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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

Hegg Memorial Health Center

Doing Business As

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

1202 21st Avenue

Room/suite

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

Rock Valley, IA 51247

F Name and address of principal officer

Glenn Zevenbergen
1202 21st Avenue
Rock Valley, IA 51247

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.heggmemorialhealthcenter.org

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1967

M State of legal domicile

IA

Part I

Summary

Activities & Governance	<div>1 Briefly describe the organization's mission or most significant activities</div> <div>Serving the community through provision of healthcare and health/safety education</div>		
Revenue	<div>2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div>		
	<div>3 Number of voting members of the governing body (Part VI, line 1a)</div>		<div>39</div>
	<div>4 Number of independent voting members of the governing body (Part VI, line 1b)</div>		<div>48</div>
	<div>5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)</div>		<div>5355</div>
	<div>6 Total number of volunteers (estimate if necessary)</div>		<div>629</div>
	<div>7a Total unrelated business revenue from Part VIII, column (C), line 12</div>		<div>7a214,403</div>
	<div>b Net unrelated business taxable income from Form 990-T, line 34</div>		<div>7b-25,042</div>
Expenses			
Net Assets or Fund Balances			

Part II

Signature Block

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

Sign Here

Signature of officer

Date

Glenn Zevenbergen CEO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed

Preparer's taxpayer identification number (see instructions)

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

EIN

Phone no

May the IRS discuss this return with the preparer shown above? (see instructions)

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

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

We serve together to heal body, mind and spirit, to improve the health of our community, and to be good stewards of the resources entrusted to us

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 \$ 13,883,156 including grants of \$ 8,460) (Revenue \$ 16,536,319)

Hegg Memorial Health Center's (HMHC) purpose is to provide acute inpatient and outpatient services as well as residential nursing home services The amount of care provided was 747 acute inpatient days of care, 78 births, 21,691 nursing home days of care, 34,444 outpatient visits which include 8,740 home health visits, and 18,328 clinic visits HMHC also provides 24 hour Emergency Care that provides care regardless of the patients' ability to pay There were 1,236 ER visits in FY 2012 Malinda DeJong, Med/Surg Coordinator, received an award for "Distinguished Service Care Provider" in October, 2011 Malinda received this award for her professional practice in nursing by being involved in a range a patient safety and patient care committees and education, her influence on the delivery of service by being compassionate, caring, how involved she is with each patient, and her involvement in the community, whether on community committees or helping in a community event Malinda is professional, efficient, and has excellent bedside care She receives much praise from her patients and her co-workers for all she has done for HMHC for over 30 years Amber Jansen, Physical Therapist, received an award for the "SDPTA Genesis Award" in October, 2011 This award is given to a physical therapist that has only been working for 5 or less years in their field Amber was chosen because of her commitment to health care long before her attending Physical Therapy school She worked as a Patient Tech before entering PT school She was an active student by being a member of APTA and was the Class Liaison She participated in a mission trip and in committees while attending school She started her career at HMHC and took on a specialty in pelvic dysfunction and incontinence treatment She provides education in the community and is a mentor for students Amber continues to volunteer in health care related activities within her community Amber is also known for her professionalism and her compassion Linda Rhods, Physical Therapy Aide, received an award for the "Iowa Hospital Hero Award" in October, 2011 Linda has been an employee of HMHC for almost 30 years Linda was chosen for this award for a variety of reasons She provides great care and compassion to the patients that utilize the therapy department She maintains their dignity and respects each person She is always willing to go the extra mile to help patients that are in need of more than just physical therapy She has provided rides home, rides to therapy, clothing for the less fortunate, found ways to provide furniture and appliances for the less fortunate, and develops a great relationship with all the patients Linda develops a personal relationship with the patient and makes them feel comfortable and cared for during their visits Linda is also HMHC's representative for the American Heart Association She volunteers her time and attends meetings, events, and coordinates fundraisers for the AHA Linda's actions embody the purpose, mission, and positive culture of HMHC Nicole Samuels, Director of Rehab Services and a Physical Therapist, received an award for the "American Physical Therapy Association Emerging Leader" in October, 2011 This award is for one "emerging leader" from each chapter and section of the APTA The recipient must be a member of the APTA for at least 5 years Nicole received the award for her commitment and dedication to patient care and in the profession of physical therapy She encourages her staff to increase their knowledge in education in specific areas to help those in the community as well as their specialties Nicole has obtained her National Lymphedema Certification, lectures and instructs physical therapy students in various places, and was designated as a Certified Wound Specialist Nicole is very active in various committees, rehab programs in the community, organizations, and using her skills and knowledge at Universities Other areas where Nicole qualified for this award were through her compassion, volunteer efforts, and continual growth and knowledge in physical therapy The goal of the Community Education Department of HMHC is to offer a resource for medical issues as well as wellness promotion The Community Education Department offers many opportunities for the community to grow in their knowledge of medical concerns and wellness matters

4b

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

4c

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

4d

Other program services (Describe in Schedule O)


















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

4e

Total program service expenses \$ 13,883,156

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)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (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? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i>	4	No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>	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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	Yes
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	Yes
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	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? <i>If "Yes," complete Schedule F, Part I.</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 ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	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 ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	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? <i>If "Yes," complete Schedule G, Part I.</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? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	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? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V		Statements Regarding Other IRS Filings and Tax Compliance		
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>				
			Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	14	
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	355	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	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	9	
b	Enter the number of voting members included in line 1a, above, who are independent	1b	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	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		No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	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		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization.	
	Kari Timmer CFO 1202 21st Ave Rock Valley, IA 51247 (712) 476-8012	

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) Brad VanHeuvelen til Nov 2011 President	10	X		X				0	0	0
(2) Scott VanKekenx President	10	X		X				0	0	0
(3) Kathy Kooima Vice President	10	X		X				0	0	0
(4) Peter Zagaeski Secretary	10	X		X				0	0	0
(5) Nancy Dorhout Member	10	X						0	0	0
(6) Jerry Schlotfeldt Member	10	X						0	0	0
(7) Brian VandeHoef til Nov 2011 Member	10	X						0	0	0
(8) Joyce VanEngen Member	10	X						0	0	0
(9) Korne VanMaanen Member	10	X						0	0	0
(10) Kevin Blankespoor Member	10	X						0	0	0
(11) Brian Richter Member	10	X						0	0	0
(12) Larry Jensen til Sept 2011 Member	10	X						0	0	0
(13) Kan Timmer CFO	40 00			X				59,276	0	9,795
(14) Glenn Zevenbergen CEO/Administrator	40 00			X				162,742	0	18,972

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	222,018	0	28,767

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

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4 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? <i>If "Yes," complete Schedule J for such person</i>	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
Avera Health 800 East 21st Street Sioux Falls, SD 57101	Physician, Surgeon, Radiology, Lab, Man	608,393
Sanford USD Medical Center PO Box 5039 Sioux Falls, SD 57117	Anesthesia, Speech, Occ Therapy, etc	178,791
Sioux Center Community Hospital 605 South Main Avenue Sioux Center, IA 51250	Respiratory Therapy & Radiologist Fees	137,720
Independent Radiology Services PO Box 2746 Fargo, ND 58108	Radiologist Fees	115,102
Architecture Inc 415 S Main Ave Sioux Falls, SD 57101	Contruction Fees	111,365

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 ►5

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	376,408				
	g	Noncash contributions included in lines 1a-1f \$ 335,306						
	h	Total. Add lines 1a-1f		376,408				
Program Service Revenue			Business Code					
	2a	Patient Service Revenue	621110	15,882,706	15,882,706			
	b	Clinic/Other Services	621111	770,228	740,427		29,801	
	c	Daycare	624410	214,403		214,403		
	d	Int Avera Hlth Fdtn	900099	10,559	10,559			
	e	Joint Venture Loss	900099	-97,373	-97,373			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		16,780,523				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		40,036			40,036	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
		b	Less rental expenses					
		c	Rental income or (loss)					
		d	Net rental income or (loss)					
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		b	Less cost or other basis and sales expenses					
		c	Gain or (loss)					
		d	Net gain or (loss)		69,191			69,191
	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			17,266,158	16,536,319	214,403	139,028	

