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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

TOGETHER, WE PROVIDE EXCELLENT HEALTHCARE

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 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 \$ 410,662,366 including grants of \$ 14,625,000) (Revenue \$ 518,873,527)

BRONSON METHODIST HOSPITAL (BMH) IS THE FLAGSHIP OF BRONSON HEALTHCARE GROUP, A NOT-FOR-PROFIT HEALTHCARE SYSTEM SERVING ALL OF SOUTHWEST MICHIGAN. BMH PROVIDES CARE IN VIRTUALLY EVERY SPECIALTY WITH ADVANCED CAPABILITIES IN BURN TREATMENT AND CRITICAL CARE AS A LEVEL I TRAUMA CENTER, IN NEUROLOGICAL CARE AS A JOINT COMMISSION CERTIFIED PRIMARY STROKE CENTER, IN CARDIAC CARE AS THE REGION'S FIRST ACCREDITED CHEST PAIN EMERGENCY CENTER, IN OBSTETRICS AS THE LEADING BIRTHPLACE AND ONLY HIGH-RISK PREGNANCY CENTER IN SOUTHWEST MICHIGAN, AND IN PEDIATRICS AS ONE OF THE ONLY SIX CHILDREN'S HOSPITALS IN THE STATE AND THE ONLY INPATIENT PEDIATRIC CARE PROVIDER IN THE AREA. THE BMH EMERGENCY DEPARTMENT WHICH IS OPEN 24 HOURS PER DAY, HANDLES OVER 87,000 VISITS PER YEAR. BMH TREATS ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. BMH WAS THE RECIPIENT OF THE 2005 MALCOLM BALDRIDGE NATIONAL QUALITY AWARD, THE NATION'S HIGHEST PRESIDENTIAL HONOR FOR QUALITY AND ORGANIZATIONAL PERFORMANCE EXCELLENCE. IN 2009, THE HOSPITAL RECEIVED THE AHA MCKESSON QUEST FOR QUALITY PRIZE AWARDED ANNUALLY TO ONLY ONE U.S. HOSPITAL, AND JOINED THE TOP FIVE PERCENT OF HOSPITALS IN THE NATION TO BE DESIGNATED A MAGNET HOSPITAL FOR NURSING EXCELLENCE. BMH PROVIDES A DISPROPORTIONATE AMOUNT OF CARE TO THE SEGMENT OF THE POPULATION USING MEDICAID. BMH IS THE LARGEST MEDICAID PROVIDER OF ANY LARGE HOSPITAL IN MICHIGAN OUTSIDE OF THE DETROIT AREA (ON A PERCENTAGE BASIS). IN 2012, APPROXIMATELY 20% OF BMH'S PATIENTS WERE MEDICAID RECIPIENTS. WE HAVE THREE MEDICAID ENROLLERS ON SITE TO HELP THOSE WITHOUT INSURANCE ENROLL IN MEDICAID, OR REFER THEM TO COMMUNITY RESOURCES. EXPENDITURES RELATED TO THE OPERATION OF THE HOSPITAL IN 2012, IN FURTHERANCE OF ITS MISSION, BMH PROVIDED \$32,347,806 IN CHARITY CARE EXPENSE.

4b

(Code) (Expenses \$ 98,694,191 including grants of \$) (Revenue \$ 72,462,159)

IN 2012, BMH'S MEDICAID COST WAS \$98,694,191 AND MEDICAID NET REVENUE WAS \$72,462,159.

4c

(Code) (Expenses \$ 21,650,772 including grants of \$) (Revenue \$)

IN 2012, IN FURTHERANCE OF ITS MISSION, BMH INCURRED \$21,650,772 IN BAD DEBT TO PROVIDE CARE TO ITS PATIENTS.

