORIAL HEALTH CENTER INC

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		No
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 150 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 300 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☐ Medical indigency			
	d ☐ Insurance status			
	e ☐ Uninsured discount			
	f ☐ Medicaid/Medicare			
	g ☐ State regulation			
	h ☐ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☑ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☑ Reporting to credit agency			
	b ☐ Lawsuits			
	c ☐ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C PART I, LINE 3C IN ADDITION TO THE FPG THE APPLICANT MUST PASS THE FOLLOWING TESTS THE PATIENT/GUARANTOR, HUSBAND OR WIFE, AND DEPENDENTS MAY NOT HAVE PROPERTY IN EXCESS OF 1-LAND AND HOME WITH EQUITY IN EXCESS OF $50,000 (FINANCIAL STATEMENTS AND TAX BILLS ARE REQUIRED) INCOME PRODUCING LAND (E G DAIRY FARM) IS EXCLUDED FROM THIS EQUITY CALCULATION MEMORIAL HEALTH CENTER ALSO HAS A SLIDING SCALE FOR EQUITY EXCEPTIONS THAT GOES TO $100,000 BASED ON WHERE THE PATIENT FALLS WITHIN THE POVERTY GUIDELINES 2-CASH ASSETS IN EXCESS OF $3,000 AT THE TIME OF APPLICATION MEMORIAL HEALTH CENTER ALSO HAS A SLIDING SCALE FOR CASH EXCEPTIONS THAT GOES TO $7,000 BASED ON WHERE THE PATIENT FALLS WITHIN THE POVERTY GUIDELINES SPECIFICALLY EXCLUDED FROM CONSIDERATION ARE IRA, PENSION PLANS, AND IRREVOCABLE BURIAL TRUST FUNDS

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHODOLOGY USED ON FORM 990 IS BASED ON A COST TO CHARGE RATIO WHICH IS DEVELOPED BASED ON THE ORGANIZATION'S TOTAL OPERATING EXPENSES, EXCLUDING THE PROVISION (CREDIT) FOR BAD DEBTS DIVIDED BY GROSS PATIENT SERVICE REVENUES THIS COST TO CHARGE RATIO IS APPLIED AGAINST VARIOUS REVENUE AND EXPENSE CATEGORIES TO COMPUTE THE ESTIMATED COMMUNITY BENEFIT EXPENSE UNDER IRS SUGGESTED COSTING METHODS FOR THE FORM 990

Identifier	ReturnReference	Explanation
		PART II ONE OF THE LARGER COMMUNITY BUILDING ACTIVITIES MEMORIAL HEALTH CENTER IS INVOLVED IN IS GETTING PHYSICIANS AND HEALTHCARE WORKERS TO OUR AREA TO IMPROVE THE ACCESS TO HEALTHCARE NEEDS IN OUR SERVICE AREA MEMORIAL HEALTH CENTER ALSO PROMOTES HEALTH CARE RELATED JOBS AND EDUCATION TO THE STUDENTS IN THE COMMUNITY WHILE THERE IS A GROWING AGREEMENT IN THE UNITED STATES ABOUT WHAT CONSTITUTES A NON-PROFIT HOSPITAL'S "COMMUNITY BENEFIT," THESE EFFORTS CONTINUE TO BE A WORK IN PROGRESS MEMORIAL HEALTH CENTER PROVIDES SIGNIFICANT CHARITY CARE AND OTHER COMMUNITY BENEFITS AS DEFINED BY THE IRS AND IN ADDITION, THE ORGANIZATION BELIEVES THAT IT PROVIDES A CRITICALLY IMPORTANT COMMUNITY BENEFIT WHICH IS NOT QUANTIFIED MEMORIAL HEALTH CENTER, LIKE MOST COMMUNITY HOSPITALS, WAS CREATED AND MAINTAINED IN ORDER TO PROVIDE CARE LOCALLY WHICH WITHOUT THE HOSPITAL WOULD NOT BE AVAILABLE LOCALLY BEYOND INPATIENT HOSPITALIZATIONS, THE ORGANIZATION PROVIDES LOCAL ACCESS TO MANY HEALTH SERVICES INCLUDING BIRTHING AND FAMILY CENTER, DIAGNOSTICS, EMERGENCY SERVICES, URGENT CARE, RENAL DIALYSIS, INFUSION SERVICES, SWING BED SERVICES, NURSING HOME SERVICES, ASSISTED LIVING SERVICES, CLINICAL SERVICES, LABORATORY SERVICES, REHABILITATION SERVICES, SPECIALTY MEDICINE, PHARMACY SERVICES, SPEECH PATHOLOGY, SURGICAL SERVICES, WOMEN'S SERVICES, AND AMBULANCE SERVICES, TO NAME SOME OF THE MAJOR SERVICES PROVIDED

Identifier	ReturnReference	Explanation
		PART III, LINE 4 MANAGEMENT PROVIDES FOR PROBABLE UNCOLLECTIBLE AMOUNTS, PRIMARILY UNINSURED PATIENTS AND AMOUNTS FOR WHICH PATIENTS ARE PERSONALLY RESPONSIBLE, THROUGH A CHARGE TO OPERATIONS AND A CREDIT TO A VALUATION ALLOWANCE BASED ON ITS ASSESSMENT OF HISTORICAL COLLECTION LIKELIHOOD AND THE CURRENT STATUS OF INDIVIDUAL ACCOUNTS BALANCES THAT ARE STILL OUTSTANDING AFTER MANAGEMENT HAS USED REASONABLE COLLECTION EFFORTS ARE WRITTEN OFF THROUGH A CHARGE TO THE VALUATION ALLOWANCE AND A CREDIT TO ACCOUNTS RECEIVABLE DURING FISCAL YEAR 2012, THE ORGANIZATION'S BAD DEBT EXPENSE RESULTED IN A CREDIT ZERO COST WAS REPORTED FOR BAD DEBT EXPENSE IN THE 2011 FORM 990 AS A RESULT OF THE YEAR TO DATE NET CREDIT FOR BAD DEBT AMOUNT MEMORIAL HEALTH CENTER HAD A CREDIT BALANCE RELATED PRIMARILY TO THE NET RECOVERIES FROM ACCOUNTS THAT WERE DETERMINED TO BE UNCOLLECTIBLE IN PRIOR YEARS EXCEEDING THE CURRENT YEAR ACCOUNTS THAT WERE WRITTEN OFF AS UNCOLLECTIBLE AS NOTED IN THE HOSPITAL'S FINANCIAL STATEMENTS, THE ORGANIZATION DOES NOT HAVE A POLICY TO CHARGE INTEREST ON PAST DUE ACCOUNTS, HOWEVER, DUE TO THE COST OF MAINTAINING ACCOUNTS IT IS OFTEN REQUIRED TO ASSIGN ACCOUNTS A BAD DEBT STATUS AND RECORD A WRITE-OFF IN THE EVENT THAT A RECOVERY IS RECEIVED FROM A PATIENT, THE RECOVERY IS RECORDED AS A CREDIT TO BAD DEBT EXPENSE IN A FUTURE PERIOD THIS OCCURRED IN FISCAL YEAR 2012 FOR AMOUNTS IN EXCESS OF THE TOTAL WRITE-OFFS OF APPROXIMATELY $488,000 WHICH RESULTED IN A CREDIT BALANCE IN BAD DEBT EXPENSE THE ORGANIZATION ALSO PROMOTES ITS CHARITY CARE PROGRAM DURING THE COLLECTION PROCESS AND OFTEN MANY PATIENTS ARE CLASSIFIED AS CHARITY CARE RATHER THAN BAD DEBT EXPENSE RESULTING IN A LOWER PROVISION FOR BAD DEBTS ANNUALLY FOR THE ORGANIZATION THE COSTING METHODOLGY USED ON FORM 990 IS BASED ON A COST TO CHARGE RATIO WHICH IS DEVELOPED BASED ON THE ORGANIZATION'S TOTAL OPERATING EXPENSES, EXCLUDING THE PROVISION FOR BAD DEBTS DIVIDED BY GROSS PATIENT SERVICE REVENUES THIS COST TO CHARGE RATIO IS APPLIED AGAINST THE TOTAL CHARGES THAT ARE WRITTEN OFF DURING THE FISCAL YEAR TO ESTIMATE THE COST OF THE CARE OF PATIENTS THAT HAVE ACCOUNTS THAT ARE DEEMED TO BE BAD DEBTS TO THE ORGANIZATION THE ORGANIZATION ALSO RECOGNIZES THAT IT ALSO PROVIDES A DISCOUNT TO SELF-PAY OR UNINSURED PATIENTS THESE AMOUNTS ARE INCLUDED IN THE CONTRACTUAL ADJUSTMENTS ON THE FINANCIAL STATEMENTS AND ARE NOT INCLUDED IN THE RATIO AS DESCRIBED ABOVE AND APPROVED BY THE IRS FOR USE ON FORM 990 IF CONSIDERED, THESE ADDITIONAL WRITE-OFF AMOUNTS TO UNINSURED ACCOUNTS WOULD ALSO INCREASE THE ESTIMATED BAD DEBT EXPENSE AMOUNT ASSOCIATED WITH THESE UNCOLLECTIBLE ACCOUNTS TO THE ORGANIZATION

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE TOTAL MEDICARE REVENUE SHOWN IN SCHEDULE H OF THE FORM 990 IS BASED ON THE IRS 990 INSTRUCTIONS AND INCLUDES ONLY A PORTION OF THE GROSS MEDICARE REVENUE OF THE ORGANIZATION AND ALSO DOES NOT CONSIDER CONTRACTUAL ADJUSTMENTS FOR THE REIMBURSEMENT THAT IS ACTUALLY RECEIVED FROM THE MEDICARE PROGRAM AMOUNTS LISTED FOR MEDICARE REVENUES DO NOT INCLUDE SIGNIFICANT PORTIONS OF LABORATORY, RADIOLOGY, AMBULANCE, AND REHABILITATION SERVICES PROVIDED TO MEDICARE BENEFICIARIES AS WELL AS PHYSICIAN SERVICES FOR THE COVERAGE OF THE EMERGENCY DEPARTMENT, ANESTHESIA PROFESSIONAL SERVICES, CLINICAL PHYSICIAN PROFESSIONAL SERVICES, SURGICAL PHYSICIAN PROFESSIONAL SERVICES, AND REVENUES FOR ANY PATIENTS COVERED UNDER MEDICARE ADVANTAGE PLAN PROGRAMS PHYSICIAN SERVICES ARE REIMBURSED PRIMARILY ON FEE SCHEDULE REIMBURSEMENT AT RATES THAT ARE OFTEN BELOW THE COSTS OF CARING FOR PATIENTS EMERGENCY, SURGICAL, AND CLINICAL SERVICES PROVIDED TO MEDICARE PATIENTS ARE VITAL TO THE WELL-BEING OF THE COMMUNITY AND AS SUCH THESE COSTS AND SHORTFALLS SHOULD ALSO BE CONSIDERED AS AN ADDITIONAL BENEFIT THAT MEMORIAL HEALTH CENTER PROVIDES TO THE COMMUNITY AND SURROUNDING AREAS THE COSTING METHOD USED ABOVE FOR IRS 990 COMPLIANCE REPORTING IS ALSO BASED ON THE FILED MEDICARE COST REPORT FOR THE YEAR ENDED JUNE 30, 2012 AND DOES NOT CONSIDER MEDICARE NON-ALLOWABLE EXPENSES AS IT IS BASED ON TOTAL HOSPITAL PATIENT SERVICES REVENUES (IGNORING CONTRACTUAL ADJUSTMENTS ON FEE SCHEDULE REIMBURSED ITEMS AND NON-ALLOWABLE MEDICARE EXPENSES AS NOTED ABOVE) WHETHER THERE IS A SHORTFALL OR SURPLUS ON SERVICES PROVIDED TO MEDICARE BENEFICIARES, THESE PEOPLE, WHICH ARE TYPICALLY ELDERLY OR DISABLED MEMBERS OF THE COMMUNITY, ARE AN UNDERSERVED POPULATION WHO EXPERIENCE ISSUES WITH ACCESS TO HEALTHCARE SERVICES WITHOUT TAX-EXEMPT HOSPITALS PROVIDING MEDICARE PATIENT SERVICES, THE CENTERS FOR MEDICARE AND MEDICAID (CMS) WOULD BEAR THE BURDEN OF DIRECTLY PROVIDING THE SERVICES TO THE ELDERLY AND DISABLED MEMBERS OF THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 9B MEMORIAL HEALTH CENTER MAKES PATIENTS AWARE OF FINANCIAL ASSISTANCE POLICIES AT VARIOUS POINTS DURING THE SERVICE AND PAYMENT COLLECTION PROCESS