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	8,460	8,460		
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	283,398	25,506	255,058	2,834
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	29,314	29,314		
7	Other salaries and wages	7,762,756	7,196,756	566,000	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	130,848	119,000	11,848	
9	Other employee benefits	633,975	588,104	45,871	
10	Payroll taxes	461,248	412,186	49,062	
11	Fees for services (non-employees)				
a	Management	134,554		134,554	
b	Legal	3,250		3,250	
c	Accounting	47,075	8,355	38,720	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	1,508,352	1,347,901	160,451	
12	Advertising and promotion	90,820	22,839	67,981	
13	Office expenses	523,572	439,300	84,272	
14	Information technology	65,989	44,935	21,054	
15	Royalties				
16	Occupancy	219,724	215,864	3,860	
17	Travel	79,548	64,284	15,264	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	89,091	71,946	17,145	
20	Interest	134,738	134,738		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,017,073	1,017,073		
23	Insurance	209,224	44,660	164,564	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical Supplies	1,358,894	1,358,894		
b	Bad Debts	320,779	320,779		
c	Repairs and Maint	221,985	213,374	8,611	
d	Assessments - PS	109,471	109,471		
e					
f	All other expenses	192,159	89,417	79,834	22,908
25	Total functional expenses. Add lines 1 through 24f	15,636,297	13,883,156	1,727,399	25,742
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			4,188,274	2	4,786,736
	3	Pledges and grants receivable, net			214,038	3	52,024
	4	Accounts receivable, net			1,593,616	4	1,536,529
	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			125,000	7	150,000
	8	Inventories for sale or use			283,966	8	306,046
	9	Prepaid expenses and deferred charges			198,055	9	171,415
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	22,743,497	12,815,943	10c	14,311,064
	b	Less accumulated depreciation	10b	8,432,433			
	11	Investments—publicly traded securities				11	
	12	Investments—other securities See Part IV, line 11			1,734,598	12	2,025,345
	13	Investments—program-related See Part IV, line 11			12,391	13	8,609
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			339,943	15	338,687
	16	Total assets. Add lines 1 through 15 (must equal line 34)			21,505,824	16	23,686,455
Liabilities	17	Accounts payable and accrued expenses			1,873,169	17	2,690,098
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			3,168,578	20	2,882,978
	21	Escrow or custodial account liability Complete Part IV of Schedule D			1,757	21	1,379
	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			367,010	25	386,812
	26	Total liabilities. Add lines 17 through 25			5,410,514	26	5,961,267
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			15,479,571	27	17,128,677
	28	Temporarily restricted net assets			68,433	28	46,721
	29	Permanently restricted net assets			547,306	29	549,790
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			16,095,310	33	17,725,188
	34	Total liabilities and net assets/fund balances			21,505,824	34	23,686,455

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	17,266,158
2	Total expenses (must equal Part IX, column (A), line 25)	2	15,636,297
3	Revenue less expenses Subtract line 2 from line 1	3	1,629,861
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	16,095,310
5	Other changes in net assets or fund balances (explain in Schedule O)	5	17
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	17,725,188

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization Hegg Memorial Health Center	Employer identification number 42-0932564
---	--

Part I Reason for Public Charity Status

(All organizations must complete this part.) See instructions

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

- 1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety Se**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

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	(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	(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 IIIPart III

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

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

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.

Name of the organization
Hegg Memorial Health Center

Employer identification number
42-0932564

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	
	<div>Yes</div> <div>No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit	
	<div>Yes</div> <div>No</div>	

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

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

Yes

No

6

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

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year

\$

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

Yes

No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

\$

(ii)

Assets included in Form 990, Part X

\$

2

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

a

Revenues included in Form 990, Part VIII, line 1

\$

b

Assets included in Form 990, Part X

\$

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

d

☐ Loan or exchange programs

b

☐ Scholarly research

e

☐ Other

c

☐ Preservation for future generations

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
1c	
1d	
1e	
1f	

2a

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

☒ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	62,747	0		
b	Contributions	0	62,747		
c	Investment earnings or losses	2,484			
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance	65,231	62,747		

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 100 000 %

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

Yes

No

3a(ii)

No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		608,278		608,278
b Buildings		15,336,269	5,036,153	10,300,116
c Leasehold improvements				
d Equipment		5,053,235	3,078,748	1,974,487
e Other		1,745,715	317,532	1,428,183
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				14,311,064

Schedule D (Form 990) 2011

Part XI

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	17,266,158
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	15,636,297
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	1,629,861
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	17
9	Total adjustments (net) Add lines 4 - 8	9	17
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	1,629,878

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	16,914,238
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	-329,029
e	Add lines 2a through 2d	2e	-329,029
3	Subtract line 2e from line 1	3	17,243,267
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	22,891
c	Add lines 4a and 4b	4c	22,891
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	17,266,158

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	15,284,360
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	-8,250
e	Add lines 2a through 2d	2e	-8,250
3	Subtract line 2e from line 1	3	15,292,610
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	343,687
c	Add lines 4a and 4b	4c	343,687
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	15,636,297

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
	Part IV, Line 2b	Residents or Resident's family members deposit money into an account that HMHC manages. The residents can use the deposited funds for small personal expenses that arise such as salon visits, personal items, and etc.
Description of Intended Use of Endowment Funds	Part V, Line 4	The Endowment Fund was created for the intention of building up cash that is restricted for use to help support the operations in years to come from the interest that this fund earns.
Description of Uncertain Tax Positions Under FIN 48	Part X	The Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Center's federal Form 990-T filings are no longer subject to federal tax examinations by tax authorities for years before 2008.
Part XI, Line 8 - Other Adjustments		Auxiliary Net Income 17
Part XII, Line 2d - Other Adjustments		Bad Debt Expense Netted to Revenue for GAAP -320,779 Contribution expense netted to revenue for GAAP -8,250
Part XII, Line 4b - Other Adjustments		Auxiliary Income 22,891
Part XIII, Line 2d - Other Adjustments		Contribution expense netted to revenue for GAAP -8,250
Part XIII, Line 4b - Other Adjustments		Auxiliary Expense 22,908 Bad Debt Expense Netted to Revenue for GAAP 320,779

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
Hegg Memorial Health Center

Employer identification number
42-0932564

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Generally tailored to individual hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input checked="" type="checkbox"/> 100%<input type="checkbox"/> 150%<input type="checkbox"/> 200%<input type="checkbox"/> Other _____ %</div>	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input type="checkbox"/> 400%<input checked="" type="checkbox"/> Other 0.0 %</div>	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during 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)			99,000		99,000	0 650 %
b Medicaid (from Worksheet 3, column a)			2,236,503	2,096,814	139,689	0 910 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			176,563	165,342	11,221	0 070 %
d Total Charity Care and Means-Tested Government Programs			2,512,066	2,262,156	249,910	1 630 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			35,541	8,350	27,191	0 180 %
f Health professions education (from Worksheet 5)			3,220		3,220	0 020 %
g Subsidized health services (from Worksheet 6)			1,957,849	1,519,891	437,958	2 860 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			116,954		116,954	0 760 %
j Total Other Benefits			2,113,564	1,528,241	585,323	3 820 %
k Total. Add lines 7d and 7j			4,625,630	3,790,397	835,233	5 450 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing			500		500	0 %
2Economic development			3,786		3,786	0 020 %
3Community support						
4Environmental improvements						
5Leadership development and training for community members		52	138		138	0 %
6Coalition building			187		187	0 %
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total		52	4,611		4,611	0 020 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2Enter the amount of the organization's bad debt expense	2	320,779	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	80,195	
4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	2,992,241	
6Enter Medicare allowable costs of care relating to payments on line 5	6	2,962,614	
7Subtract line 6 from line 5. This is the surplus or (shortfall)	7	29,627	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other			

Section C. Collection Practices

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

Part IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

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

Name and address

[illegible]

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)

Hegg Memorial Health Center

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	No
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 100 000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

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

Billing and Collections

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

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

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? 3

Name and address		Type of Facility (Describe)
1	Hegg Medical Clinic 2121 Hegg Drive Rock Valley, IA 51247	Provider based clinic
2	Whispering Heights 2116 14th Street Rock Valley, IA 51247	Long-term care facility
3	Northwest Iowa Diagnostics 714 Lincoln St NE Le Mars, IA 51031	Diagnostic radiology
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 Hegg Memorial Health Center (HMHC) utilizes the FPG as a starting point to determine if the patients meet or qualify for charity care If the patient's income is above the FPG, they are issued points depending on how much they are over the FPG Patients are also issued points for dollar value of major assets Points are then deducted based on the dollar amount of medical bills a patient owes From there, the total points are calculated and used to determine the percentage of financial assistance that gets deducted from the patient's medical bill within our health center If a patient falls below the FPG, it generates a 100% write-off under the charity care policy As of January 2013, 400% of FPG is the maximum to determine eligibility for discounted care

Identifier	ReturnReference	Explanation
		Part I, Line 6a HMHC is included in the community benefit report that is submitted to Avera Health, a related organization It is available through the website and requested mailing, and is filed with the Catholic Health Association HMHC also reports to the Iowa Hospital Association (IHA) for the state's reporting on community benefits, and files their own community benefit report within the organization For the fiscal year ended June 30, 2012, the community benefit report was published in the local newspaper in October, 2011 which was mailed to approximately 5,000 community members, additionally, it was posted to HMHC's website

Identifier	ReturnReference	Explanation
		Part I, Line 7 Charity care expense was converted to cost on line 7a based on an overall cost-to-charge ratio addressing all patient segments Lines 7b and 7c were determined using the ratio of patient care costs to charges calculated in IRS Worksheet 2 Lines 7e, 7f and 7i were obtained utilizing the actual general ledger system Line 7g was obtained from the Medicare cost report