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses

531,007,329

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 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 lines 24b through 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	Yes	
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, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <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		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, 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	Yes	
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 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	127	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	4,181	
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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	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, securities account, or other financial account)?		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?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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 as charitable contributions?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
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?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8822?		No
d	If "Yes," indicate the number of Forms 8822 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. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the 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 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	21	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	15	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	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		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
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 during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization MARY MEITZ 301 JOHN STREET KALAMAZOO, MI (269) 341-6000

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

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 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 organization compensated any current officer, director, or trustee

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	6,643,718	4,560,765	1,259,452

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization: 203

		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
HEALTHCARE MIDWEST PC 4341 S WESTNEDGE AVENUE SUITE 2205 KALAMAZOO MI 49008	MEDICAL SERVICES	20,857,075
ADVANCED CARDIAC HEALTHCARE PLC 601 JOHN STREET STE 100 KALAMAZOO MI 49007	MEDICAL SERVICES	4,923,036
KALAMAZOO ANESTHESIOLOGY PC 1161 MOMENTUM PLACE CHICAGO IL 60689	MEDICAL SERVICES	2,730,334
IME PHYSICIANS SERVICES 40240 BLUE STAR HIGHWAY COVERT MI 49043	MEDICAL SERVICES	1,344,109
SW MI EMERGENCY SERVICES PC 125 S KALAMAZOO MALL SUITE 204 KALAMAZOO MI 49007	MEDICAL SERVICES	1,299,381

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 ►16

Part VIII

Statement of Revenue

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

			(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	90,640		
	e	Government grants (contributions)	1e			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	40,478		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		131,118		
Program Service Revenue	2a	NET PATIENT REVENUE	Business Code 621500	581,679,895	581,679,895	
	b	PHARMACY REVENUE	446110	5,571,633		5,571,633
	c	LABORATORY REVENUE	541380	3,484,474		3,484,474
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		590,736,002		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		6,322,435	
4		Income from investment of tax-exempt bond proceeds . .				
5		Royalties				
6a		Gross rents	(i) Real 2,611,334	(ii) Personal		
b		Less rental expenses	2,275,515			
c		Rental income or (loss)	335,819			
d		Net rental income or (loss)		335,819		335,819
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
b		Less cost or other basis and sales expenses				
c		Gain or (loss)				
d		Net gain or (loss)				
8a		Gross income from fundraising events (not including \$ _____ 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	OUTSIDE SERVICE REVENUE	900099	6,363,352	3,690,881	0	2,672,471
b	MEANINGFUL USE REVENUE	900099	4,516,600	4,516,600		
c	CAFETERIA	722210	4,232,705		4,212	4,228,493
d	All other revenue		1,448,310	1,448,310		
e	Total. Add lines 11a-11d		16,560,967			
12	Total revenue. See Instructions		614,086,341	591,335,686	9,060,319	13,559,218

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).