Identifier	ReturnReference	Explanation
MEMORIAL HEALTH CENTER, INC		PART V, SECTION B, LINE 19D MEMORIAL HEALTH CENTER PROVIDES DISCOUNTS FROM ITS STANDARD PATIENT CHARGE AMOUNTS FOR ELIGIBLE PATIENTS UNDER ITS FINANCIAL AID DISCOUNT POLICY QUALIFYING PATIENTS RECEIVING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, AS DEFINED BY THE POLICY, WHO HAVE FAMILY INCOME UP TO 150% OF THE FEDERAL POVERTY GUIDELINES WILL NOT BE CHARGED FOR THESE SERVICES AND QUALIFYING PATIENTS WITH FAMILY INCOME BETWEEN 150% AND 300% OF THE FEDERAL POVERTY GUIDELINES WILL BE OFFERED A DISCOUNT ON A SLIDING SCALE FROM 25% TO 75% OF THE STANDARD CHARGE WITH A MINIMUM PATIENT COPAY OF $10 PATIENTS ALSO WILL BE OFFERED PAYMENT ARRANGEMENTS BASED ON MEMORIAL HEALTH CENTER'S POLICIES, SO IF A COPAY AMOUNT AFTER DISCOUNT IS BURDENSOME TO PAY AT ONE TIME, A PATIENT MAY PAY THESE AMOUNTS OVER TIME PATIENTS WILL ALSO BE PROVIDED EMERGENCY MEDICAL CARE PRIOR TO PAYMENT DETERMINATIONS AS IT IS THE GOAL OF MEMORIAL HEALTH CENTER THAT CONCERNS OVER A HOSPITAL BILL SHOULD NEVER GET IN THE WAY OF A PATIENT RECEIVING ESSENTIAL HEALTH SERVICES

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 MEMORIAL HEALTH CENTER UTILIZES SEVERAL METHODS IN ASSESSING COMMUNITY HEALTH CARE NEEDS SOME OF THEM ARE AS FOLLOWS WORKING CLOSELY WITH THE LOCAL HEALTH DEPARTMENT, SCHOOL DISTRICT, COUNTY AGING DEPARTMENT AND OTHER ORGANIZATIONS IN THE COMMUNITY, DEMOGRAPHIC DATA FROM SURROUNDING COMMUNITIES, AND EXTERNAL REPORTS, PARTICULARLY THOSE PUBLISHED BY THE LOCAL DEPARTMENT OF HEALTH DURING FISCAL YEARS 2012 AND 2013 MEMORIAL HEALTH CENTER IS COMPLETING A FORMAL COMMUNITY NEEDS ASSESSMENT WHICH INCLUDES FOCUS GROUPS WITH COMMUNITY MEMBERS THIS INFORMATION WILL BE USED IN FUTURE YEARS TO ENSURE THE ORGANIZATION IS RESPONDING TO NEEDS OF COMMUNITY MEMBERS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 AT THE TIME OF REGISTRATION ALL PATIENTS WILL BE ASKED IF THEY HAVE HEALTH INSURANCE IF NOT, THEY WILL BE PROVIDED THE MEMORIAL HEALTH CENTER COMMUNITY CARE APPLICATION AND COMMUNITY CARE PROGRAM GUIDELINES INFORMATION SHEET ANY PATIENT REQUESTING ADDITIONAL INFORMATION ABOUT THE COMMUNITY CARE PROGRAM WILL BE REFERRED TO A FINANCIAL COUNSELOR, WHO WILL EXPLAIN THE PROGRAM AND ITS ELIGIBILITY CRITERIA ALL GOVERNMENT ASSISTANCE PROGRAMS SUCH AS MEDICAL ASSISTANCE, BADGER CARE, AND GENERAL RELIEF MUST BE EXHAUSTED BEFORE APPLYING FOR COMMUNITY CARE THIS INFORMATION IS ALSO AVAILABLE TO PATIENTS DURING THEIR VISIT AT MEMORIAL HEALTH CENTER, ON THE BILLING STATEMENT, AND OFFERED AGAIN DURING THE COLLECTION PROCESS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 DEMOGRAPHICALLY, THE GROWTH OF TAYLOR COUNTY (TAYLOR COUNTY MAKES UP THE MAJORITY OF MEMORIAL HEALTH CENTER'S PRIMARY SERVICE AREA) FROM 1990-2004 WAS 5 1%, TOTALING 19,870 INDIVIDUALS OR 7,800 HOUSEHOLDS TAYLOR COUNTY'S AVERAGE INCOME/TAX RETURN IS BELOW THE STATE'S 2006 AVERAGE, $36,296 VS $48,107 SEVENTY-EIGHT PERCENT (78%) OF THE POPULATION IS AT A HIGH SCHOOL GRADUATE LEVEL OR HIGHER (CONVERSELY, 22% DON'T HAVE A DIPLOMA) ELEVEN PERCENT (11%) HAVE A BACHELOR'S DEGREE OR MORE ALMOST TEN PERCENT (9 8%) ARE BELOW THE POVERTY RATE, 6 4% ARE UNEMPLOYED THIS REPRESENTS A 33% INCREASE OVER A 15-YEAR TIME SPAN FROM YEAR 2000 TO2015, THE POPULATION AGED FROM 0-4 YEARS IS PROJECTED TO GROW BY 96 PERSONS, OR EIGHT PERCENT (8%)

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 MEMORIAL HEALTH CENTER IS IN A PHYSICIAN SHORTAGE AREA AND WORKS HARD TO RECRUIT PROVIDERS TO OUR AREA TO FILL THE NEEDS OF OUR COMMUNITY WE ALSO HAVE EMPLOYEES THAT ARE REPRESENTING MEMORIAL HEALTH CENTER AND ARE ACTIVE IN OTHER GROUPS TO HELP IN BUILDING COMMUNITY EFFORTS TO IMPROVE HEALTHCARE IN OUR SERVICE AREA MEMORIAL HEALTH CENTER ALSO GIVES CASH DONATIONS TO PROGRAMS THAT ADDRESS THE ROOT CAUSES OF HEALTH PROBLEMS IN THE COMMUNITY THE MAJORITY OF MEMORIAL HEALTH CENTER'S GOVERNING BODY IS COMPRISED OF RESIDENTS THAT ARE IN MEMORIAL HEALTH CENTER'S PRIMARY SERVICE ARE WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF THE FAMILY MEMBERS THEREOF MEMORIAL HEALTH CENTER ALSO EXTENDS MEDICAL PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY TO INSURE THAT OUR SERVICE AREA HAS THE HEALTHCARE NEEDED

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 MEMORIAL HEALTH CENTER IS A PARTNER WITH ASPIRUS, INC A MULTI-SPECIALTY HEALTH SYSTEM WITH A BASE LOCATION IN WAUSAU, WISCONSIN MEMORIAL HEALTH CENTER WORKS WITH ASPIRUS TO PROMOTE HEALTH AND WELLNESS INITIATIVES IN THE COMMUNITIES THEY SERVE AS NOTED PREVIOUSLY IN THE FORM 990, A NUMBER OF REPRESENTATIVES FROM ASPIRUS HAVE ROLES ON THE BOARD OF DIRECTORS OF MEMORIAL HEALTH CENTER AND TOGETHER PROMOTE THE MISSION OF ASPIRUS ASPIRUS IS AN INTEGRATED, COMMUNITY-GOVERNED HEALTHCARE SYSTEM, WHICH LEADS BY ADVANCING INITIATIVES TO IMPROVING THE HEALTH OF ALL IT SERVES ASPIRUS WORKS COLLABORATIVELY WITH OTHERS WHO SHARE ITS PASSION FOR EXCELLENCE AND COMPASSION FOR PEOPLE ASPIRUS AND MEMORIAL HEALTH CENTER WORK COLLABORATIVELY TO STREAMLINE PROCESSES TO CONTINUE TO PROVIDE HIGH QUALITY CARE TO MEMBERS OF COMMUNITIES WHICH OTHERWISE WITHOUT THE EFFORTS OF A COMBINED PARTNERSHIP MAY NOT HAVE ACCESS TO THIS CARE LOCALLY

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

Additional Data

Software ID:
Software Version:
EIN: 39-0964813
Name: MEMORIAL HEALTH CENTER INC

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **11** Name and address	Type of Facility (Describe)
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

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

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

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

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

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

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 AS A MAJOR EMPLOYER AND COMMUNITY SUPPORTER, MEMORIAL HEALTH CENTER, RECEIVES MANY REQUESTS FOR DONATIONS OF BOTH MONEY AND MATERIAL GOODS BY VARIOUS LOCAL AGENCIES AND INDIVIDUALS AS A NONPROFIT, MEMORIAL HEALTH CENTER MUST CONTINUOUSLY JUSTIFY ITS TAX-EXEMPT STATUS TO THE IRS MEMORIAL HEALTH CENTER NEEDS TO UTILIZE ITS RESOURCES AND ENDORSE THOSE ACTIVITIES THAT SUPPORT ITS TAX-EXEMPT PURPOSE, WHICH IS TO PROVIDE HEALTH CARE SERVICES AND PROMOTE HEALTH AND WELLNESS TO THE COMMUNITIES IT SERVES REQUESTS ARE CHANNELED IN A WAY THAT MAXIMIZES BENEFIT TO THE COMMUNITY AND ASSURES COMPLIANCE WITH CORPORATE NOT-FOR-PROFIT RULES MEMORIAL HEALTH CENTER'S WRITTEN DONATIONS POLICY OUTLINES ACCEPTABLE RECIPIENTS AND APPROPRIATE OBJECTIVES PRIOR TO AWARDING ANY ASSISTANCE DUE TO THE CHARITABLE NATURE OF THE GRANTS AND ALLOCATIONS AWARDED, NO FORMAL MONITORING IS REQUIRED