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) Bad debt expense of \$320,779 was subtracted from total operating expense

Identifier	ReturnReference	Explanation
		Part II The involvement of Hegg Memorial Health Center's employees in the community through the Economic Development board, Chamber of Commerce boards/committees, the County Coalition Building committee, and training/educating of students helps to develop a better town, a better county, and creates leadership and skills in the children for the future

Identifier	ReturnReference	Explanation
		<p>Part III, Line 4 A) Bad debt write-offs are recorded using gross charges. If an account is written off to bad debts, payments received after the write off for that account are posted to the Allowance for Bad Debt Account. No discounts are applied to the bad debt allowance or expense as the accounts are not eligible for discounts once they reach the point of being deemed uncollectible. The Allowance for Bad Debt is calculated using an estimated uncollectible percentage of Accounts Receivable. The difference between the estimate and the amount recorded to the Allowance for Bad Debt is recorded to Bad Debt Expense. B) HMHC estimates that approximately 25% of bad debt expense could reasonably be attributable to patients who would qualify for financial assistance under the hospital's financial assistance policy if sufficient information had been available to the facility to make a determination of their eligibility. C) Patient and resident accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful 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 doubtful accounts. For receivables associated with services provided to patients who have third party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, 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 Center records a significant provision 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 standard 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 doubtful accounts. The Center's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from June 30, 2011 to June 30, 2012. The Center does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors. The Center has not significantly changed its charity care or uninsured discount policies during fiscal years 2012 or 2011.</p>

Identifier	ReturnReference	Explanation
		Part III, Line 8 Medicare allowable cost of care was calculated from the Medicare cost report for fiscal year ending 6/30/2012

Identifier	ReturnReference	Explanation
Hegg Memorial Health Center		Part V, Section B, Line 10 Hegg Memorial Health Center (HMHC) utilizes the FPG as a starting point to determine if the patients meet or qualify for charity care If the patient's income is above the FPG, they are issued points depending on how much they are over the FPG Patients are also issued points for dollar value of major assets Points are then deducted based on the dollar amount of medical bills a patient owes From there, the total points are calculated and used to determine the percentage of financial assistance that gets deducted from the patient's medical bill within our health center If a patient falls below the FPG, it generates a 100% write-off under the charity care policy As of January 2013, 400% of FPG is the maximum to determine eligibility for discounted care

Identifier	ReturnReference	Explanation
Hegg Memorial Health Center		Part V, Section B, Line 19d Patients eligible for financial assistance were billed in the same manner as other patients Effective January, 2013, the hospital updated its policies based on the new 501(r) regulations FAP-eligible individuals are now billed no more than HMHC's average of the 3 lowest paying, fully insured payers calculated annually at the most recent fiscal year end

Identifier	ReturnReference	Explanation
	Part V, Line 12	A new financial assistance policy was implemented in January 2013 that includes language to explain the method for applying for financial assistance

Identifier	ReturnReference	Explanation
		Part VI, Line 2 The majority of HMHC's community benefit stems from our Community Education Department The manager of that department also manages the Marketing and Public Relations departments and acts as the Foundation Director The manager works with the Clinic nurse manager who helps identify the needs of the patients in our community HMHC conducted Focus Groups and sent out a 16 page survey to community members within Hegg Memorial Health Center service area This data was collected and analyzed in the Fall of 2012 for the Community Health Needs Assessment to provide a better understanding of community needs

Identifier	ReturnReference	Explanation
		Part VI, Line 3 HMHC contacts the patient regarding payment concerns (unless the organization is contacted by the patient prior to) related to their ability to make required payments Payment options, financial assistance and governmental benefits are discussed with the patient by phone, mail, or in person A financial assistance policy and application form is mailed out (upon request), picked up by the patient, or accessed online HMHC discusses the availability of various government benefits, such as Medicaid or state programs with the patient, and assists the patient with qualification for such programs, where applicable Information regarding applying for payment policy, which includes applying for financial assistance, is stated on the back of each hospital statement as of February 1, 2012

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Rock Valley is a rural community located in Sioux County, Iowa Agriculture and manufacturing are the primary industries in this community In 2010, Rock Valley recorded a population of 3,354 Rock Valley continues to grow both in population and in commerce In 2009, the median household income for Rock Valley was recorded at \$41,954 with 5.1% of the population being reported as below the poverty level Hegg Memorial Health Center is 1 of 4 hospitals located in Sioux County

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 5 HMHC feels that the health and wellness of their service area/community are of utmost importance As the largest healthcare leader in the community, HMHC is a centralized resource that not only provides compassionate patient care, but also offers life skills classes and health care reform education and webinars for the community HMHC is also involved with the area Economic Development Board, Chamber of Commerce, and the Sioux County Coalition HMHC works to enhance the quality of life and empower its patients, care-givers and community with the resources they need when they need them Hegg Community Education Department covers programs for all ages in the community Physicians, Nurses and hospital staff presented educational opportunities for 5th grade boys and girls in the Rock Valley and surrounding areas that dealt with puberty, anatomy and self esteem issues Babysitter Basics classes were offered in May to 60 youth from the community Anti Smoking classes were given to area youth by hospital staff that touched on the importance of staying tobacco free HANK and Friends (Healthy Active Nutritious Kids) was a program that was piloted five years ago and has grown to serve over 800 students in grades K-5 in Rock Valley and the surrounding areas This program focuses on nutrition and age specific exercises for children that will help to combat the increasing rise of obesity in the Midwest Project Truth is an annual program offered to 6th-8th graders and their parents that focuses on topics that negatively affect the youth of our community such as alcohol abuse, drug abuse and sexual purity issues Lunch and Learns were offered to area seniors focusing on topics including, but not limited to diabetes management, Occupational Therapy, proper lifting techniques, Home Health services, etc Community Health Screenings that focused on cholesterol management as well as Diabetes Screenings were offered to community members at a very reduced rate Many other events touch on teaching the basics of certain health related issues that may either negatively or positively affect the lives of the community members that we serve Hegg Memorial also promotes health and wellness through a 5K/10K Run/Walk and programs that focus on nutrition and obesity prevention A women's night out was held in December More than 300 women from the community and surrounding areas attended This event focused on organizing your life and accepting who you are inside and out A community breakfast was held for area employers and managers that addressed triggers such as stress management and drug abuse Various employees are involved in the promotion of the American Cancer Society Relay for Life, the American Heart Association Heart Walk, Alzheimer's Association Walk, Memory Loss Support Group, and free Prenatal Classes CPR and First Aid Classes are offered to health care workers, daycare providers, foster/adoptive parents, and the general public at a reduced cost Various organizations request speakers from the Hegg Community Education Department The speakers are provided at no cost utilizing the professional knowledge of our Health Center The Community Education Department strives to offer a wide array of services at a free or reduced rate The goal of the department is to further the mission of the Health Center through caring for others, body, mind, and soul HMHC has a nine member board comprised of citizens that live in the primary service area HMHC extends privileges to physicians in the immediate area HMHC uses surplus funds to fund building improvements to enhance services to our patients The facility started a \$4 million project in April 2012 that will add Rehab and Wellness facilities HMHC offers a 24/7 emergency department that is available to the community regardless of their ability to pay HMHC also participates in many scholarship/educational programs HMHC grants \$200 to two individuals annually that are planning on education in a healthcare field HMHC also sponsors a Radiology program at Northwest Iowa Community College (NCC) so that this program can be offered in our community HMHC offers opportunities to interns and students interested in a healthcare profession, whether bookkeeping, medical records, physical therapy, physician, etc We also pledge \$3,000 annually to support a scholarship program at NCC</p>

Identifier	ReturnReference	Explanation
		Part VI, Line 6 Hegg Memorial Health Center (HMHC) is a managed facility of Avera Health Avera Health and HMHC work cooperatively to enhance healthcare throughout the community served by HMHC As a managed facility, HMHC is able to participate in Avera e-CARE services These services include Avera e-ICU, e-Emergency, e-Pharmacy and e-Consult These services allow rural patients to be cared for at their local hospitals, provide rural hospitals access to immediate specialty care and support, and help reduce health care costs and travel HMHC also has access to "back office" support services, such as legal consultation, quality benchmarking, coding, computer services, contract negotiations, administrative consultation, group purchasing, human resource assistance and many other services Avera Health is able to provide these services to HMHC at a cost below that which HMHC could otherwise achieve In turn, local caregivers are able to devote more resources to patient and resident care Avera Health and HMHC dedicate resources to endeavors that make a positive difference to improve the health of the communities they serve These activities include leadership development and training for community members, economic development, physical improvements in the community, contributions to nonprofit community organizations, nonprofit event sponsorships, donated medical supplies, community health education and support groups, health screenings, flu-shot clinics, community health education and various other activities

Identifier	ReturnReference	Explanation
Reports Filed With States	Part VI, Line 7	IA

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Hegg Memorial Health Center

Employer identification number
42-0932564

Part I

Questions Regarding Compensation

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

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

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

[illegible]

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	Part I, Line 1a	The Organization pays for club dues such as Rotary Club and Kiwanis Club as well as local Chamber Committees in which they participate in as representatives of Hegg Memorial Health Center.
	Part I, Line 1b	The policy is not written, however, a formal policy is being drafted. Hegg Memorial Health Center knows that being one of the largest organizations in the community they need to give back to the community and make their presence known throughout by involvement in civic organizations and social clubs.
	Part I, Line 3	The compensation is set by Avera Health by using IHA and Avera Network surveys on setting the average rate of pay. This rate is compared to the actual and is brought to the board for consideration and approval. The board recommends and approves any additional bonus compensation that is given to the CEO.
Supplemental Information	Part III	Schedule J, Part II. Glenn Zevenbergen, CEO, is compensated by Avera Health, 800 East 21st Street, Sioux Falls, SD 57101. HMHC is billed from Avera Health for his compensation.