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.	14,625,000	14,625,000		
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.	47,393		47,393	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	235,129,004	210,025,733	25,103,271	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	6,660,445	5,949,350	711,095	
9	Other employee benefits.	40,639,806	36,300,945	4,338,861	
10	Payroll taxes.	13,748,350	12,280,524	1,467,826	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	1,563,899	1,396,931	166,968	
c	Accounting.				
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	62,619,992	55,934,442	6,685,550	
12	Advertising and promotion.	68,421	61,116	7,305	
13	Office expenses.	71,771,431	64,108,839	7,662,592	
14	Information technology.	6,827	6,098	729	
15	Royalties.				
16	Occupancy.	8,500,767	7,593,192	907,575	
17	Travel.	752,033	671,743	80,290	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	1,163,241	1,039,049	124,192	
20	Interest.	13,259,180	11,843,579	1,415,601	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	34,537,376	30,850,034	3,687,342	
23	Insurance.	13,270,278	11,853,492	1,416,786	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	PHARMACY EXPENSE	25,604,114	22,870,521	2,733,593	
b	BAD DEBT EXPENSE	21,650,771	19,339,252	2,311,519	
c	BHG ALLOCATION EXPENSE	19,290,566	17,231,031	2,059,535	
d	EQUIPMENT MAINTENANCE/R	6,204,547	5,542,126	662,421	
e	All other expenses	1,661,746	1,484,332	177,414	
25	Total functional expenses. Add lines 1 through 24e.	592,775,187	531,007,329	61,767,858	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		9,562	1	9,662
	2	Savings and temporary cash investments		302,806,032	2	310,068,622
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		89,899,180	4	98,840,146
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		8,648,180	8	9,173,768
	9	Prepaid expenses and deferred charges		714,660	9	613,116
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a639,755,544			
	b	Less accumulated depreciation	10b347,654,563	288,471,830	10c	292,100,981
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		37,894,853	12	34,087,871
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		5,951,322	15	6,734,274
	16	Total assets. Add lines 1 through 15 (must equal line 34)		734,395,619	16	751,628,440
Liabilities	17	Accounts payable and accrued expenses		41,128,141	17	44,901,184
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		271,847,775	20	265,998,998
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other 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		56,789,375	25	39,920,996
	26	Total liabilities. Add lines 17 through 25		369,765,291	26	350,821,178
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		364,630,328	27	400,807,262
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		364,630,328	33	400,807,262
	34	Total liabilities and net assets/fund balances		734,395,619	34	751,628,440

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	614,086,341
2	Total expenses (must equal Part IX, column (A), line 25)	2	592,775,187
3	Revenue less expenses Subtract line 2 from line 1	3	21,311,154
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	364,630,328
5	Net unrealized gains (losses) on investments	5	10,333,123
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	4,532,657
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	400,807,262

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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.

Department of the Treasury
Internal Revenue Service

Name of the organization
BRONSON METHODIST HOSPITAL

Employer identification number
38-1359087

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 described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I b ☐ Type II c ☐ Type III - Functionally integrated d ☐ Type III - Non-functionally integrated
- 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 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 monetary support
			Yes	No	Yes	No	Yes	No	
Total									

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
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 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a 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—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15		
16 Public support percentage from 2011 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17		
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2012. 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—2011. 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and 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

2012

Open to Public Inspection

Name of the organization
BRONSON METHODIST HOSPITAL

Employer identification number
38-1359087

Part I

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

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

Part II

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

1

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

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

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

Complete lines 2a through 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, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)?

☐ Yes

☐ No

9

In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

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

Cat No 52283D

Schedule D (Form 990) 2012

Part III

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

3

Using the organization's acquisition, 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 XIII

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 XIII and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance				
b	Contributions				
c	Net investment earnings, gains, and losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		5,755,033		5,755,033
b Buildings		343,587,463	136,540,489	207,046,974
c Leasehold improvements				
d Equipment		282,847,517	211,114,074	71,733,443
e Other		7,565,531		7,565,531
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				292,100,981

Schedule D (Form 990) 2012

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	596,515,535
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 XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	596,515,535
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 XIII)	4b	17,570,806
c	Add lines 4a and 4b	4c	17,570,806
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	614,086,341

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	556,613,640
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 XIII)	2d	-36,161,547
e	Add lines 2a through 2d	2e	-36,161,547
3	Subtract line 2e from line 1	3	592,775,187
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 XIII)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	592,775,187

Part XIII

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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE GROUP ADOPTED ACCOUNTING STANDARDS RELATED TO UNCERTAIN TAX POSITIONS AND, ACCORDINGLY, REVIEWED ALL TAX POSITIONS. THE EVALUATED POTENTIAL EXPOSURE RELATED TO UNCERTAIN TAX POSITIONS WAS FOUND TO BE IMMATERIAL.
PART XI, LINE 4B - OTHER ADJUSTMENTS		RENT EXPENSE -2,275,515 BAD DEBT RECLASS TO EXPENSE 21,650,771 INTEREST RATE SWAP -1,804,451 ROUNDING 1
PART XII, LINE 2D - OTHER ADJUSTMENTS		JOINT VENTURE GAIN/(LOSS) -3,965,741 OFFICE RENTAL EXPENSE 2,275,515 INTEREST RATE SWAP 1,804,451 BAD DEBT EXPENSE -21,650,771 EQUITY TRANSFER -14,625,000 ROUNDING -1