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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
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

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**	Yes	
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**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) AMY L WAGONER	(i)	194,925	0	19,052	9,132	17,511	240,620	0
	(ii)	0	0	0	0	0	0	0
(2) ERIK T BRANSTETTER	(i)	493,392	100,000	20,860	12,137	18,510	644,899	0
	(ii)	0	0	0	0	0	0	0
(3) MARK REUTER	(i)	204,480	504	14,975	9,487	23,432	252,878	0
	(ii)	0	0	0	0	0	0	0
(4) ALECIA HYLTON	(i)	209,357	0	1,012	2,423	9,998	222,790	0
	(ii)	0	0	0	0	0	0	0
(5) TERRI FLANDERMEYER	(i)	159,256	0	19,073	6,992	7,242	192,563	0
	(ii)	0	0	0	0	0	0	0
(6) SUSAN FRAZIER	(i)	177,670	0	1,544	1,454	7,093	187,761	0
	(ii)	0	0	0	0	0	0	0
(7) GREGORY A OLSON	(i)	256,453	40,323	11,478	15,096	18,852	342,202	0
	(ii)	0	0	0	0	0	0	0
(8) LORI P PECK	(i)	136,290	14,399	6,464	5,614	3,301	166,068	0
	(ii)	0	0	0	0	0	0	0
(9) SCOTT T BUSKERUD	(i)	262,621	4,455	11,915	12,137	17,884	309,012	0
	(ii)	0	0	0	0	0	0	0
(10) AMY A FALKENBERG	(i)	255,828	0	10,046	12,137	22,855	300,866	0
	(ii)	0	0	0	0	0	0	0
(11) TROY D SENNHOLZ	(i)	364,953	50,000	12,939	12,137	20,238	460,267	0
	(ii)	0	0	0	0	0	0	0
(12) FRANK J MCHUGH	(i)	251,541	0	11,631	13,726	22,296	299,194	0
	(ii)	0	0	0	0	0	0	0
(13) BRANDON TAYLOR	(i)	247,478	0	11,475	10,358	17,880	287,191	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	PART I, LINE 1A TAX INDEMNIFICATION AND GROSS-UP PAYMENTS - E BRANSTETTER $7,834, M REUTER $7,196, A WAGONER $7,066, F MCHUGH $1,279, T SENNHOLZ $1,340, A FALKENBERG $1,122, A HYLTON $988, B TAYLOR $1,173, G OLSON $1,257, L PECK $1,199, S BUSKERUD $1,270, S FRAZIER $854, A FLANDERMEYER $5,009 - INCLUDED IN TAXABLE COMPENSATION
	PART I, LINE 4B	THE ORGANIZATION SPONSORS A NONQUALIFIED TAX EQUALIZED ANNUITY PLAN COVERING EMPLOYED PHYSICIANS PHYSICIANS ARE ELIGIBLE TO PARTICIPATE IN THE PLAN AFTER ONE YEAR OF SERVICE PARTICIPANTS IN THE PLAN ARE IMMEDIATELY 100% VESTED CONTRIBUTIONS TO THE PLAN E BRANSTETTER $20,625, M REUTER $17,980, A WAGONER $18,118, A FLANDERMEYER $12,215

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	WI HEALTH & EDUCATION FACILITIES AUTHORITY	39-1337855	97710BCR1	12-22-2004	17,800,000	CONSTRUCT, RENOVATE, AND EQUIP FACILIITIES		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	600,000			
2	Amount of bonds defeased				
3	Total proceeds of issue	17,800,000			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds	935,382			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds	139,827			
10	Capital expenditures from proceeds	16,724,791			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2006			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X						
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		1 000 %						
6	Total of lines 4 and 5		1 000 %						
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
2	Is the bond issue a variable rate issue?	X							
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X							
b	Name of provider	GOLDMAN SACHS MITSUI MARINE							
c	Term of hedge	30 000000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
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
(1) SUE COURTNEY MHC QUALITY DIRECTOR	FAMILY MEMBER OF G COURTNEY, BOARD CHAIR	81,880	EMPLOYMENT COMPENSATION		No
(2) MEGAN COURTNEY MHC PHLEBOTOMISTLAB ASSIST	FAMILY MEMBER OF G COURTNEY, BOARD CHAIR	28,170	EMPLOYMENT COMPENSATION		No
(3) CATHY REUTER MD PHYSICIAN	FAMILY MEMBER OF M REUTER, BOARD MEMBER	107,496	EMPLOYMENT COMPENSATION		No
(4) KEITH WRAGE MHC PROFESSIONAL RECRUITER	FAMILY MEMBER OF D WRAGE, BOARD MEMBER	50,295	EMPLOYMENT COMPENSATION		No
(5) UNITED MEDICAL RECORDS INC	BRUCE CZECH IS A BOARD MEMBER AND CFO OF UNITED MEDICAL RECORDS, INC	678,109	THE ORGANIZAITON CONTRACTS WITH UNITED MEDICAL RECORDS, INC TO ADMINISTER TO SELF INSURED HEALTH PLAN		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	DUANE L ERWIN, DIANE POSTLER-SLATTERY, MARITA HATTEM, AND ROGER LUCAS HAVE A BUSINESS RELATIONSHIP THESE BOARD MEMBERS ARE EMPLOYED BY ASPIRUS, INC AND ITS AFFILIATES (SEE INFORMATION RELATED TO ASPIRUS, INC DESCRIBED IN FORM 990, PART VI, SECTION A, LINES 6 AND 7)

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION'S CORPORATE MEMBERS ARE MEMORIAL MEMBER ASSOCIATION, INC AND ASPIRUS, INC , BOTH WISCONSIN NONSTOCK CORPORATIONS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE ORGANIZATION'S BOARD OF DIRECTORS ARE ELECTED AS FOLLOWS (A) FOUR DIRECTORS ARE APPOINTED BY MEMORIAL MEMBERS ASSOCIATION (B) FOUR DIRECTORS ARE APPOINTED BY ASPIRUS (C) FOUR DIRECTORS ARE APPOINTED BY OR REPRESENT PHYSICIANS ASSOCIATED WITH THE CORPORATION AS FOLLOWS (1) TWO PHYSICIAN DIRECTORS ARE PHYSICIANS EMPLOYED BY THE CORPORATION WHO ARE ELECTED BY THE PHYSICIANS EMPLOYED BY THE CORPORATION (2) ONE PHYSICIAN DIRECTOR IS A MEMBER OF THE ACTIVE MEDICAL STAFF AND IS ELECTED BY THE MEMBERS OF THE MEDICAL STAFF OF THE CORPORATION (3) ONE PHYSICIAN DIRECTOR IS THE CHIEF OF STAFF THE CHIEF OF STAFF IS ELECTED BY THE MEDICAL STAFF ON AN ANNUAL BASIS AND IS SEATED ON THE MEMORIAL HEALTH CENTER BOARD FOR HIS/HER TERM AS CHIEF OF STAFF

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	POWERS RESERVED TO THE CORPORATE MEMBERS IN ADDITION TO DOING ALL THINGS REQUIRED BY LAW AND EXCEPT AS OTHERWISE PROVIDED, THE CORPORATE MEMBERS HAVE THE FOLLOWING SPECIFIC RIGHTS AND RESPONSIBILITIES (A) INITIATE AND APPROVE ANY CHANGE IN THE PHILOSOPHY, CHARACTER, OR MISSION OF THE CORPORATION AND APPROVE THE LONG-RANGE GOALS, STRATEGIC PLANS, AND OVERALL PURPOSES (B) INITIATE AND APPROVE ALL AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BYLAWS OF THE CORPORATION AND ALL SUBSIDIARIES (C) INITIATE AND APPROVE THE ADDITION OF NEW MEMBERS OF THE CORPORATION (D) INITIATE AND APPROVE THE ESTABLISHMENT, TRANSFER, AND/OR DISSOLUTION OF ANY SUBSIDIARY CORPORATIONS (E) INITIATE AND APPROVE BORROWING OF MONEY AND OTHER FORMS OF INDEBTEDNESS IN EXCESS OF $1,000,000 (F) INITIATE AND APPROVE THE PURCHASE, SALE, LEASE, DISPOSITION, ENCUMBRANCE, OR ALIENATION OF PROPERTY WITH A VALUE IN EXCESS OF $1,000,000 (G) INITIATE AND APPROVE ANY PLAN OF DISSOLUTION OR MERGER, CONSOLIDATION, ACQUISITION OR DISPOSITION OF REAL PROPERTY, OR RELOCATION OF THE FACILITIES (H) INITIATE AND APPROVE STRATEGIC ALLIANCES AND AFFILIATIONS OF THE CORPORATION (I) INITIATE AND APPROVE THE DISTRIBUTION OF THE NET PROCEEDS AND ASSETS OF THE CORPORATION IN THE EVENT OF DISSOLUTION (J) APPROVE THE SELECTION OF THE CEO OF THIS CORPORATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A DRAFT COPY OF THE FORM 990 WAS PRESENTED BY THE CFO TO THE FULL BOARD WHO REVIEWED VARIOUS AREAS OF INTEREST AND ASKED ANY QUESTIONS ANY CHANGES IDENTIFIED DURING THIS REVIEW WERE MADE PRIOR TO FILING THE FORM 990 WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EACH BOARD MEMBER AND EMPLOYEE SHALL DISCLOSE TO THE APPPROPRIATE LEVEL OF MANAGEMENT ANY CIRCUMSTANCE UNDER WHICH THE BOARD MEMBER, EMPLOYEE, OR AN IMMEDIATE FAMILY MEMBER, BY VIRTUE OF A FINANCIAL INTEREST, MAY BE INFLUENCED, OR MAY APPEAR TO BE INFLUENCED, EITHER IN WHOLE OR IN PART, BY ANY PURPOSE OR MOTIVE OTHER THAN THE SUCCESS AND WELL BEING OF THE ORGANIZATION AND ITS SUBSIDIARIES AND THE ACHIEVEMENT OF ITS PUBLIC CHARITABLE PURPOSES PRIOR TO ENTERING INTO ANY ARRANGEMENT WITH AN OUTSIDE ORGANIZATION, INDIVIDUALS MUST DISCLOSE POTENTIAL CONFLICTS OF INTEREST TO THEIR RESPECTIVE SUPERVISOR, BOARD MEMBERS TO THE BOARD PRESIDENT EACH CIRCUMSTANCE OF A POTENTIAL CONFLICT OF INTEREST WILL BE REVIEWED ON AN INDIVIDUAL BASIS THE MANAGER WILL RESPOND IN WRITING (WITH A COPY TO THE PERSONNEL FILE) AFTER CONSULTATION WITH THE APPROPRIATE VICE PRESIDENT AS TO WHETHER THE ARRANGEMENT IS OR IS NOT ACCEPTABLE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE PRESIDENT/CEO'S COMPENSATION IS REVIEWED AND APPROVED BY THE EXECUTIVE COMPENSATION COMMITTEE USING APPROPRIATE COMPARABILITY DATA FROM REGIONAL, STATE, AND NATIONAL SOURCES WITH AN INDEPENDENT EXTERNAL CONSULTANT REVIEW EVERY THREE YEARS THE REVIEW AND APPROVAL OF PRESIDENT/CEO COMPENSATION IS SUBSTANTIATED THROUGH MEETING MINUTES AND THE ORGANIZATION'S WRITTEN MARKET ANALYSIS POLICY OTHER OFFICER AND KEY EMPLOYEE COMPENSATION IS REVIEWED AND APPROVED BY THE EXECUTIVE COMPENSATION COMMITTEE USING APPROPRIATE COMPARABILITY DATA FROM REGIONAL, STATE, AND NATIONAL SOURCES WITH AN INDEPENDENT EXTERNAL CONSULTANT REVIEW THE REVIEW AND APPROVAL OF COMPENSATION IS SUBSTANTIATED THROUGH MEETING MINUTES AND THE ORGANIZATION'S WRITTEN MARKET ANALYSIS POLICY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
EXPLANATION OF HOURS WORKED	FORM 990, PART VII, SECTION A	GRAHAM COURTNEY WORKED APPROXIMATELY 10 HOURS PER WEEK AS FOLLOWS MEMORIAL HEALTH CENTER, INC - 9 HOURS MEMORIAL MEMBER ASSOCIATION, INC - 1 HOUR WILLIAM A GRUNEWALD WORKED APPROXIMATELY 2 HOURS PER WEEK AS FOLLOWS MEMORIAL HEALTH CENTER, INC - 1 HOUR MEMORIAL MEMBER ASSOCIATION, INC - 1 HOUR ROBERT J BERNKLAU WORKED APPROXIMATELY 2 HOURS PER WEEK AS FOLLOWS MEMORIAL HEALTH CENTER, INC - 1 HOUR MEMORIAL MEMBER ASSOCIATION, INC - 1 HOUR BRUCE CZECH WORKED APPROXIMATELY 2 HOURS PER WEEK AS FOLLOWS MEMORIAL HEALTH CENTER, INC - 1 HOUR MEMORIAL MEMBER ASSOCIATION, INC - 1 HOUR GREGORY A OLSON WORKED APPROXIMATELY 42 HOURS PER WEEK AS FOLLOWS MEMORIAL HEALTH CENTER, INC - 40 HOURS MEMORIAL MEMBER ASSOCIATION, INC - 1 HOUR MEMORIAL HEALTH CENTER FOUNDATION, INC - 1 HOUR