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
Hegg Memorial Health Center

Employer identification number
42-0932564

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 City of Rock Valley IA	42-6005162		06-01-2004	3,300,000	New Building Construction		X		X		X
B City of Rock Valley IA	42-6005162		12-22-2009	1,200,000	New Building Construction		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	1,466,644		150,378					
2	Amount of bonds defeased								
3	Total proceeds of issue	3,300,000		1,200,000					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	25,000		6,000					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	2,794,840		1,194,000					
11	Other spent proceeds	480,160							
12	Other unspent proceeds								
13	Year of substantial completion	2004		2010					
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X			X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Hegg Memorial Health Center

Employer identification number
42-0932564

Part I

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

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

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

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

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

Part II

Loans to and/or From Interested Persons.

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

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

Part III

Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Sarita VanMaanen	Family Member of Korrie VanMaanen, Board Member	12,459	Employment		No

Part V

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

Identifier	Return Reference	Explanation
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SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Hegg Memorial Health Center

Employer identification number
42-0932564

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
Digital				
25 Other ► (Mammography)	X	1	159,353	Cost of donated equipment
Pyxix machine & E-				
26 Other ► (Pharmacy)	X	2	67,529	Cost of donated equipment
27 Other ► ()				
28 Other ► ()				

29

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

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?

b

If "Yes," describe in Part II

33

If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) 2011

Part II

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization Hegg Memorial Health Center	Employer identification number 42-0932564
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Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 1	Nine total board members with one losing independence due to employment status at Hegg Memorial Health Center
	Form 990, Part VI, Section A, line 3	The hospital has a management agreement with Avera Health in which services of the CEO are paid through Avera Health. Additionally, the hospital contracts with Avera Health for services of the clinic manager, three physicians, one Physicians Assistant, one Nurse Practitioner, one surgeon, and one physician to start in 2013.
	Form 990, Part VI, Section A, line 6	The organization has stockholder memberships. Persons must be a stockholder in order to be voted onto the governing board.
	Form 990, Part VI, Section A, line 7a	All stockholders have the same voting rights. Stockholders can vote at the annual meeting or through absentee ballot.
	Form 990, Part VI, Section A, line 7b	Any board member can nominate two candidates for each open position, candidates are subject to approval by the full Board of Directors, and the members may nominate not more than two candidates for each vacancy on the Board of Directors. The voting shall be by ballot and the elected director must receive a plurality of the votes of the members either present at the annual meeting or who have voted through absentee ballot. Write in candidates shall be allowed on the absentee ballots. If an elected director cannot complete his or her term of office, the total Board of Directors shall have the power to fill or not fill the vacancy created.
	Form 990, Part VI, Section A, line 8b	The committees bring recommendations to the board, the full board votes on recommendations. Committees don't have full authority to act on behalf of the board.
	Form 990, Part VI, Section B, line 11	The CEO/CFO will review the 990 in detail. Upon completion of the review, the 990 is provided to each board member. The CEO/CFO presents the 990 to the Board of Directors at the meeting held prior to its filing if so requested by any board member. Whether presented in a board meeting or not, the 990 is not filed until each board member has been given a copy of it and given ample time to review it.
	Form 990, Part VI, Section B, line 12c	A statement is given to board members, the CEO, and the CFO, asking for any potential issues that could give rise to a conflict. Said persons are required to disclose any conflicts and sign off on the statement annually. The Board determines and reviews any possible conflict of interests that may arise. If any conflicts arise, the affected person(s) must refrain from discussion and voting on anything dealing with the item causing conflict.
	Form 990, Part VI, Section B, line 15	CEO - The regional manager at Avera Health evaluates the CEO and meets with the Board of Directors from the Hospital. He recommends a salary adjustment for the CEO. The Board of Directors is responsible for approval of the salary adjustment. The regional manager uses policies and procedures as set forth by Avera Health. CFO - The human resources director uses the IHA survey from the previous year to determine a minimum and maximum range for market salary adjustments. A recommendation is made to the Board. Merit increases are determined through a review process.
	Form 990, Part VI, Section C, line 19	Documents are available upon request with the approval of the Board.
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 5	Auxiliary Net Income 17 Total to Form 990, Part XI, Line 5 17

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
Hegg Memorial Health Center

Employer identification number
42-0932564

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

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) Disproporionate 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	
(1) Northwest Iowa Diagnostics 714 Lincoln St NE Le Mars, IA 51031 82-0559254	Diagnostic Radiology	SD	N/A	Related	-3,766	8,625		No		Yes		12 330 %

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

1

During the tax year, did the organization 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

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

No

No

Yes

No

Yes

No

No

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

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

Schedule R (Form 990) 2011

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.

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Financial Statements
June 30, 2012 and 2011

Hegg Memorial Health Center

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Independent Auditor's Report

The Board of Directors
Hegg Memorial Health Center
Rock Valley, Iowa

We have audited the accompanying balance sheets of Hegg Memorial Health Center as of June 30, 2012 and 2011, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As disclosed in Note 16 to the financial statements, in accordance with updates to the relevant accounting standards pertaining to the presentation and disclosure of patient service revenue, provision for bad debts, and the allowance for doubtful accounts for certain health care entities, Hegg Memorial Health Center has changed its presentation and disclosure of those financial statement elements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hegg Memorial Health Center as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Sioux Falls, South Dakota
October 8, 2012

	<u>2012</u>	<u>2011</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,309,361	\$ 1,097,362
Receivables		
Patients and residents, net of estimated uncollectibles		
of \$630,000 and \$754,000 in 2012 and 2011, respectively	1,436,874	1,562,088
Notes receivable - current portion	25,000	33,333
Other	99,655	34,484
Supplies	306,046	283,966
Prepaid expenses	171,415	198,055
	<u>3,348,351</u>	<u>3,209,288</u>
Assets limited as to use		
By Board for capital improvements and debt redemption	3,477,375	3,090,912
Pledges receivable, net	52,024	214,038
	<u>3,529,399</u>	<u>3,304,950</u>
Property and Equipment	<u>14,311,064</u>	<u>12,815,943</u>
Other Assets		
Interest in net assets of Avera Health Foundation	2,025,345	1,734,598
Real estate held for future use	330,000	330,000
Deferred financing costs, net of accumulated		
amortization of \$10,152 in 2012 and \$8,896 in 2011	8,687	9,943
Investment in affiliated company	8,609	12,391
Notes receivable - long term portion	125,000	91,667
	<u>2,497,641</u>	<u>2,178,599</u>
Total other assets	<u>2,497,641</u>	<u>2,178,599</u>
Total assets	<u>\$ 23,686,455</u>	<u>\$ 21,508,780</u>

See Notes to Financial Statements

Hegg Memorial Health Center
Balance Sheets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 306,187	\$ 277,000
Accounts payable		
Trade	1,265,250	681,808
Estimated third-party pay or settlements	650,000	520,000
Annuity payable - current portion	10,973	10,973
Accrued expenses		
Salaries and wages	100,803	104,435
Vacation	510,014	462,615
Payroll taxes and other	155,962	94,742
Interest	8,069	12,525
Custody accounts for residents	<u>1,379</u>	<u>1,757</u>
Total current liabilities	3,008,637	2,165,855
Long-Term Debt, Less Current Maturities	2,576,791	2,891,578
Other Liabilities		
Amounts due under collaborative arrangements	292,670	275,843
Annuity payable, less current portion	<u>83,169</u>	<u>80,194</u>
Total liabilities	<u>5,961,267</u>	<u>5,413,470</u>
Net Assets		
Unrestricted	17,128,677	15,479,571
Temporarily restricted	46,721	68,433
Permanently restricted	<u>549,790</u>	<u>547,306</u>
Total net assets	<u>17,725,188</u>	<u>16,095,310</u>
Total liabilities and net assets	<u><u>\$ 23,686,455</u></u>	<u><u>\$ 21,508,780</u></u>