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
BRONSON METHODIST HOSPITAL

Employer identification number
38-1359087

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ % b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other _____ 22500 0000000000 % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4	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?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	Yes	
b	If "Yes," did the organization make it available to the public?	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1)			12,620,399	0	12,620,399	2 210 %
b Medicaid (from Worksheet 3, column a)			98,694,191	72,462,159	26,232,032	4 590 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			111,314,590	72,462,159	38,852,431	6 800 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	16,279	25,781	255,165	0	255,165	0 040 %
f Health professions education (from Worksheet 5)	63	2,319	24,929,405	7,069,639	17,859,766	3 130 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	5,326	254,950	668,513	0	668,513	0 120 %
j Total. Other Benefits	21,668	283,050	25,853,083	7,069,639	18,783,444	3 290 %
k Total. Add lines 7d and 7j	21,668	283,050	137,167,673	79,531,798	57,635,875	10 090 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support	9	600	5,891	0	5,8910 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building	12	293	2,314	0	2,3140 %
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total	21	893	8,205		8,205

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

Yes

No

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

21,650,772

3

Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

0

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

117,418,008

6

Enter Medicare allowable costs of care relating to payments on line 5.

6

127,724,177

7

Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-10,306,169

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

No

b

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

9b

No

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	BRONSON METHODIST HOSPITAL 601 JOHN STREET KALAMAZOO,MI 49007 BRONSONHEALTH.COM	X	X	X	X			X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

BRONSON METHODIST HOSPITAL

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	No
a	☐ A definition of the community served by the hospital facility		
b	☐ Demographics of the community		
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☐ How data was obtained		
e	☐ The health needs of the community		
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☐ The process for consulting with persons representing the community's interests		
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 CHNA 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 CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
a	☐ Hospital facility's website		
b	☐ Available upon request from the hospital facility		
c	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☐ Execution of the implementation strategy		
c	☐ Participation in the development of a community-wide plan		
d	☐ Participation in the execution of a community-wide plan		
e	☐ Inclusion of a community benefit section in operational plans		
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☐ Prioritization of health needs in its community		
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	No
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 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)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 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		17	No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☐

Notified individuals of the financial assistance policy prior to discharge
- c

☐

Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- d

☐

Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	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	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☒ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?
1

Name and address		Type of Facility (describe)
1	BRONSON VICKSBURG OUTPATIENT CENTER 601 JOHN STREET KALAMAZOO, MI 49007	24 HOUR ER, THERAPIES, LAB AND RADIOLOGY
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