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -367,126 BOND SWAP VALUATION ADJUSTMENT -2,020,065 CHANGE IN INTEREST IN NET ASSETS OF MHC FOUNDATION, INC -4,250 CHANGE IN INVESTMENT IN UNCONSOLIDATED AFFILIATES 54,132 TOTAL TO FORM 990, PART XI, LINE 5 -2,337,309

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	MEMORIAL HEALTH CENTER'S BOARD OF DIRECTORS PROVIDE OVERSIGHT OF THE INDEPENDENT ACCOUNTANTS AND THE MEMBERS OF THE BOARD MEET WITH THE ACCOUNTANT BOTH PRIOR TO YEAR-END AND AFTER YEAR-END TO DISCUSS THE AUDIT AND OTHER MATTERS MEMORIAL HEALTH CENTER ALSO IS PROVIDED ADDITIONAL OVERSIGHT OF ITS AUDIT PROCESS AND SELECTION OF THE INDEPENDENT ACCOUNTANT THROUGH THE AUDIT COMMITTEE OF ASPIRUS, INC THERE WERE NO CHANGES TO THIS PROCESS DURING THE YEAR ENDED JUNE 30, 2012

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) MEMORIAL HEALTH CENTER FOUNDATION INC 135 SOUTH GIBSON STREET MEDFORD, WI 54451 39-1777081	CHARITABLE FOUNDATION	WI	501(C)(3)	LINE 11C, III-FI	MEMORIAL MEMBER ASSOCATION INC		No
(2) MEMORIAL MEMBER ASSOCIATION INC 135 SOUTH GIBSON STREET MEDFORD, WI 54451 39-2016506	MEMBER ASSOCIATION	WI	501(C)(3)	LINE 11A, I	N/A		No

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

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

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

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

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MEMORIAL HEALTH CENTER FOUNDATION IC	C	80,855	CASH RECEIVED
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

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

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

Additional Data

Software ID:
Software Version:
EIN: 39-0964813
Name: MEMORIAL HEALTH CENTER INC

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

4d. Other program services

(Code) (Expenses $ 2,061,619 including grants of $) (Revenue $ 3,804,965)

RETAIL PHARMACY - MEMORIAL HEALTH CENTER OPERATES A RETAIL PHARMACY THAT PROVIDES ACCESS TO PRESCIPTION MEDICATION FOR PATIENTS OF MEMORIAL HEALTH CENTER AND THE COMMUNITY DURING THE YEAR ENDED JUNE 30, 2012, A TOTAL OF 96,404 PRESCRIPTIONS WERE PROVIDED TO PATIENTS

Memorial Health Center, Inc.

Medford, Wisconsin

Financial Statements

Years Ended June 30, 2012 and 2011

Memorial Health Center, Inc.

Financial Statements
Years Ended June 30, 2012 and 2011

Table of Contents

WIPFLI LLP

Independent Auditor's Report

Board of Directors
Memorial Health Center, Inc
Medford, Wisconsin

We have audited the accompanying balance sheets of Memorial Health Center, Inc as of June 30, 2012 and 2011, and the related statements of operations and changes in net assets and cash flows for the years then ended These financial statements are the responsibility of Memorial Health Center, Inc '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 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 Memorial Health Center, Inc at June 30, 2012 and 2011, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States

Wipfli LLP

Wipfli LLP

September 17, 2012
Wausau, Wisconsin

Memorial Health Center, Inc.

Balance Sheets

June 30, 2012 and 2011

Assets	2012	2011
Current assets		
Cash and cash equivalents	$ 7,022,581	$ 6,931,376
Current portion of assets limited as to use	550,000	550,000
Patient accounts receivable - Net	6,762,785	6,818,405
Other accounts receivable	374,292	557,896
Inventory	1,040,024	852,127
Prepaid expenses and other	884,725	462,395
Estimated third-party payor settlements	485,747	296,891
Total current assets	17,120,154	16,469,090
Assets limited as to use	36,769,976	30,249,381
Property and equipment - Net	22,810,022	23,668,943
Other assets		
Interest in net assets of Foundation	1,222,688	1,226,938
Deferred financing costs - Net	108,319	114,767
Insurance receviables	659,210	-
Investments in unconsolidated affiliates	366,609	312,477
Total other assets	2,356,826	1,654,182
TOTAL ASSETS	$ 79,056,978	$ 72,041,596

Liabilities and Net Assets	2012	2011
Current liabilities		
Current maturities of long-term debt	$ 550,000	$ 550,000
Accounts payable		
Trade	911,503	787,261
Construction	250,435	41,214
Accrued expenses		
Salaries	718,167	519,036
Vacation	1,724,079	1,729,145
Interest	32,521	39,341
Asset retirement obligation	237,735	238,114
Other	1,434,195	978,944
Total current liabilities	5,858,635	4,883,055
Long-term liabilities		
Long-term debt	18,760,000	19,310,000
Deferred compensation	1,082,183	846,148
Fair value of interest rate swap	3,936,205	1,888,377
Other	819,917	-
Total long-term liabilities	24,598,305	22,044,525
Total liabilities	30,456,940	26,927,580
Net assets		
Unrestricted	47,377,350	43,887,078
Temporarily restricted	1,102,688	1,106,938
Permanently restricted	120,000	120,000
Total net assets	48,600,038	45,114,016
TOTAL LIABILITIES AND NET ASSETS	$ 79,056,978	$ 72,041,596

Memorial Health Center, Inc.

Statements of Operations and Changes in Net Assets

Years Ended June 30, 2012 and 2011

	2012	2011
Revenue		
Patient service revenue - Net of contractual adjustments and discounts	$ 58,490,537	$ 59,567,392
Credit for bad debts	486,159	56,564
Net patient service revenue	58,976,696	59,623,956
Other revenue	1,566,695	957,611
Total revenue	60,543,391	60,581,567
Expenses		
Salaries and wages	26,093,080	24,259,514
Employee benefits	8,121,273	8,067,965
Medical fees	1,691,899	1,749,551
Supplies	7,875,888	9,518,806
Purchased services and other	7,507,483	7,248,212
Insurance and utilities	1,091,440	1,121,493
Depreciation and amortization	2,740,875	2,647,968
Interest	205,733	295,342
Total expenses	55,327,671	54,908,851
Income from operations	5,215,720	5,672,716
Other income (loss)		
Investment income	811,974	3,361,209
Contributions and other	1,053	37,471
Interest rate swap valuation adjustment	(2,020,065)	513,441
Interest rate swap expense	(571,502)	(580,198)
Total other income (loss) - Net	(1,778,540)	3,331,923
Revenue in excess of expenses	3,437,180	9,004,639

Memorial Health Center, Inc.

Statements of Operations and Changes in Net Assets (Continued)

Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted net assets		
Revenue in excess of expenses (brought forward)	$ 3,437,180	$ 9,004,639
Amortization of effective portion of change in fair value of interest rate swap	(27,763)	(27,763)
Net assets released from restrictions	80,855	35,352
Increase in unrestricted net assets	3,490,272	9,012,228
Temporarily restricted net assets		
Change in interest in net assets of Foundation	76,605	176,223
Net assets released from restrictions	(80,855)	(35,352)
Increase (decrease) in temporarily restricted net assets	(4,250)	140,871
Increase in net assets	3,486,022	9,153,099
Net assets at beginning	45,114,016	35,960,917
Net assets at end	$ 48,600,038	$ 45,114,016

Memorial Health Center, Inc.

Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	2012	2011
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Increase in net assets	$ 3,486,022	$ 9,153,099
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Credit for bad debts	(486,159)	(56,564)
Depreciation and amortization	2,750,262	2,755,883
Change in interest in net assets of Foundation	(76,605)	(176,223)
Increase in equity in undistributed earnings of unconsolidated affiliates	(54,132)	(5,559)
Change in fair value of interest rate swap	2,047,828	(485,678)
Gain on disposal of property and equipment	(9,387)	(107,915)
Change in net unrealized gain (loss) on trading securities	367,126	(1,598,744)
Net decrease in deferred compensation	236,035	268,349
Changes in operating assets and liabilities		
Accounts receivable	725,383	(999,370)
Inventory	(187,897)	76,410
Prepaid expenses and other	132,616	(160,115)
Estimated third-party payor settlements	(188,856)	(727,074)
Assets limited as to use, including realized gain (loss)	(6,887,721)	(3,567,154)
Accounts payable	165,456	(833,905)
Accrued expenses	247,878	(924,326)
Total adjustments	(1,218,173)	(6,541,985)
Net cash provided by operating activities	2,267,849	2,611,114

Memorial Health Center, Inc.