Hegg Memorial Health Center
Statements of Operations
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Revenues, Gains and Other Support		
Net patient and resident service revenue	\$ 15,882,706	\$ 15,075,891
Provision for bad debts	<u>320,779</u>	<u>156,519</u>
Net patient service revenue less provision for bad debts	15,561,927	14,919,372
Other revenue	<u>1,250,505</u>	<u>945,947</u>
Total unrestricted revenues, gains and other support	<u>16,812,432</u>	<u>15,865,319</u>
Expenses		
Salaries and wages	8,008,144	6,981,079
Supplies and other expenses	4,655,552	4,762,622
Professional fees	1,468,852	1,581,142
Depreciation	1,017,073	888,250
Interest	<u>134,738</u>	<u>159,604</u>
Total expenses	<u>15,284,359</u>	<u>14,372,697</u>
Operating Income	<u>1,528,073</u>	<u>1,492,622</u>
Other Income (Losses)		
Change in interest in net assets of Avera Health Foundation	10,559	177,312
Gain on sale of Four Seasons condominium units	112,179	140,898
Contributions	-	95,978
Investment income	40,036	26,802
Net (loss) gain from affiliated companies	(3,782)	4,564
(Loss) gain on disposal of equipment	(42,988)	1,958
Net expense from collaborative arrangements	<u>(97,373)</u>	<u>(48,698)</u>
Other income, net	<u>18,631</u>	<u>398,814</u>
Revenues in Excess of Expenses	1,546,704	1,891,436
Net Assets Released from Restrictions used for Purchases of Property and Equipment	<u>102,402</u>	<u>510</u>
Increase in Unrestricted Net Assets	<u>\$ 1,649,106</u>	<u>\$ 1,891,946</u>

Hegg Memorial Health Center
Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 1,546,704	\$ 1,891,436
Net assets released from restrictions used for purchases of property and equipment	<u>102,402</u>	<u>510</u>
Increase in unrestricted net assets	<u>1,649,106</u>	<u>1,891,946</u>
Temporarily Restricted Net Assets		
Contributions for specific purposes	80,690	66,463
Net assets released from restrictions	<u>(102,402)</u>	<u>(510)</u>
(Decrease) increase in temporarily restricted net assets	<u>(21,712)</u>	<u>65,953</u>
Permanently Restricted Net Assets		
Endowment contribution	<u>2,484</u>	<u>62,747</u>
Increase in Net Assets	1,629,878	2,020,646
Net Assets, Beginning of Year	<u>16,095,310</u>	<u>14,074,664</u>
Net Assets, End of Year	<u><u>\$ 17,725,188</u></u>	<u><u>\$ 16,095,310</u></u>

Hegg Memorial Health Center
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	\$ 1,629,878	\$ 2,020,646
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,018,329	889,506
Loss (gain) on disposal of equipment	42,988	(1,958)
Loss (gain) attributable to affiliated companies	3,782	(4,564)
Expense from collaborative arrangements	97,373	48,698
Contributions by donors for specific purpose	(83,174)	(129,210)
Undistributed portion of change in interest in net assets of Avera Health Foundation	(290,747)	(535,514)
Changes in assets and liabilities		
Receivables	197,058	(129,013)
Supplies	(22,080)	(20,964)
Prepaid expenses	26,640	(76,073)
Accounts payable	361,394	111,538
Accrued expenses and custody accounts	100,153	(165,600)
Annuity payable	2,975	(10,973)
Net Cash from Operating Activities	<u>3,084,569</u>	<u>1,996,519</u>
Investing Activities		
Purchase of property and equipment	(2,205,764)	(582,228)
Proceeds from disposal of property and equipment	2,630	11,765
Purchase of investments and assets limited as to use	(386,463)	(1,573,655)
Sales and maturities of investments and assets limited as to use	-	403,778
Net Cash used for Investing Activities	<u>(2,589,597)</u>	<u>(1,740,340)</u>
Financing Activities		
Repayment of long-term debt	(285,600)	(262,989)
Distributions to collaborative arrangement partners	(80,547)	(56,981)
Restricted contributions received	83,174	129,210
Net Cash used for Financing Activities	<u>(282,973)</u>	<u>(190,760)</u>
Net Increase in Cash and Cash Equivalents	211,999	65,419
Cash and Cash Equivalents, Beginning of Year	1,097,362	1,031,943
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,309,361</u></u>	<u><u>\$ 1,097,362</u></u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u><u>\$ 139,194</u></u>	<u><u>\$ 160,655</u></u>
Supplemental Disclosure of Non-cash Investing Activity		
Accounts payable for construction	<u><u>\$ 352,048</u></u>	<u><u>\$ -</u></u>

Note 1 - Organization and Significant Accounting Policies

Organization

Hegg Memorial Health Center (Center) operates a 25-bed acute care hospital, a 60-bed nursing home, a 25-unit condominium apartment complex, a medical clinic and a child daycare center located in Rock Valley, Iowa

Income Taxes

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

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

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations. Unpaid patient and resident receivables, excluding amounts due from third-party payors, with invoice dates over 90 days old have interest assessed at one percent per month. Due to the uncertainty of collecting private pay accounts, these interest charges are recognized as income when received. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient and resident accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful 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 doubtful accounts. For receivables associated with services provided to patients who have third party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, 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 Center records a significant provision 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 standard 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 doubtful accounts.

The Center's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from June 30, 2012 to June 30, 2011. The Center does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors. The Center has not significantly changed its charity care or uninsured discount policies during fiscal years 2012 or 2011.

Supplies

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

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements and debt redemption, over which the Board retains control and may, at its discretion subsequently use for other purposes and uncollected pledges from prior capital campaigns related to construction projects which have been completed.

Investments and Investment Income

Investments in assets with readily determinable market values are stated at fair value. The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national and foreign securities exchanges. The fair value of certificates of deposit are recorded at historical cost, plus accrued interest. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities. The Center had no investments classified as trading securities as of June 30, 2012 and 2011.

The Center through its affiliation with the Avera Health Foundation participates in the Avera Pooled Investment Fund, a fund administered by Avera Health. The Pooled Investment Fund has a portion of its holdings in alternative investments, which are not readily marketable. These alternative investments include partnerships and other interests that invest in hedge funds, real asset funds, and private equity/venture capital funds, among others. Alternative investments representing less than 3% ownership interest are carried at cost, subject to an annual review for impairment. Alternative investments representing greater than 3% ownership interest are recorded using the equity method. Investment income, including interest, dividends, realized gains and losses, and unrealized gains and losses are allocated to participants of the Avera Pooled Investment Fund.

Fair Value Measurements

The Center has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation of property and equipment is computed on the straight-line method over the useful lives of the assets which range from three to forty years as follows:

Land improvements	5 - 20 years
Buildings and improvements	6 - 40 years
Equipment	3 - 20 years

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

Interest in Net Assets of Avera Health Foundation

The Avera Health Foundation solicits contributions and holds funds on behalf of the Center. The Center's interest in these funds is recorded as an asset in the accompanying financial statements. Changes in the funds held by the Foundation are recorded as Change in Interest in net assets of Avera Health Foundation in the accompanying financial statements.

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method

Collaborative Arrangement

The Center operates provider based clinics under joint operating agreements with Avera McKennan and Osceola Community Center which falls under the scope of Accounting Standard Codification 808, *Collaborative Arrangements*. The Center has classified Avera McKennan's and Osceola Community Center's economic interest in these provider based clinics as a liability. The terms of the joint venture agreements generally provide for the equal allocation of profits and losses amongst the participants. The Center's statements of operations include the revenues and expenses of the provider based clinics as it is considered the principal in the operating activity.

The following table presents amounts attributable to these agreements which are reported in the Center's statements of operations for the years ended June 30, 2012 and 2011.

	2012	2011
Net revenues	\$ 3,227,118	\$ 2,957,889
Operating expenses	<u>(3,032,372)</u>	<u>(2,860,493)</u>
Increase in net assets	<u>\$ 194,746</u>	<u>\$ 97,396</u>

Temporarily and Permanently Restricted Net Assets

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

Net Patient and Resident Service Revenue

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

The Center recognizes patient and resident service revenue associated with services provided to patients and residents who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Center 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 Center's uninsured patients and residents will be unable or unwilling to pay for the services provided. Thus, the Center records a significant provision for bad debts related to uninsured patients and residents in the period the services are provided.

Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended June 30, 2012 and 2011 from these major payor sources, is as follows

	2012	2011
Net resident service revenue		
Third-party payors	\$ 2,347,503	\$ 2,321,267
Self-pay	13,535,203	12,754,624
	<u>\$ 15,882,706</u>	<u>\$ 15,075,891</u>

Revenues in Excess of Expenses

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

Charity Care

The Center provides health care services to patients and residents who meet certain criteria under its Charity Care Policy without charge or at amounts less than established rates. Since the Center does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$99,000 and \$121,000 for the years ended June 30, 2012 and 2011, calculated by multiplying the ratio of cost to gross charges for the Center by the gross uncompensated charges associated with providing charity care to its patients.