- 1 Required descriptions. Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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
- 8 Facility reporting group(s). If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 3C THE ORGANIZATION USES THE FOLLOWING FPG TO DETERMINE ELIGIBILITY FOR PROVIDING DISCOUNTED CARE TO LGW INCOME INDIVIDUALS 225% OF FPL IS ENTITLED TO AN 80% REDUCTION 250% OF FPL IS ENTITLED TO A 60% REDUCTION 275% OF FPL IS ENTITLED TO A 40% REDUCTION 300% OF FPL IS ENTITLED TO A 20% REDUCTION
		PART I, LINE 7 (A-C)- COSTING METHODOLOGY IS A COST TO CHARGE RATIO AS DEFINED BY THE IRS INSTRUCTIONS FOR LINES A-C PART I, LINE 7 (E-I)- COSTING METHODOLOGY IS ACTUAL COSTS PER THE HOSPITAL ACCOUNTING SYSTEM FOR LINES E-I
		PART I, L7 COL(F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$21,650,772
		PART II BRONSON METHODIST HOSPITALS COMMUNITY BUILDING ACTIVITIES GENERALLY FALL WITHIN ONE OF THE THREE AREAS. COMMUNITY SUPPORT, COALITION BUILDING, OR COMMUNITY HEALTH IMPROVEMENT. IN COMMUNITY SUPPORT, BRONSON SUPPORTED EARLY CHILDHOOD LITERACY BY PROVIDING THE FAMILIES OF EVERY NEWBORN A BOOK TO PROMOTE READING, BY TRAINING AREA CLERGY IN PASTORAL CARE FOR ILL AND END-OF-LIFE PATIENTS, BY STAFFING THE COUNTY SAFE KIDS COALITION AND BY OFFERING HEALTH-RELATED EDUCATIONAL SEMINARS THROUGHOUT THE COMMUNITY. BRONSONS COALITION BUILDING ACTIVITIES INCLUDE SUPPORTING A YOUTH RESIDENT READING PROGRAM AT THE KALAMAZOO COUNTY JUVENILE HOME. COMMUNITY HEALTH IMPROVEMENT HAS PRIMARILY INVOLVED PATIENT ADVOCACY THROUGH CASE MANAGEMENT. IN ADDITION, BRONSON FINANCIALLY SUPPORTS THE COUNTY MEDICAL CONTROL AUTHORITY AND SITS ON THE WEST MICHIGAN CANCER CENTER INSTITUTIONAL REVIEW BOARD EVALUATING CANCER RESEARCH PROTOCOLS INVOLVING PATIENTS
		PART III, LINE 4 PART III, LINE 2 RECORDED AT EXPENSE NOT COST FROM FORM 990, PART IX, LINE 24B PART III, LINE 3 BAD DEBT WRITEOFFS SUPPORT THE COMMUNITY BY PROVIDING A PORTION OF SERVICES WITHOUT PAYMENT. THE REQUESTED INFORMATION IS NOT AVAILABLE IN THE SYSTEM AND A REASONABLE ESTIMATE CANNOT BE MADE BASED ON THE INFORMATION CURRENTLY AVAILABLE. WE ARE WORKING TOWARDS BEING ABLE TO PULL THIS INFORMATION FROM THE SYSTEM FOR FUTURE REQUESTS PART III, LINE 4 AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS BASED ON EXPECTED PAYMENT RATES FROM PAYORS BASED ON CURRENT REIMBURSEMENT METHODOLOGIES. ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS. IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL 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 RELATED TO 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 HOSPITAL ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY. 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 HOSPITAL 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 IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE.