Statements of Cash Flows (Continued)

Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from investing activities		
Capital expenditures - Net of amounts in accounts payable	$ (1,707,499)	$ (2,565,467)
Distribution of interest in net assets of Foundation	80,855	35,352
Net cash used in investing activities	(1,626,644)	(2,530,115)
Cash flows from financing activities -		
Principal payments on long-term debt	(550,000)	(300,000)
Net increase (decrease) in cash and cash equivalents	91,205	(219,001)
Cash and cash equivalents at beginning	6,931,376	7,150,377
Cash and cash equivalents at end	$ 7,022,581	$ 6,931,376
Supplemental cash flow information		
Cash paid for interest, net of capitalized interest	$ 784,055	$ 901,409
Capitalized interest	1,502	-
Property and equipment included in accounts payable	250,435	41,214

As of June 30, 2012, the Organization recorded a gross up of insurance receivables and liabilities of $1,214,536 related to the adoption of ASU 2010-24 as discussed on pages 20 and 44

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Principal Business Activity

Memorial Member Association, Inc and Aspirus, Inc , both tax-exempt corporations, are each 50% corporate members of Memorial Health Center, Inc (the "Organization") The Organization promotes the delivery of health services in Taylor and Price Counties, Wisconsin Memorial Member Association, Inc is a member organization that promotes health care in the communities which the Organization serves Aspirus, Inc is a health care system located in Wausau, Wisconsin The Organization is comprised of a 25-bed acute care critical access hospital (CAH), a 99-bed skilled nursing long-term care facility, 28 assisted living rental units, 10 community based residential facility (CBRF) units, 5 physician clinics, and a retail pharmacy

Financial Statement Presentation

The Organization follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period Actual results may differ from these estimates

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited or restricted

Investments and Investment Income

Investments, designated as assets limited as to use, are measured at fair value in the accompanying balance sheets The Organization has designated its investments as trading securities

All investment income (including realized and unrealized gains and losses, interest, and dividends) is reported as other income (loss) and is included in revenue in excess of expenses unless the income is restricted by donor or law Realized gains or losses are determined by specific identification

Assets Limited as to Use

Assets limited as to use consists of investments designated by the Board of Directors for future capital improvements or debt service requirements, funds held for collateral posting related to the swap agreement, and funds held for deferred compensation The funds designated by the Board of Directors remain under the control of the Board and may at the Board's discretion subsequently be used for other purposes Amounts required to meet current liabilities of the Organization have been classified as current assets in the accompanying balance sheets

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Organization measures fair value of its financial instruments using a three-tier hierarchy which prioritizes the inputs used in measuring 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 unobservable inputs (Level 3 measurements) The three levels of the fair value hierarchy are described as follows

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs, other than quoted prices, that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances These obligations are primarily from local residents, most of whom are insured under third-party payor agreements The Organization bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility Payments on patient accounts receivable are applied to the specific claim identified on the remittance advice or statement The Organization does not have a policy to charge interest on past due accounts

Patient accounts receivable are recorded in the accompanying balance sheets net of contractual adjustments and allowances for uncollectible accounts which reflect management's best estimate of the amounts that won't be collected Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable In addition, management provides for probable uncollectible amounts, primarily uninsured patients and amounts patients are personally responsible for, through a reduction of gross revenue and a credit to a valuation allowance

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy (Continued)

In evaluating the collectability of patient accounts receivable, the Organization analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts Specifically, for receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision (credit) for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standards rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts

Inventory

Inventory of supplies is valued at the lower of average cost or market

Note 1 Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method Estimated useful lives range from 5 to 15 years for vehicles and movable equipment and 10 to 40 years for land improvements and buildings and fixed equipment

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

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

Note 1 Summary of Significant Accounting Policies (Continued)

Impairment

The Organization reviews its property and equipment periodically to determine potential impairment by comparing the carrying value of the property and equipment with the estimated future net discounted cash flows expected to result from the use of the assets, including cash flows from disposition Should the sum of the expected future net cash flows be less than the carrying value, the Organization would recognize an impairment loss at that time No impairment loss was recognized in 2012 or 2011

Asset Retirement Obligation

Management annually assesses its existing properties to determine if there is a need to recognize a liability for a conditional asset retirement specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties Asset retirement obligation represents the obligation to dispose of assets that are legally required to be removed at a future date This obligation is recorded at the net present value using a risk-free interest rate and an inflationary rate The liability will accrete over the term of the estimated life of the asset

Interest in Net Assets of Foundation

Current accounting guidance establishes standards of financial accounting and reporting for transactions in which an entity makes contributions to another entity or an entity that accepts contributions from a donor and agrees to use those assets on behalf of or transfer those assets and the return on those assets to another entity Accordingly, the Organization recognizes its interest in the net assets of the Memorial Hospital Foundation, Inc (the "Foundation") and adjusts that interest for its share of the change in the net assets of the Foundation

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Financing Costs

Costs related to issuance of long-term debt are capitalized and amortized on the straight-line method over the term of the related indebtedness

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates are accounted for using the equity or cost method, whichever is applicable

Fair Value of Interest Rate Swap

The Organization uses an interest rate swap to manage its risk related to interest rate movements The Organization's risk management strategy is to stabilize cash flow variability on its variable rate debt with an interest rate swap At the inception of the agreement, the Organization documented its risk management strategy and assessed the interest rate swap's effectiveness at producing offsetting cash flows The interest rate swap was deemed to be effective in achieving this objective and was designated as a cash flow hedge Under a cash flow hedge, the change in fair value of the derivative related to the effective portion of the hedge is recorded as a change in unrestricted net assets Any ineffective portion is reported as other income or expense

In 2008 the ineffectiveness of the hedge exceeded certain prescribed levels, and the interest rate swap was no longer eligible for hedge accounting Thus, all future changes in fair value of the interest rate swap will be reported in other income or loss in the accompanying statements of operations and changes in net assets The cumulative change in fair value that was recorded through net assets from the inception of the interest rate swap agreement will be amortized into earnings over the remaining life of the swap In the event the interest rate swap is terminated, the unamortized balance of the cumulative change in fair value remaining in net assets would be reclassified into earnings

Note 1 Summary of Significant Accounting Policies (Continued)

Net Assets

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources which have been designated for special use by the Board of Directors Temporarily restricted net assets are those whose use by the Organization 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 Organization in perpetuity

Revenue in Excess of Expenses

The statements of operations and changes in net assets include the classification revenue in excess of expenses which is considered the operating indicator Changes in net assets, which are excluded from the operating indicator, consistent with industry practice, include permanent transfer of assets to and from affiliates for other than goods and services, 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, and changes in the value of derivatives designated as cash flow hedges

Patient Service Revenue - Net of Contractual Adjustments and Discounts

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered Certain third-party payor reimbursement agreements are subject to audit and retrospective adjustments 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

For uninsured patients who do not qualify for community care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy) On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided This provision is offset by recoveries that are received on prior year bad debts from patient payments as well as amounts returned from the collection agency that would qualify as community care The Organization has not changed its uninsured discount policy during 2011 or 2012

Note 1 Summary of Significant Accounting Policies (Continued)

Electronic Health Record Incentive Funding

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (EHR) technology These provisions of ARRA, collectively referred to as the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act") are intended to promote the adoption and meaningful use of health information technology and qualified EHR technology

The Organization recognizes revenue for EHR incentive payments when there is reasonable assurance that the Organization will meet the conditions of the program, primarily demonstrating meaningful use of certified EHR technology for the applicable period The demonstration of meaningful use is based on meeting a series of objectives Meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the Centers for Medicare and Medicaid Services (CMS)

Amounts recognized under the Medicare and Medicaid EHR incentive programs are based on management's best estimates Management uses EHR incentive program guidelines to calculate the estimates which may include cost report data which is subject to audit by fiscal intermediaries Accordingly, amounts recognized are subject to change In addition, the Organization's attestation of its compliance with the meaningful use criteria is subject to audit by the federal government or its designee

Community Care

The Organization provides care to patients who meet certain criteria under its community care policy without charge or at amounts less than its established rates The Organization maintains records to identify the amount of charges forgone for services and supplies furnished under the community care policy Because the Organization does not pursue collection of amounts determined to qualify as community care, they are not reported as net patient service revenue in the accompanying statements of operations and changes of net assets

Note 1 Summary of Significant Accounting Policies (Continued)

Donor Restricted Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of 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 changes in net assets as net assets released from restrictions

Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions

Advertising Costs

Advertising costs are expensed as incurred

Unemployment Compensation

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws The Organization has obtained a letter of credit of $300,000 and $250,000 which expires December 31, 2015, to meet state funding requirements as of June 30, 2012 and 2011, respectively

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code The Organization is also exempt from state income taxes on related income

In order to account for any uncertain tax positions, the Organization determines whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of the tax position is not recognized in the financial statements

The Organization is also engaged, to a limited extent, in activities that the Internal Revenue Service (IRS) considers unrelated to its exempt purpose and, therefore, taxable If these activities result in net operating income for income tax purposes, the Organization recognizes the anticipated tax liability and expense If these activities result in net operating losses for income tax purposes, the Organization does not recognize the tax benefit from the net operating losses that would be realized in the future unless it can be determined that it is reasonable that such an estimated benefit will be realized in the future Currently, any potential deferred tax asset resulting from the availability of net operating loss carryforwards is offset by a valuation allowance of equal amount No deferred tax assets and liabilities have been recognized since no other differences exist between the financial tax bases of reporting the Organization's assets and liabilities

The Organization's policy is to recognize interest and any penalties related to income tax matters in income tax expense when incurred In 2012 and 2011, there were no payments of income tax, tax penalties, or interest related to tax penalties recorded by the Organization in the financial statements

The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits in 2012 or 2011 Federal returns for the years ended June 30, 2009 and beyond remain subject to examination by the IRS

Note 1 Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In August 2010, the FASB issued Accounting Standards Update (ASU) No 2010-23, *Measuring Charity Care for Disclosure* This ASU amends ASC Topic 954 and requires entities to use cost as the measurement basis for charity care disclosures, including both direct and indirect costs Entities are also required to disclose the method used to determine these costs, such as directly from a costing system or through an estimation process The guidance in this ASU was adopted by the Organization for the year ended June 30, 2012 The amount of charity care for the year ended June 30, 2011, reflected in Note 5, has been restated to reflect the estimated cost