Donor-Restricted Gifts

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

Advertising Costs

The Center expenses advertising costs as incurred.

Promises to Give

Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible pledges receivable is determined based on management's evaluation of the collectability of individual promises.

Subsequent Events

The Center has evaluated subsequent events through October 8, 2012, the date which the financial statement were available to be issued

Note 2 - Net Patient and Resident Service Revenue

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

Medicare The Center is licensed as a Critical Access Center (CAH). The Center is reimbursed for most inpatient and outpatient services at cost with final settlement determined after submission of annual cost reports by the Center and are subject to audits thereof by the Medicare intermediary. The Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2010. The Center's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Center.

Medicaid The Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Center and audits thereof by the Medicaid fiscal intermediary. The Center's cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2009.

Blue Cross Inpatient services rendered to Blue Cross subscribers are paid under a prospective cost reimbursed methodology. Outpatient services are reimbursed on the basis of the Center's charges.

A summary of patient and resident service revenue and contractual adjustments for the years ended June 30, 2012 and 2011 is as follows:

	2012	2011
Total patient and resident service revenue	\$ 20,085,278	\$ 17,553,877
Contractual adjustments		
Medicare	(2,443,188)	(1,195,262)
Medicaid	(368,309)	(328,938)
Other	(1,391,075)	(953,786)
Total contractual adjustments	(4,202,572)	(2,477,986)
Net patient and resident service revenue	\$ 15,882,706	\$ 15,075,891

Note 3 - Investments and Investment Income

Assets Limited as to Use

The composition of assets limited as to use at June 30, 2012 and 2011, is shown in the following table

	<u>2012</u>	<u>2011</u>
By Board for capital improvements and debt redemption		
Cash and short-term investments	<u>\$ 3,477,375</u>	<u>\$ 3,090,912</u>
Pledges receivable, net	<u>\$ 52,024</u>	<u>\$ 214,038</u>

Investment Income

Investment income and gains and losses on cash equivalents and assets limited as to use consists of the following for the years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Interest income	<u>\$ 40,036</u>	<u>\$ 26,802</u>

Note 4 - Fair Value of Assets and Liabilities

Liabilities measured at fair value on a recurring basis at June 30, 2012 and 2011, respectively, are as follows

	<u>2012</u>	<u>2011</u>
Liabilities		
Annuity payable	<u>\$ 94,142</u>	<u>\$ 91,167</u>

The related fair values of these liabilities are determined as follows

	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
<u>June 30, 2012</u>			
Liabilities - annuity payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,142</u>
<u>June 30, 2011</u>			
Liabilities - annuity payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,167</u>

The fair value for the annuities payable is based on the present value of expected future cash flows

The following is a reconciliation of activity for liabilities measured at fair value based on significant unobservable (non-market) information for the year ended June 30, 2012

	Annuities Payable
Balance, beginning of year	\$ 91,167
Cash paid	(10,973)
Change in discount value	13,948
Balance, end of year	<u>\$ 94,142</u>

Note 5 - Investments in Affiliated Companies

The amount reported as investment in affiliated companies as of June 30, 2012 and 2011 represents the Center's investment in Northwest Iowa Diagnostics, a joint investment with other health care organizations from Northwest Iowa. The investment is accounted for on the equity method of accounting that approximates the Center's equity in the underlying net book value of the company.

Note 6 - Property and Equipment

A summary of property and equipment at June 30, 2012 and 2011 follows

	2012		2011	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 608,278	\$ -	\$ 608,278	\$ -
Land improvements	546,015	317,533	664,198	387,941
Buildings and improvements	15,336,271	5,036,153	15,255,822	4,560,475
Equipment	5,053,235	3,078,748	4,801,649	3,629,950
Construction in progress	1,199,699	-	64,362	-
	<u>\$ 22,743,498</u>	<u>\$ 8,432,434</u>	<u>\$ 21,394,309</u>	<u>\$ 8,578,366</u>
Property and equipment, net		<u>\$ 14,311,064</u>		<u>\$ 12,815,943</u>

Construction in progress at June 30, 2012 represents costs incurred to date for the Center's physical therapy wellness project. The estimated cost of the project is approximately \$3,000,000, with the project expected to be complete in March 2013.

Note 7 - Pledges

The Center has received pledges from corporations and individuals in the community. Certain pledges are receivable over a period of time. The following is a summary of pledges receivable at June 30, 2012 and 2011:

	2012	2011
Current pledges receivable	\$ 122,801	\$ 193,521
Amount receivable in two to five years	-	76,294
	122,801	269,815
Less allowance for uncollectible amounts and discounts	(70,777)	(55,777)
Pledges receivable, net	<u>\$ 52,024</u>	<u>\$ 214,038</u>

Note 8 - Long-Term Debt

Long-term debt consists of:

	2012	2011
Bonds payable, 2.535% due in monthly payments of \$26,003 including interest through June 1, 2019	\$ 1,833,356	\$ 2,058,150
Bonds payable, with a variable interest rate, the rate as of June 30, 2012 was 4.5625% due in monthly payments of \$9,196 including interest through December 1, 2024	1,049,622	1,110,428
	2,882,978	3,168,578
Less current maturities	(306,187)	(277,000)
	<u>\$ 2,576,791</u>	<u>\$ 2,891,578</u>

Long-term debt maturities are as follows:

Years Ending June 30,

2013	\$ 306,187
2014	315,376
2015	324,863
2016	334,555
2017	344,767
Thereafter	1,257,230
	<u>\$ 2,882,978</u>

Substantially all of the Center's assets have been pledged as collateral for this debt obligation.

Note 9 - Annuities Payable

The Center has entered into gift annuity agreements, which provide that the Center shall pay periodic amounts to designated beneficiaries until their death. The Center recorded these gifts at market value with a corresponding liability recorded for the present value of payments to be made to the designated beneficiaries. The estimated present value of future payments to be made under these agreements totaled \$94,142 and \$91,167 at June 30, 2012 and 2011.

Note 10 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2012 and 2011 are restricted for

	2012	2011
Building, equipment and other health care programs	\$ 46,721	\$ 68,433

Permanently restricted net assets at June 30, 2012 and 2011 are restricted for

	2012	2011
General use by the Center as long as services to individuals with cerebral palsy are available	\$ 484,559	\$ 484,559
Endowment funds held with Avera Health Foundation	65,231	62,747
	\$ 549,790	\$ 547,306

Note 11 - Endowment

The Center's endowment consists of a portion of their interest in the net assets of the Avera Health Foundation. The Avera Health Foundation includes endowment funds which have been established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions. The Center's permanently restricted endowment funds are donor restricted and totaled \$65,231 and \$62,747 at June 30, 2012 and 2011, respectively.

Interpretation of Relevant Law

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

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

Changes in Endowment Net Assets for the year ended June 30, 2012 and 2011 is as follows

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets July 1, 2010	\$ -	\$ -	\$ -	\$ -
Change in interest in net assets of Avera Health Foundation			62,747	62,747
Endowment net assets, June 30, 2011	-	-	62,747	62,747
Change in interest in net assets of Avera Health Foundation	-	-	2,484	2,484
Endowment net assets, June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,231</u>	<u>\$ 65,231</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Center to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2012 and 2011.

Return Objectives and Risk Parameters

Through its affiliation with the Avera Health Foundation, the Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center must hold in perpetuity or for a donor-specified period. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet the price and yield investment returns established by the Avera Pooled Investment Committee while assuming a moderate level of investment risk. The Center expects its endowment funds with the Avera Health Foundation, over time, to provide an average rate of return of approximately 6%-8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation including equity securities, fixed-income securities, hedge funds, and private equity to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Avera Health Foundation Board of Directors determines the annual spending rate and distribution amounts based on a review of the average market value of the endowment funds over the most recent 20 quarters. Local governing boards review the spending rate and distribution information and determine if payouts that would invade the corpus would be fiscally responsible.

Note 12 - Functional Expenses

The Center provides general health care services to patients and residents within the geographic location. Expenses related to providing these services are as follows for the years ended June 30:

	2012	2011
Health care services	\$ 13,554,126	\$ 12,251,048
General and administrative	1,727,399	2,121,649
Fundraising	2,834	-
	<u>\$ 15,284,359</u>	<u>\$ 14,372,697</u>

Note 13 - Malpractice Insurance

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

Note 14 - Employee Pension Plan

The Center has a defined contribution pension plan under which employees become participants upon completing 832 hours of service and reaching the age of twenty. Currently, the Center's matching contribution is 3% of the employee's wages. Total pension expense for the years ended June 30, 2012 and 2011, was \$135,390 and \$121,674.

Note 15 - Concentrations of Credit Risk

The Center grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors, patients and residents at June 30, 2012 and 2011, was as follows:

	2012	2011
Commercial insurance and other	39%	47%
Medicare	29%	24%
Medicaid	5%	3%
Blue Cross	27%	26%
	<u>100%</u>	<u>100%</u>

The Center's cash balances are maintained in various bank deposit accounts. At times during the years ended June 30, 2012 and 2011, the balances of these deposits were in excess of the federally insured limits.