		PART III, LINE 8 COSTING METHODOLOGY IS A COST TO CHARGE RATIO AS DEFINED BY THE IRS 990 INSTRUCTIONS. SHORTFALL SHOULD BE CONSIDERED A COMMUNITY BENEFIT DUE TO ITS REPRESENTATION OF COST OF A PORTION OF SERVICES PROVIDED TO THE COMMUNITY WITHOUT PAYMENT PART III, LINE 7 BRONSON METHODIST HOSPITAL EXPERIENCE ADDITIONAL COMMUNITY BENEFIT EXPENSE OF \$42,025,272 AND DIRECT OFFSETTING REVENUE OF \$36,938,718 FOR A NET COMMUNITY BENEFIT OF \$5,086,554 RELATED TO SERVICES PROVIDED TO MEDICARE ADVANTAGE INSUREDS
		PART VI, LINE 2 BRONSON METHODIST HOSPITAL UTILIZES A STRATEGIC MANAGEMENT MODEL TO DEVELOP BOTH A LONG TERM (3 YEAR) AND ANNUAL STRATEGIC PLAN. INPUTS INTO THE PLAN ARE DOCUMENTED IN OUR STRATEGIC INPUT DOCUMENT. ONE OF THE IMPORTANT INPUTS INTO THIS PLAN IS THE HEALTH OF OUR COMMUNITY. SEVERAL SOURCES ARE UTILIZED TO PERFORM THIS ASSESSMENT. THE SOURCES FOR THE LATEST STRATEGIC INPUT DOCUMENT ARE LISTED BELOW. SOURCES FOR DETERMINING COMMUNITY HEALTH NEEDS-MICHIGAN BEHAVIORAL RISK FACTORS SURVEY 2002-2006 COMBINE BUREAU OF EPIDEMIOLOGY AND MICHIGAN DEPARTMENT OF COMMUNITY HEALTH - 2004 MICHIGAN SURGEON GENERAL'S HEALTH STATUS REPORT (HEALTH MICHIGAN 2010)-FAS IN FAT. HOW OBESITY IS FAILING IN AMERICA 2009 - TRUST FOR AMERICA'S HEALTH AND ROBERT WOOD JOHNSON FOUNDATION -MICHIGAN DEPARTMENT OF COMMUNITY HEALTH INFANT MORTALITY RATES, 2006THE STRATEGIC INPUT DOCUMENT IS REVIEWED BY THE ENTIRE EXECUTIVE TEAM AND UTILIZED TO DEVELOP OUR COMMUNITY ASSESSMENT AS WELL AS OUR STRATEGIC ADVANTAGES AND DISADVANTAGES. THE COMMUNITY ASSESSMENT IS SHARED WITH THE BOARD EVERY THREE YEARS USING OUR COMMUNITY LEADERSHIP MODEL AS SHOWN BELOW. THREE YEAR PRIORITIES ARE THEN SET FOR OUR COMMUNITY HEALTH. BRONSON METHODIST HOSPITAL ALSO COLLABORATES WITH TWO KEY COMMUNITY AGENCIES FOR THE GATHERING OF HEALTH STATISTICS. THE GREATER KALAMAZOO UNITED WAY AND THE KALAMAZOO COUNTY HEALTH AND HUMAN SERVICES. IN ADDITION, BRONSON HAS BEEN A LEADER IN THE FOLLOWING COMMUNITY HEALTH COLLABORATIVES: HEALTHY FUTURES, IMMUNIZE-BY-TWO, HEALTHY BABY/HEALTHY START, READY TO READ, AFRICAN-AMERICAN HEALTH INITIATIVE, YOUTH VIOLENCE COALITION, HEALTH CONNECT AND EMERGENCY PRESCRIPTION PROGRAM.
		PART VI, LINE 3 SELF-PAY PATIENTS ARE REFERRED TO AN AGENCY FOR SCREENING FOR MEDICAID, MEDICARE, AND OTHER ELIGIBILITY. A SOFTWARE PROGRAM ALSO HELPS DETERMINE ELIGIBILITY FOR CHARITY CARE.