In August 2010, ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, was issued ASU 2010-24 is effective for the Organization for the year ended June 30, 2012 ASU 2010-24 addresses the diversity in the accounting for medical malpractice and similar liabilities and their related anticipated insurance recoveries by health care entities that mostly have netted insurance recoveries against the accrued liability, although some have presented the anticipated insurance recovery and the liability on a gross basis The ASU clarifies that a health care entity should not net insurance recoveries against a related claim liability, the amount of the claim liability should be determined without consideration of insurance recoveries The adoption of this new guidance resulted in the recording of receivables and payables as discussed on page 44

In July 2011, the FASB issued ASU No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities* This ASU amends ASC Topic 954 and requires health care entities to change the presentation of their statements of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue Entities are also required to enhance disclosures about their policies for recognizing revenue and assessing bad debts In addition, this guidance requires disclosure of qualitative and quantitative information about changes in the allowance for doubtful accounts The guidance in this ASU was adopted by Organization for the year ended June 30, 2012 The presentation of the provision for bad debts for the year ended June 30, 2011, has been reclassified on the accompanying financial statements in order to conform to the classifications used in 2012

Note 1 Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through September 17, 2012, which is the date the financial statements were issued

Note 2 Reimbursement Arrangements With Third-Party Payors

The Organization has agreements with third-party payors that provide for reimbursement at amounts that vary from its established rates A summary of the basis of reimbursement with major third-party payors follows

- *Hospital - Medicare* - The Organization is designated as a CAH with reimbursement based upon cost for inpatient and outpatient services with the exception of certain lab and radiology services, which are reimbursed based on fee schedules Professional services provided by physicians and other clinicians are reimbursed based upon prospectively determined fee schedules

  During 2012, four clinics were certified by the Medicare and Medicaid programs as provider-based rural health clinics (RHC) Under RHC designation, certain clinic physician and professional services rendered to Medicare and Medicaid beneficiaries are reimbursed on a cost reimbursement method

- *Hospital - Medicaid* - The Organization is designated as a CAH with reimbursement based upon cost for inpatient and outpatient services with the exception of certain lab, therapy, and radiology services, which are reimbursed based on fee schedules Professional services provided by physicians and other clinicians are reimbursed based upon prospectively determined fee schedules

Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

A law has been passed in Wisconsin under which eligible CAHs, including the Organization, were required to pay the State of Wisconsin (the "State") an annual assessment The assessment period is the State's fiscal year, which runs from July to June The assessment is based on each hospital's gross inpatient revenue, as defined, and was effective July 1, 2010 The revenue generated from the assessment is to be used, in part, to increase overall reimbursement under the Wisconsin Medical Assistance program through the development of an access payment system Under the new CAH payment system, the Wisconsin Medical Assistance program will pay a hospital-specific amount per discharge for inpatient and outpatient services, determined based on prior hospital cost reports, plus an additional access payment In exchange for receiving these access payments, the State eliminated retroactive cost report settlements to CAHs effective July 1, 2010

Through June 30, 2010, the Organization was reimbursed for cost-based services at tentative rates received during the year The final settlement of reimbursable amounts was retrospectively determined by the State, using cost reports which were filed annually and subsequently audited by the Medicare program (in conjunction with its audits of both Medicare and Medicaid reimbursable amounts)

Since the inception of the Medicare and Medicaid CAH programs, the State had previously completed relatively few hospital Medicaid settlements with CAHs During 2012, the State completed settlements for the years 2006 to 2008 This resulted in the Organization receiving additional settlements of $60,989, which increased net patient service revenue in 2012

Differences between the Organization's estimates and subsequent final settlements by the State will be included in future statements of operations and changes of net assets and disclosed, if material, in those future years in which the final settlements occur

Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

- *Nursing Home - Medicare* - The nursing home's reimbursement under the Medicare program for Part A services is based on a prospective payment system (PPS) Payments for services rendered vary according to a resident classification system (RUGS III) that is based on a minimum data set (MDS) of diagnostic and other information Medicare pays the nursing home for Part B services based on predetermined fee schedules

- *Nursing Home - Medical Assistance* - The nursing home resident care services rendered to Medical Assistance beneficiaries are reimbursed based on a schedule of prospectively determined daily rates determined by Wisconsin's Medical Assistance program A rate is assigned to each nursing home resident based on the resident's ability to perform certain activities of daily living and on certain other clinical factors

  The State uses an MDS resident assessment system As a result, Medical Assistance residents are classified into one of 34 Resource Utilization Groups (RUGs) for purposes of establishing payment rates Every three months, a case mix average is developed for the nursing home's Medical Assistance residents based on their respective RUGs score, and the nursing home is reimbursed based on the resulting composite case mix index Rate adjustments under this program are reflected in income when determinable

- *Others* - The Organization has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates

Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

Accounting for Medicare and Medicaid Contractual Arrangements

The Organization is paid for cost-reimbursable items at an interim rate with final settlements determined by the respective Medicare and Medicaid fiscal intermediaries after their review of the Organization's related annual cost reports and the application of cost limits prescribed by the respective programs Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying financial statements The Organization's cost reports have been audited by the Medicare and Medicaid intermediaries through June 30, 2008

Medicare and Medicaid Electronic Health Record Incentive Funding

During 2012, the Organization applied for, received funding, and was entitled to additional funding from the Wisconsin Department of Health Services under the eligible hospital EHR Incentive Program The funding period for the Medicaid EHR Incentive Program is based on eligible hospitals submitting applications to the Medicaid program prior to each federal fiscal year ending on September 30 It was determined by the Wisconsin Department of Health Services that the Organization was entitled to $635,299 in funding, and the Organization has recognized this amount in other revenue in the accompanying financial statements The Organization anticipates that additional funding will be available from the Medicaid EHR incentive program in subsequent years and will record amounts when future applications are filed and funding can reasonably be determined

During 2012, the Organization applied for and was entitled to additional funding from the Wisconsin Department of Health Services under the eligible provider EHR Incentive Program The funding period for the Medicaid EHR Incentive Program is based on providers submitting applications to the Medicaid program for the respective calendar year It was determined by the Wisconsin Department of Health Services that the Organization was entitled to $85,000 in funding for four eligible providers and has recognized this amount in other revenue in the financial statements in 2012 based on when the attestation occurred The Organization anticipates that additional funding will be available from the Medicaid EHR incentive program in subsequent years and will record amounts when future applications are filed and funding can reasonably be determined

Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

Medicare and Medicaid Electronic Health Record Incentive Funding (Continued)

As of June 30, 2012, outstanding receivables from Medicaid for the eligible provider EHR incentive payments totaled $85,000 and are included in other accounts receivable in the accompanying balance sheet

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patients' services Management believes the Organization is in substantial compliance with current laws and regulations

CMS uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment As of June 30, 2012, the Organization has not been notified by the RAC of any potential significant reimbursement adjustments

Note 3 Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30

	2012	2011
Patient accounts receivable	$ 11,111,690	$ 10,128,896
Less		
Contractual adjustments	3,421,626	2,306,860
Allowance for uncollectible accounts	927,279	1,003,631
Patient accounts receivable - Net	$ 6,762,785	$ 6,818,405

The Organization's allowance for uncollectible accounts for self-pay patients increased from 29 9% of self-pay accounts receivable at June 30, 2011, to 36 6% of self-pay accounts receivable at June 30, 2012 The Organization's write-offs of patient accounts receivable net of recoveries increased from $1,350,153 in 2011 to $2,173,302 in 2012 These increases were the result of negative trends experienced in the collection of amounts from self-pay patients in 2012

Note 4 Patient Service Revenue - Net of Contractual Adjustments and Discounts

The following table sets forth the detail of patient service revenue - net of contractual adjustments and discounts prior to the credit for bad debts for the years ended June 30

	2012	2011
Gross patient service revenue		
Hospital inpatient services	$ 8,421,473	$ 9,141,495
Hospital outpatient services	56,871,502	50,867,462
Nursing home and long-term care services	8,804,425	8,999,578
Clinic services	20,075,309	18,855,637
Pharmacy services	4,427,472	6,635,992
Totals	98,600,181	94,500,164
Deductions - Primarily contractual adjustments under third-party reimbursement agreements	40,109,644	34,932,772
Patient service revenue - Net of contractual adjustments and discounts	$ 58,490,537	$ 59,567,392

The Organization's percent of gross patient service revenue by payor is as follows for the years ended June 30

	2012	2011
Medicare and Medicare Advantage Plans	37%	36%
Medicaid and Medicaid HMO Plans	22%	22%
Other third-party payors	36%	37%
Patients	5%	5%
Totals	100%	100%

Note 4 Patient Service Revenue - Net of Contractual Adjustments and Discounts (Continued)

Patient service revenue - net of contractual adjustments and discounts (but before the credit for bad debts) recognized in the years ended June 30 from these major payor sources, is as follows

	2012	2011
Medicare, Medicaid, Medicaid Health Maintenance Organization (HMO) Plans, and other third-party payors	$ 56,151,211	$ 56,021,810
Uninsured patients	2,339,326	3,545,582
Patient service revenue - Net of contractual adjustments and discounts	$ 58,490,537	$ 59,567,392

Note 5 Community Care

The Organization provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients Consistent with the mission of the Organization, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or are underinsured

Patients who meet certain criteria for community care, generally based on federal poverty guidelines, are provided care without charge or at a reduced rate, determined based on qualifying criteria as defined in the Organization's community care policy and from applications completed by patients and their families

Note 5 Community Care (Continued)

The estimated cost of providing care to patients under the Organization's community care policy and to patients of the community free clinic aggregated approximately $1,469,000 and $809,000 in 2012 and 2011, respectively The cost was calculated by multiplying the ratio of cost to gross charges for the Organization times the gross uncompensated charges associated with providing community care

Other benefits for the community also include unpaid costs of treating the elderly, health screenings, community education through seminars and classes, and other health-related services

Note 6 Assets Limited as to Use

Investments designated as assets limited as to use are recorded at fair value and are designated for the following purposes at June 30

	2012	2011
By Board designated for capital improvements or debt service requirements	$ 33,431,799	$ 29,061,711
Collateral investments held for benefit of counterparty	2,805,994	891,522
Held for deferred compensation	1,082,183	846,148
Total assets limited as to use	37,319,976	30,799,381
Less - Current portion	550,000	550,000
Noncurrent assets limited as to use	$ 36,769,976	$ 30,249,381

Note 6 Assets Limited as to Use (Continued)

The detail of assets limited as to use, other than deferred compensation plan assets, consisted of the following at June 30

	2012	2011
Cash and cash equivalents	$ 1,164,485	$ 940,734
Equity securities	3,541,421	5,386,801
Government securities	2,822,546	2,292,618
Corporate securities	2,549,351	2,009,686
Mutual funds	23,293,262	18,370,119
Collateral investments consisting of cash and cash equivalents	2,805,994	891,522
Interest receivable	60,734	61,753
Totals	$ 36,237,793	$ 29,953,233

During 2012, the Organization posted a net amount of collateral of $1,914,472 to collateral investments due to negative market values of the interest rate swap During 2011, the Organization received a net amount of $71,621 from collateral investments due to positive market values of the interest rate swap