Note 16 - Change in Accounting Principles

During the year ended June 30, 2012, the Center early adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, as allowable. In accordance with the implementation guidance, the Center retroactively applied the presentation requirements to 2011. The impact on 2011 was a decrease to total revenues, gains, and other support of \$156,519, and a decrease to total expenses of \$156,519 in the statements of operations. There was no impact on operating income or net assets.

Note 17 - Leases

The Center leases certain equipment under various operating leases with terms of less than one year or cancelable upon written notice. Total lease expense for all operating leases was \$38,120 and \$68,366 for the years ended June 30, 2012 and 2011, respectively.



Supplementary Information
June 30, 2012 and 2011

Hegg Memorial Health Center



Independent Auditor's Report on Supplementary Information

The Board of Directors
Hegg Memorial Health Center
Rock Valley, Iowa

We have audited the financial statements of Hegg Memorial Health Center as of and for the years ended June 30, 2012 and 2011, and our report thereon dated October 8, 2012, which expressed an unqualified opinion on those financial statements appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of net patient and resident service revenue, other revenue, schedules of expense and the detail of patient and resident service revenue as of and for the years ended June 30, 2012 and 2011 on pages 20 to 29 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The statistical and financial information on pages 30 and 31, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Eide Bailly LLP

Sioux Falls, South Dakota
October 8, 2012

Hegg Memorial Health Center
Schedules of Net Patient and Resident Service Revenue
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Patient and Resident Service Revenue		
Routine services - hospital	\$ 1,468,122	\$ 1,360,345
Routine services - nursing home	3,628,929	3,355,551
Clinic	3,048,056	2,754,430
Radiology	2,522,102	2,327,422
Laboratory	2,122,970	1,680,054
Pharmacy	1,551,075	1,281,161
Emergency services	1,411,739	1,184,688
Physical therapy	1,268,151	930,891
Operating room	804,945	636,009
Central services and supply	517,132	568,501
Home health care	507,133	489,394
Occupational therapy	314,456	174,190
Anesthesiology	289,067	281,801
Cardiac rehab	286,917	258,102
Surgeon	278,676	205,748
Newborn nursery	111,582	113,804
Respiratory therapy	54,921	64,377
Speech therapy	22,032	18,883
Nutrition education	14,155	9,805
Blood administration	6,304	17,447
	<u>20,228,464</u>	<u>17,712,603</u>
Charity care	<u>(143,186)</u>	<u>(158,726)</u>
Total patient and resident service revenue	<u>20,085,278</u>	<u>17,553,877</u>
Contractual adjustments		
Medicare	2,443,188	1,195,262
Medicaid	368,309	328,938
Other	1,391,075	953,786
Total contractual adjustments	<u>4,202,572</u>	<u>2,477,986</u>
Net Patient and Resident Service Revenue	<u><u>\$ 15,882,706</u></u>	<u><u>\$ 15,075,891</u></u>

Hegg Memorial Health Center
Other Revenue
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Other Revenue		
Grant revenue	\$ 284,984	\$ -
Clinic and surgeon	276,086	305,283
Day care	214,403	197,822
Occupational health	132,583	125,999
Four Seasons condominium units	84,351	91,454
Ultrasound	73,429	44,521
Wellness Center	41,743	58,014
Beauty shop	5,148	23,456
Home health	20,217	22,812
Meals	17,841	19,218
Community education	6,810	5,145
Cardiac rehab	3,828	2,922
Plant operations	2,406	3,063
Other	86,676	46,238
	<u>86,676</u>	<u>46,238</u>
Total Other Revenue	<u>\$ 1,250,505</u>	<u>\$ 945,947</u>

Hegg Memorial Health Center
Schedule of Expenses
Years Ended June 30, 2012 and 2011

	2012	2011
Routine Services - Hospital		
Salaries and wages	\$ 734,056	\$ 650,690
Professional fees	-	346
Supplies	63,264	52,064
Repairs and maintenance	5,004	17,305
Other	36,839	16,635
	<u>839,163</u>	<u>737,040</u>
Routine Services - Nursing Home		
Salaries and wages	1,415,657	1,368,280
Professional fees	-	1,616
Supplies	77,821	87,082
Other	113,987	117,360
	<u>1,607,465</u>	<u>1,574,338</u>
Clinic		
Salaries and wages	1,757,820	1,248,698
Supplies	236,280	183,587
Professional fees	79,444	87,026
Repairs and maintenance	7,188	-
Other	159,854	56,072
	<u>2,240,586</u>	<u>1,575,383</u>
Surgeon		
Salaries	270,172	307,819
Professional fees	11,297	-
Other	25,173	16,221
	<u>306,642</u>	<u>324,040</u>
Nursing Administration		
Salaries	94,332	62,602
Professional fees	-	75
Supplies	667	2,392
Other	5,299	5,876
	<u>100,298</u>	<u>70,945</u>
Home Health Care		
Salaries and wages	268,493	272,741
Professional fees	-	12,717
Repairs and maintenance	150	1,488
Supplies	17,150	27,219
Mileage	13,561	10,956
Other	19,340	10,497
	<u>318,694</u>	<u>335,618</u>

Hegg Memorial Health Center
Schedule of Expenses
Years Ended June 30, 2012 and 2011

	2012	2011
Newborn Nursery		
Salaries and wages	\$ 26,960	\$ 34,149
Repairs and maintenance	-	160
Supplies	5,563	2,928
Other	1,001	-
	<u>33,524</u>	<u>37,237</u>
Operating Room		
Salaries and wages	94,266	94,115
Professional fees	51,241	52,109
Repairs and maintenance	18,095	18,251
Supplies	33,746	27,264
Other	16,378	13,364
	<u>213,726</u>	<u>205,103</u>
Delivery and Labor Rooms		
Salaries and wages	52,917	60,565
Professional fees	-	150
Supplies	11,873	10,847
	<u>64,790</u>	<u>71,562</u>
Central Services and Supplies		
Salaries and wages	78,686	66,657
Supplies	209,715	261,087
Professional fees	-	750
Other	7,756	301
	<u>296,157</u>	<u>328,795</u>
Emergency Services		
Salaries and wages	224,361	213,878
Professional fees	270,455	213,103
Repairs and maintenance	393	2,193
Supplies	20,202	16,616
Other	23,081	41,592
	<u>538,492</u>	<u>487,382</u>
Laboratory		
Salaries and wages	162,015	192,415
Professional fees	101,879	108,463
Supplies	184,046	161,418
Mileage	-	1,021
Repairs and maintenance	11,389	15,993
Other	13,977	16,343
	<u>473,306</u>	<u>495,653</u>

Hegg Memorial Health Center
Schedule of Expenses
Years Ended June 30, 2012 and 2011

	2012	2011
Blood Administration		
Supplies	\$ 7.787	\$ 9.055
Cardiac Rehab		
Salaries and wages	24.081	20.092
Professional fees	55.165	52.712
Supplies	11.652	13.315
Repairs and maintenance	188	613
Other	1.169	1.364
	<u>92.255</u>	<u>88.096</u>
Radiology		
Salaries and wages	217.485	182.809
Professional fees	438.663	414.063
Supplies	16.952	32.486
Repairs and maintenance	85.692	74.643
Other	9.932	13.253
	<u>768.724</u>	<u>717.254</u>
Pharmacy		
Salaries and wages	28.096	26.356
Professional fees	56.663	42.916
Repairs and maintenance	4.166	-
Drugs	443.486	399.083
Supplies	12.093	2.165
Other	3.466	11.304
	<u>547.970</u>	<u>481.824</u>
Anesthesiology		
Professional fees	168.861	167.025
Supplies	13.686	332
Other	1.357	4.269
	<u>183.904</u>	<u>171.626</u>
Respiratory Therapy		
Salaries and wages	1.894	1.852
Professional fees	4.423	3.342
Other	1.648	-
	<u>7.965</u>	<u>5.194</u>
Physical Therapy		
Salaries and wages	350.267	257.229
Professional fees	-	12.685
Repairs and maintenance	-	134
Supplies	20.553	18.546
Other	12.450	9.269
	<u>383.270</u>	<u>297.863</u>
Speech Therapy		
Professional fees	10.404	11.199

Hegg Memorial Health Center
Schedule of Expenses
Years Ended June 30, 2012 and 2011