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements

Note 6 Assets Limited as to Use (Continued)

Investment income, including gains and losses on assets limited as to use, cash and cash equivalents, and other investments are comprised of the following for the years ended June 30

	2012	2011
Investment income (loss)		
Interest and dividend income	$ 753,775	$ 985,176
Net realized gain on sale of investments	371,193	771,730
Change in investments in unconsolidated affiliates	54,132	5,559
Change in net unrealized gain (loss) on trading securities	(367,126)	1,598,744
Total investment income	$ 811,974	$ 3,361,209

Note 7 Fair Value Measurements

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value

Money market funds are valued using a net asset value (NAV) of $1 00

Quoted market prices are used to determine the fair value in marketable equity securities which consist of publicly traded common stock Fixed income securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data Mutual funds invested in fixed income or equity securities are valued at quoted market prices, which represent the NAV of shares held by the Organization at year-end

The interest rate swap valuation is recorded at the amount at which it could be settled, based on estimates by a third-party valuation service, which uses a discounted cash flow analysis using observable market-based inputs, including forward interest rate curves

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date

Note 7 Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's assets and liabilities as of June 30

	2012			
	Fair Value Measurements Using			Total Assets and Liabilities at Fair Value
	Level 1	Level 2	Level 3	
Assets				
Money market funds	$ 1,164,485	$ -	$ -	$ 1,164,485
Marketable equity securities	3,541,421	-	-	3,541,421
Fixed income securities				
Corporate issues	-	2,549,351	-	2,549,351
Government issues	-	2,822,546	-	2,822,546
Other issues	90,289	-	-	90,289
Total fixed income securities	90,289	5,371,897	-	5,462,186
Mutual funds - Fixed income securities.				
Short-term bond funds	1,645,563	-	-	1,645,563
Intermediate-term bond funds	11,680,424	-	-	11,680,424
Other bond funds	1,647,903	-	-	1,647,903
Total mutual funds - Fixed income securities	14,973,890	-	-	14,973,890
Mutual funds - Equity securities.				
Large cap funds	2,238,908	-	-	2,238,908
Mid cap funds	1,079,927	-	-	1,079,927
Small cap funds	1,472,003	-	-	1,472,003
International funds	3,140,085	-	-	3,140,085
Other funds	1,380,344	-	-	1,380,344
Total mutual funds - Equity securities	9,311,267	-	-	9,311,267
Total assets	$ 29,081,352	$ 5,371,897	$ -	$ 34,453,249
Liabilities - Interest rate swap valuation	$ -	$ 3,936,205	$ -	$ 3,936,205

Note 7 Fair Value Measurements (Continued)

	2011			
	Fair Value Measurements Using			Total Assets and Liabilities at Fair Value
	Level 1	Level 2	Level 3	
Assets				
Money market funds	$ 940,734	$ -	$ -	$ 940,734
Marketable equity securities	5,386,801	-	-	5,386,801
Fixed income securities				
Corporate issues	-	2,009,686	-	2,009,686
Government issues	-	2,292,618	-	2,292,618
Other issues	50,935	-	-	50,935
Total fixed income securities	50,935	4,302,304	-	4,353,239
Mutual funds - Fixed income securities				
Short-term bond funds	2,988,185	-	-	2,988,185
Intermediate-term bond funds	7,997,417	-	-	7,997,417
Other bond funds	1,566,538	-	-	1,566,538
Total mutual funds - Fixed income securities	12,552,140	-	-	12,552,140
Mutual funds - Equity securities				
Large cap funds	895,109	-	-	895,109
Mid cap funds	972,737	-	-	972,737
Small cap funds	896,758	-	-	896,758
International funds	2,828,040	-	-	2,828,040
Other funds	1,020,548	-	-	1,020,548
Total mutual funds - Equity securities	6,613,192	-	-	6,613,192
Total assets	$ 25,543,802	$ 4,302,304	$ -	$ 29,846,106
Liabilities - Interest rate swap valuation	$ -	$ 1,888,377	$ -	$ 1,888,377

Note 7 Fair Value Measurements (Continued)

The carrying values of current assets and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments

Based on the borrowing rates currently available to the Organization for bonds with similar terms and maturities, the recorded value of the bonds approximated the fair value at June 30, 2012

Note 8 Property and Equipment

Property and equipment by major categories consisted of the following at June 30

	2012	2011
Land	$ 227,478	$ 227,478
Land improvements	1,663,188	1,647,807
Buildings and fixed equipment	29,511,209	29,240,834
Movable equipment	11,123,420	10,176,801
Vehicles	182,350	177,724
Total property and equipment	42,707,645	41,470,644
Less - Accumulated depreciation	20,438,439	17,870,201
Net depreciated value	22,269,206	23,600,443
Construction in progress	540,816	68,500
Property and equipment - Net	$ 22,810,022	$ 23,668,943

Depreciation expense totaled $2,743,814 in 2012 and $2,749,434 in 2011

Construction in progress at June 30, 2012 primarily related to the preliminary costs of a hospital renovation project and clinic addition project at the Medford, Wisconsin, campus As of the date of the financial statements, the Organization has entered into commitments for these projects totaling approximately $1,032,000 The clinic addition project is estimated to be completed in October 2012, and the renovation project is estimated to be completed in phases in 2013 and 2014 The total estimated cost to complete these projects is approximately $16,225,000 and is anticipated to be funded out of the Organization's operating cash and investments and a future bond issue of long-term debt

Note 9 Interest in Net Assets of the Foundation

The Foundation was created to facilitate contributions, investments, and distribution of funds to be used toward the improvement of the health care facility and services provided by the Organization Distributions of $80,855 and $35,352 were made by the Foundation to the Organization as of June 30, 2012 and 2011, respectively

The Organization's interest in net assets of the Foundation of $1,222,688 and $1,226,938 as of June 30, 2012 and 2011, respectively, are reported in the accompanying financial statements

A summary of the internal financial information for the Foundation for the years ended June 30, is as follows

	Unaudited	
	2012	2011
Assets	$ 1,223,712	$ 1,227,546
Liabilities	$ 1,024	$ 608
Net assets	$ 1,222,688	$ 1,226,938
Revenue in excess of expenses before contributions to the Organization	$ 76,605	$ 176,223
Less - Contributions to the Organization	80,855	35,352
Increase (decrease) in net assets	(4,250)	140,871
Net assets at beginning	1,226,938	1,086,067
Net assets at end	$ 1,222,688	$ 1,226,938

Note 10 Investments in Unconsolidated Affiliates

The Organization has an interest of 25 0% in a partnership, Wisconsin Valley Health Network (WVHN) This investment is accounted for under the equity method

The Organization also has a 9 23% interest in a not-for-profit home health agency This investment is accounted for under the cost method

The operating results of these investments are included in the statements of operations and changes in net assets under the classification investment income

Detail by investment for the years ended June 30 is as follows

	2012		2011	
	Investments	Change	Investments	Change
WVHN	$ 232,000	$ 54,132	$ 177,868	$ 5,559
Home health agency	134,609	-	134,609	-
Totals	$ 366,609	$ 54,132	$ 312,477	$ 5,559

The following is a summary of the financial position of the Organization's investment accounted for under the equity method as of June 30

	Unaudited	
	2012	2011
Assets	$ 979,764	$ 827,036
Liabilities	$ 113,465	$ 161,002
Equity	$ 866,299	$ 666,034

Note 10 Investments in Unconsolidated Affiliates (Continued)

The following is a summary of purchases and sales between the Organization and WVHN for the years ended June 30

	2012	2011
Purchases of diagnostic services	$ 31,040	$ 37,600
Annual participation fees	132,234	87,963
Totals	$ 163,274	$ 125,563

WVHN provides support and services to its member hospitals through joint planning objectives and meetings, participation in pooled purchasing programs, diagnostic testing services, and other contract services in which the member hospitals realize reduced costs in obtaining these services by purchasing as a group rather than as individual hospitals Effective May 2012, the Organization discontinued the use of diagnostic services through WVHN

Note 11 Long-Term Debt

Long-term debt consisted of the following at June 30

	2012	2011
Wisconsin Health and Educational Facilities Authority (WHEFA) Revenue Bonds, Series 1999, maturing in 2019, amounts varying from $250,000 in 2012 to $400,000 in 2019, variable interest rate	$ 2,110,000	$ 2,360,000
WHEFA Revenue Bonds, Series 2004, maturing in 2035, amounts varying from $300,000 in 2012 to $1,200,000 in 2035, variable interest rate	17,200,000	17,500,000
Totals	19,310,000	19,860,000
Less - Current maturities	550,000	550,000
Long-term portion	$ 18,760,000	$ 19,310,000

Required payments of principal for the next five years and thereafter, on the long-term debt, including current maturities, are as follows

2013	$ 550,000
2014	600,000
2015	600,000
2016	610,000
2017	650,000
Thereafter	16,300,000
Total	$ 19,310,000

A summary of interest cost on borrowed funds during the years ended June 30 is as follows

	2012	2011
Interest cost		
Captalized as part of construction project	$ 1,502	$ -
Recognized as interest expense	205,733	295,342
Totals	$ 207,235	$ 295,342

Note 11 Long-Term Debt (Continued)

Series 1999

On June 3, 1999, the WHEFA Bonds, Series 1999, (Memorial Hospital of Taylor County, Inc Project) were issued in the amount of $3 5 million The bonds were issued to fund a construction project and future capital expenditures The revenue bonds have a term of 20 years and are callable by the holder upon demand Since the Organization has the ability to refinance the debt, if called, and because these types of bonds have historically not been called prior to maturity, the bonds are classified based on the due date At June 30, 2012 and 2011, the adjusted interest rate was 1 04% The average interest rate on the bonds was 0 90% and 1 00% during 2012 and 2011, respectively The bonds are guaranteed by Aspirus, Inc

Series 2004

During fiscal year 2005, the Authority issued $45 million of Variable Rate Demand Revenue Bonds, Series 2004 for the benefit of the Organization and Aspirus Wausau Hospital, Inc (AWH), collectively known as the "Obligated Group " The Organization joined AWH as a member of the Obligated Group simultaneously with the issuance of the Series 2004 Bonds The proceeds from the Series 2004 Bonds were shared by the Organization, $17 8 million, and AWH, $27 2 million The Series 2004 Bonds were issued pursuant to, and secured by, the Master Trust Indenture dated December 1, 2004, between the Authority and the Obligated Group The Organization and AWH are jointly and severally liable for the payment obligations under the loan agreement The Series 2004 Bonds are payable solely from loan payments to be made by the Organization and AWH pursuant to the loan agreements between the Authority and the Obligated Group The proceeds from the Series 2004 Bonds were used to construct, renovate, and equip certain health care facilities of the Organization and AWH and to pay certain expenses incurred in connection with the issuance