	2012	2011
Occupational Therapy		
Salaries and wages	\$ 57,849	\$ 56,248
Supplies	7,118	243
Other	7,225	247
	<u>72,192</u>	<u>56,738</u>
Quality Service		
Salaries	34,576	34,352
Professional fees	-	1,471
Supplies	17	-
Other	1,650	598
	<u>36,243</u>	<u>36,421</u>
Medical Records		
Salaries and wages	173,231	249,959
Professional fees	1,478	17,172
Repairs and maintenance	4,768	1,742
Supplies	12,646	3,199
Other	24,715	14,169
	<u>216,838</u>	<u>286,241</u>
Activities		
Salaries and wages	47,323	59,478
Repairs and maintenance	2,966	2,351
Supplies	5,426	6,084
Other	5,144	3,742
	<u>60,859</u>	<u>71,655</u>
Day care		
Salaries and wages	164,942	164,745
Supplies	12,768	12,651
Repairs and maintenance	1,168	550
Other	14,039	7,592
	<u>192,917</u>	<u>185,538</u>
Social Services		
Salaries and wages	39,214	38,682
Repairs and maintenance	270	34
Supplies	512	1,484
Other	1,130	1,148
	<u>41,126</u>	<u>41,348</u>
Dietary		
Salaries and wages	282,076	280,704
Professional fees	1,000	560
Food	185,927	180,362
Supplies	20,818	14,473
Equipment rental	1,261	1,078
Other	24,342	25,302
	<u>515,424</u>	<u>502,479</u>

Hegg Memorial Health Center
Schedule of Expenses
Years Ended June 30, 2012 and 2011

	2012	2011
Plant Operation and Maintenance		
Salaries and wages	\$ 140.238	\$ 142.178
Professional fees	-	40
Supplies	10.020	13.033
Electricity	144.940	155.982
Other utilities	58.998	70.092
Repairs and maintenance	55.797	58.799
Other	2.874	7.696
	<u>412.867</u>	<u>447.820</u>
Housekeeping		
Salaries and wages	105.290	104.142
Professional fees	1.778	3.260
Repairs and maintenance	386	(9)
Supplies	40.096	38.014
Other	617	206
	<u>148.167</u>	<u>145.613</u>
Laundry and Linen		
Salaries and wages	69.062	69.575
Supplies	9.278	11.350
Linen	5.429	4.955
Repairs and maintenance	1.465	966
Other	983	969
	<u>86.217</u>	<u>87.815</u>
Community Education		
Salaries and wages	7.272	10.894
Supplies	9.229	20.333
Other	17.296	14.841
	<u>33.797</u>	<u>46.068</u>
Four Seasons Condominium Units		
Salaries and wages	58.123	50.504
Supplies	5.366	6.179
Utilities	32.480	43.095
Repairs and maintenance	3.723	4.632
Other	13.037	1.766
	<u>112.729</u>	<u>106.176</u>
Beauty Shop		
Salaries and wages	43.179	43.026
Repairs and maintenance	223	2
Supplies	1.125	2.270
Other	381	246
	<u>44.908</u>	<u>45.544</u>

Hegg Memorial Health Center
Schedule of Expenses
Years Ended June 30, 2012 and 2011

	2012	2011
Nutrition Ed		
Salaries and wages	\$ 23,609	\$ 19,644
Supplies	753	219
Other	7,575	4,190
	<u>31,937</u>	<u>24,053</u>
Occupational Health		
Salaries and wages	89,596	76,066
Supplies	10,025	14,826
Professional fees	15,233	9,079
Other	8,497	4,006
	<u>123,351</u>	<u>103,977</u>
Wellness Center		
Salaries and wages	57,314	65,180
Supplies	8,768	4,768
Repairs and maintenance	1,210	515
Other	6,109	1,414
	<u>73,401</u>	<u>71,877</u>
Information Technology		
Salaries and wages	39,034	43,324
Supplies	689	444
Repairs and maintenance	3,629	175
Other	135,678	146,665
	<u>179,030</u>	<u>190,608</u>
Finance		
Salaries and wages	86,118	75,011
Supplies	1,841	5,251
Repairs and maintenance	521	3,463
Other	4,359	968
	<u>92,839</u>	<u>84,693</u>
Administration		
Salaries and wages	720,965	677,442
Professional fees	30,240	26,890
Supplies	39,714	54,568
Repairs and maintenance	6,267	7,237
Legal	41,987	46,625
Collection expense	15,246	24,487
Contract management	134,554	433,315
Property and liability insurance	164,564	173,468
Other	218,602	247,145
	<u>1,372,139</u>	<u>1,691,177</u>

Hegg Memorial Health Center
Schedule of Expenses
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unassigned		
Pay roll taxes	\$ 461,247	\$ 472,992
Health insurance	653,808	479,129
Pension	135,390	121,674
Depreciation		
Building	633,898	564,466
Equipment	383,175	323,784
Interest	134,738	159,604
	<u>2,402,256</u>	<u>2,121,649</u>
 Total Expenses	 <u><u>\$ 15,284,359</u></u>	 <u><u>\$ 14,372,697</u></u>

Hegg Memorial Health Center
Detail of Patient and Resident Service Revenue
Years Ended June 30, 2012 and 2011

	2012			2011		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Patient and Resident Service Revenue						
Routine services - hospital	\$ 1,164,082	\$ 304,040	\$ 1,468,122	\$ 1,089,054	\$ 271,291	\$ 1,360,345
Routine services - nursing home	3,628,929	-	3,628,929	3,350,969	4,582	3,355,551
Clinic	-	3,048,056	3,048,056	-	2,754,430	2,754,430
Radiology	175,822	2,346,280	2,522,102	160,081	2,167,341	2,327,422
Laboratory	208,816	1,914,154	2,122,970	175,976	1,504,078	1,680,054
Pharmacy	355,650	1,195,425	1,551,075	320,457	960,704	1,281,161
Emergency services	25,089	1,386,650	1,411,739	32,077	1,152,611	1,184,688
Physical therapy	154,884	1,113,267	1,268,151	113,870	817,021	930,891
Operating room	240,554	564,391	804,945	239,049	396,960	636,009
Central services and supply	252,972	264,160	517,132	291,140	277,361	568,501
Home health care	-	507,133	507,133	-	489,394	489,394
Surgeon	28,370	250,306	278,676	17,316	188,432	205,748
Anesthesiology	74,937	214,130	289,067	83,876	197,925	281,801
Cardiac rehab	-	286,917	286,917	669	257,433	258,102
Occupational therapy	132,074	182,382	314,456	67,796	106,394	174,190
Newborn nursery	111,582	-	111,582	113,804	-	113,804
Respiratory therapy	48,799	6,122	54,921	58,413	5,964	64,377
Speech therapy	10,962	11,070	22,032	4,361	14,522	18,883
Blood administration	2,561	3,743	6,304	7,603	9,844	17,447
Nutrition education	-	14,155	14,155	-	9,805	9,805
	<u>\$ 6,616,083</u>	<u>\$ 13,612,381</u>	<u>20,228,464</u>	<u>\$ 6,126,511</u>	<u>\$ 11,586,092</u>	<u>17,712,603</u>
Charity care			(143,186)			(158,726)
Total patient and resident service revenue			<u>\$ 20,085,278</u>			<u>\$ 17,553,877</u>

Hegg Memorial Health Center
Statistical and Financial Information
Years Ended June 30, 2012 and 2011

	2012	2011
Patient Days		
Hospital (excludes swing-bed and newborn)	773	742
Swing-bed	542	530
Newborn	163	168
Nursing home	21,473	21,690
Number of Beds		
Hospital	25	25
Nursing home	60	60
Percent of Occupancy		
Hospital (excluding newborn)	8%	8%
Nursing home	99%	99%
Admissions		
Hospital		
Acute	278	288
Skilled	53	46
Extended care	12	17
Nursing home	20	15
Discharges		
Hospital - acute	271	286
Nursing home - acute	21	15
Lab Procedures	83,921	78,092
Radiology Procedures	7,315	10,554
Surgical Procedures	234	604
Emergency Room Visits	1,236	1,150
Cardiac Rehab (Sessions)		
Phase II	417	349
Adult fitness	15,939	20,973
Doppler (IP & OP)	2	33
Holter (IP & OP)	27	28
Other cardiac testing (IP & OP)	164	138

Hegg Memorial Health Center
Statistical and Financial Information
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Home Health Visits		
RN/aide	8,740	7,959
Home	1,543	3,050
Physical Therapy (Sessions)		
Inpatient	897	727
Outpatient	5,501	4,982
Meals		
Hospital	11,708	11,425
Nursing home	66,432	66,873
Laundry Pounds		
Hospital	54,151	59,130
Nursing home	160,524	181,605
Full-Time Equivalent Employees	183	178
Most Frequent Year-End Routine Service Rates		
Hospital		
Routine rooms	\$ 921	\$ 921
Special care unit	1,185	1,185
Nursery	571	571
Nursing home (basic charge)		
Private rooms	\$151 to \$162	\$151 to \$162
Collection Statistics		
Net accounts receivable - patients and residents	\$ 1,436,874	\$ 1,562,088
Number of days net charges outstanding	33	38
Uncollectible accounts (1)	\$ 479,212	\$ 339,733
Percentage of uncollectible accounts to total charges	2.4%	1.9%

(1) Includes collection fees, charity care and provision for bad debts