In April 2008, the Obligated Group began to purchase its Series 2004 Variable Rate Demand Bonds as each weekly auction failed The Organization accounted for the purchase of the Series 2004 bonds as an extinguishment of debt, resulting in a nonoperating loss of $169,735 as of June 30, 2008

In July 2008, the Series 2004 bonds were converted from auction-rate securities to variable-rate demand bonds and supported by the long-term letter of credit

Note 11 Long-Term Debt (Continued)

Series 2004 (Continued)

In October 2009, the Obligated Group reoffered the Series 2004 bonds The existing bank letter of credit was replaced with a letter of credit issued by a different bank, and the bond insurance policies were cancelled As a result, the Organization wrote off the remaining cost of the conversion of the bond totaling $144,016 and capitalized $116,490 of bond issuance costs related to the 2009 reoffering

The letter of credit in the amount of $45,250,220 was entered into on October 7, 2009 Subsequently, an amended letter of credit was entered into extending the expiration date to December 1, 2013 The letter of credit agreement has a provision to renew it for one or more additional years upon request If the letter of credit is drawn upon, the amount drawn, plus applicable interest, would be due The due dates for the principal and interest are variable based on criteria met within the agreement There were no amounts drawn on the letter of credit as of June 30, 2012 and 2011

The interest rate on the Series 2004 Bonds is reset weekly At June 30, 2012 and 2011, the rate was 0 15% and 0 10%, respectively The average variable interest rate on the bonds in 2012 and 2011 was 0 12% and 0 24%, respectively

The loan agreements provide for various restrictive covenants Management believes the Organization was in compliance with these covenants as of June 30, 2012

The Organization has a master swap agreement dated December 22, 2004, with a financial institution for an interest rate swap transaction with an original notional amount of $17,800,000 and a fixed rate of 3 49% The interest rate swap agreement matures August 15, 2034

Note 12 Interest Rate Swap

The interest rate swap agreement is recorded at fair value and was a liability of $3,936,205 and $1,888,377 as of June 30, 2012 and 2011, respectively Prior to 2008, the Organization assessed the effectiveness of the interest rate swap as a cash flow hedge instrument on a periodic basis During the year ended June 30, 2008, the Organization determined the hedge was no longer highly effective, primarily due to basis differences in the variable leg of the swap which is at LIBOR, and the variable rates on the Series 2004 Bonds In 2012, the Organization recognized other expense of $2,047,828, and, in 2011, the Organization recognized other income of $485,678, for the change in the fair value of the interest rate swap agreement

The cumulative changes in fair value of the interest rate swap agreement recognized as a change in unrestricted net assets in years prior to 2008, totaling $754,200, will be reclassified to interest rate swap valuation adjustment on the statements of operations and changes in net assets over the remaining life of the Series 2004 Bonds During 2012 and 2011, the Organization reclassified $27,763 of the cumulative fair value adjustment from unrestricted net assets to other income

The Organization is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap However, the Organization does not anticipate nonperformance by the counterparty

Total interest expense relating to the interest rate swap was $571,502 and $580,198 in 2012 and 2011, respectively

Note 13 Operating Leases

The Organization leases various items of equipment under leases classified as operating leases Rental expense on these cancelable operating leases amounted to approximately $87,000 and $106,000 for the years ended June 30, 2012 and 2011, respectively

Note 14 Retirement Plans

The Organization sponsors a tax sheltered annuity plan covering substantially all employees The Organization may make an employer discretionary contribution to the plan for each plan year consisting of 3 0% of eligible wages up to 80 0% of the FICA maximum wage base and 6 0% of eligible wages above 80 0% of the FICA minimum wages base up to current IRS limitations The Organization offers a 2 0% employer match for a 3-year vesting schedule The Organization's expense related to this plan totaled approximately $1,064,000 and $955,000 for the years ended June 30, 2012 and 2011, respectively

The Organization also sponsors a nonqualified tax equalized annuity plan covering employed physicians Physicians are eligible to participate in the plan after one year of service The Organization may make an employer discretionary contribution to the plan for each plan year consisting of 5 0% of eligible wages up to 80 0% of the FICA maximum wage base and 7 4% of eligible wages above 80 0% of the FICA maximum wage base up to current IRS limitations Participants in the plan are immediately 100 0% vested The Organization's expense related to this plan totaled approximately $106,000 and $120,000 for the years ended June 30, 2012 and 2011, respectively

In addition, the Organization has adopted an Executive 457(b) Retirement Plan (the "Plan") The Plan is intended to be maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees The Organization may make an employer discretionary contribution to the Plan for each plan year consisting of 5 0% of eligible wages up to 80 0% of the FICA maximum wage base up to current IRS limitations Including the wages gross-up calculation, the Organization's expense related to this plan totaled approximately $231,000 and $191,000 for the years ended June 30, 2012 and 2011, respectively The total liability recorded for the deferred compensation plan, including unrealized gains and losses net of withdrawals, was approximately $1,082,000 and $846,000 as of June 30, 2012 and 2011, respectively

Note 15 Self-Funded Insurance

The Organization has self-funded health and dental plans, which provide benefits to employees, retirees, and their dependents Health and dental costs are expensed as incurred Health and dental expenses are based upon claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end The health plan buys reinsurance to cover catastrophic individual claims over $100,000 The dental plan covers annual individual claims up to $1,000

Self-funded health care expense for the years ended June 30, 2012 and 2011 was approximately $4,277,000 and $4,451,000, respectively A liability of approximately $352,000 and $383,000 for claims outstanding has been recorded at June 30, 2012 and 2011, respectively Self-funded dental expense for 2012 and 2011 was approximately $233,000 and $253,000, respectively A liability of approximately $27,000 and $37,000 for claims outstanding has been recorded at June 30, 2012 and 2011, respectively Management believes these liabilities, which are recorded in other accrued expenses on the balance sheets, are sufficient to cover estimated claims, including claims incurred but not yet reported

Note 16 Malpractice Insurance

The Organization has professional liability insurance for claim losses of less than $1,000,000 per claim and $3,000,000 per year Through January 31, 2005, the insurance covered professional liability claims for both hospital and physician services incurred during a policy year regardless of when the claim was filed ("occurrence" coverage) Effective February 1, 2005, the insurance for physician services was changed to cover professional liability claims for physician services incurred and filed within the policy year ("claims-made coverage") Effective April 1, 2007, the insurance for hospital services was changed to "claims-made" coverage The Organization is covered against losses in excess of these amounts through its mandatory participation in the Patients' Compensation Fund of the State of Wisconsin The professional liability insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending to April 1, 2013

Note 16 Malpractice Insurance (Continued)

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Organization There exists the possibility of claims arising from services provided to patients through June 30, 2012, which have not yet been asserted The Organization's actuary has estimated this liability to be $182,707 as well as estimated insurance receivables and liabilities of $1,214,536 related to the adoption of ASU 2010-24, as discussed on page 20, at June 30, 2012

The malpractice insurance receivables and liabilities are reflected on the balance sheets as follows as of June 30, 2012

Receivables		
Prepaid expenses and other	$	555,326
Other asset - Insurance receivable		659,210
Total receivables	$	1,214,536
Liabilities		
Accrued expenses	$	577,326
Other long-term liabilities		819,917
Total liabilities	$	1,397,243

The Organization also maintains umbrella coverage for claims in excess of the professional liability limits to a maximum of $5,000,000 per occurrence and $5,000,000 aggregate per year

Note 17 Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets include assets set aside in accordance with donor restrictions as to time or use Temporarily and permanently restricted net assets are held by the Foundation and totaled $1,222,688 as of June 30, 2012, and $1,226,938 as of June 30, 2011

Note 18 Functional Expenses

The Organization provides general health care services to residents within its geographic location Expenses related to providing these services consisted of the following for the years ended June 30

	2012	2011
Hospital, nursing home, and other long-term care services	$ 30,463,575	$ 30,529,409
Clinic services	12,001,043	11,078,277
Pharmacy services	4,768,635	5,728,435
General and administrative services	8,094,418	7,572,730
Total expenses	$ 55,327,671	$ 54,908,851

Note 19 Related-Party Transactions

The Organization had the following related-party transactions for the years ended June 30, 2012 and 2011

Aspirus, Inc

The Organization purchased information technology services and other contracted services from Aspirus, Inc totaling $863,948 and $1,269,053 for the years ended June 30, 2012 and 2011, respectively Aspirus, Inc also guaranteed the Organization's Series 1999 bonds The amounts paid under the guarantee totaled $11,939 and $13,088 and for the years ended June 30, 2012 and 2011, respectively As of June 30, 2012 and 2011, $56,238 and $38,711, respectively, was due to Aspirus, Inc

Aspirus Wausau Hospital, Inc

The Organization purchased supplies, lab, physician, credentialing, and other contracted services from AWH totaling $1,012,176 and $1,181,048 for the years ended June 30, 2012 and 2011, respectively As of June 30, 2012 and 2011, $123,375 and $105,321, respectively was due to AWH

Note 19 Related-Party Transactions (Continued)

Aspirus Clinics, Inc

The Organization purchased recruitment, physician, and other contracted services from Aspirus Clinics, Inc Aspirus, Inc is the sole corporate member of Aspirus Clinics, Inc These services totaled $105,362 and $135,731 for the years ended June 30, 2012 and 2011, respectively As of June 30, 2012 and 2011, $13,590 and $6,995, respectively, was due to Aspirus Clinics, Inc

Memorial Member Association, Inc

The Organization provided administrative services to Memorial Member Association, Inc (the "Association") totaling $6,800 and $6,972 for the years ended June 2012 and 2011, respectively There were no amounts due from the Association as of June 30, 2012 and 2011

Cedar Court Apartments, Inc

The Organization is considered a related party with Cedar Court Apartments, Inc ("Cedar Court") through common board of director membership The Organization provided administrative, maintenance, and housekeeping services to Cedar Court totaling $36,585 and $35,855 for the years ended June 30, 2012 and 2011, respectively As of June 30, 2012 and 2011, $589 and $1,850, respectively, was due from Cedar Court

The amounts due from related parties are recorded in other accounts receivable, and the amounts due to related parties are recorded in other accrued expenses on the accompanying balance sheets

Note 20 Concentration of Credit Risk

Financial instruments that subject the Organization to possible credit risk consist principally of accounts receivable, cash deposits in excess of insured limits, and investments of surplus operating funds

The mix of Organization receivables from patients and third-party payors is as follows at June 30

	2012	2011
Medicare and Medicare Advantage Plans	30%	25%
Medicaid and Medicaid HMO Plans	17%	13%
Other third-party payors	30%	28%
Patients	23%	34%
Totals	100%	100%

The Organization maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions On November 9, 2010, the FDIC issued a final rule implementing Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of non-interest-bearing transaction accounts through December 31, 2012 In addition, the Organization maintains cash in interest-bearing accounts at these institutions which are insured by the FDIC up to $250,000 Operating cash needs require that amounts on deposit exceed FDIC limits At June 30, 2012, the amount of the Organization's bank balances in excess of FDIC limits was approximately $4,600,000 In addition, other investments held by financial institutions are uninsured