		PART VI, LINE 4 BRONSON METHODIST HOSPITAL SERVES A TEN COUNTY REGION IN SOUTHWEST MICHIGAN. ABOUT 60% OF PATIENTS SERVED COME FROM WITHIN KALAMAZOO COUNTY AND THE OTHER 40% COME FROM THE REGIONAL COUNTIES OF ALLEGAN, BARRY, BERRIEN, BRANCH, CASS, VAN BUREN, CALHOUN, EATON AND ST. JOSEPH. PATIENT DEMOGRAPHICS 26.40% <21 YEARS OF AGE 20.37% 21-39 YEARS OF AGE 24.93% 40-64 YEARS OF AGE 28.30% 65 YEARS OF AGE AND OLDER PATIENT DIVERSITY DEMOGRAPHICS 80.91% CAUCASIAN 0.58% LATINO/HISPANIC 11.26% AFRICAN-AMERICAN 0.63% ASIAN 6.62% OTHER PATIENT INSURANCE DEMOGRAPHICS 38.7% PRIVATE INSURANCE 27.9% MEDICARE 9.1% MEDICARE AND SUPPLEMENTAL INSURANCE 19.9% MEDICAID OR OTHER PUBLIC ASSISTANCE 4.4% NO COVERAGE.
		PART VI, LINE 5 BRONSON METHODIST HOSPITAL (BMH) IS A COMMUNITY-OWNED AND GOVERNED NOT-FOR-PROFIT HOSPITAL WITH 405 LICENSED BEDS AND AN OPEN MEDICAL STAFF. IT IS GOVERNED BY THE BRONSON HEALTHCARE GROUP BOARD, COMPRISED OF 21 MEMBERS OF THE COMMUNITY. FOUNDED IN 1900, BMH HAS AS ONE OF ITS FIVE CORE VALUES, COMMITMENT TO OUR COMMUNITY AND HAS HISTORICALLY DEMONSTRATED THIS VALUE BY CONTINUING TO DELIVER THE FULL CONTINUUM OF NEEDED MEDICAL SERVICES AND WORKING WITHIN COMMUNITY COLLABORATIVES TO ADDRESS COMMUNITY NEEDS. BMH PROVIDES A DISPROPORTIONATE AMOUNT OF CARE TO THE SEGMENT OF THE POPULATION USING MEDICAID. WE ARE THE LARGEST MEDICAID PROVIDER OF ANY LARGE HOSPITAL IN MICHIGAN OUTSIDE OF THE DETROIT AREA (ON A PERCENTAGE BASIS). IN 2012, APPROXIMATELY 20% OF BMHS PATIENTS WERE MEDICAID RECIPIENTS. WE HAVE THREE MEDICAID ENROLLERS ON SITE TO HELP THOSE WITHOUT INSURANCE ENROLL IN MEDICAID, OR REFER THEM TO COMMUNITY RESOURCES. MUCH OF BMHS SERVICE TO THE COMMUNITY IS DIRECTED AT WOMENS AND CHILDRENS NEEDS. BRONSON IS THE ONLY CHILDRENS HOSPITAL IN SOUTHWEST MICHIGAN AND, THEREFORE, THE SOLE PROVIDER OF INPATIENT PEDIATRICS INCLUDING PEDIATRIC INTENSIVE CARE AND NEONATAL INTENSIVE CARE. IN FACT, OVER HALF THE PATIENTS IN THE CHILDRENS HOSPITAL ARE MEDICAID RECIPIENTS. AS A REGIONAL PERINATAL CENTER, BMH IS ALSO THE REGIONAL DESTINATION FOR HIGH-RISK PREGNANCY CARE. BMHS LEVEL I TRAUMA CENTER AND BURN CENTER, ALONG WITH ADVANCED CAPABILITIES IN NEUROVASCULAR AND CARDIOVASCULAR CARE, SERVE ALL PATIENT POPULATIONS REGARDLESS OF ABILITY TO PAY. SERVICE TO COMMUNITY IN RECENT YEARS, BMH COLLABORATIVES HAVE INCLUDED HEALTHY FUTURES (BROAD COMMUNITY INITIATIVE TO ADDRESS HEALTH AND ECONOMIC ISSUES), HEALTHY BABY/HEALTHY START (REDUCE INFANT MORTALITY), IMMUNIZE-BY-TWO, HEALTH CONNECT (PROVIDE COMMUNITY-WIDE PRIMARY CARE ACCESS) AND THE AFRICAN-AMERICAN HEALTH INITIATIVE (HEALTH PROMOTION AND SCREENING PROGRAM OFFERED THROUGH KALAMAZOOS AFRICAN-AMERICAN FAITH COMMUNITY). IN 2012, BMH DOCUMENTED IN EXCESS OF 22,000 EVENTS IN PROVIDING COMMUNITY BENEFIT ACTIVITIES WITH A NET VALUE OF APPROXIMATELY \$81,000,000 IN COMMUNITY BENEFIT ACTIVITIES. ADDRESSING DISPARITIES BMH IS LOCATED IN THE HEART OF DOWNTOWN KALAMAZOO, MICHIGAN AND IS THE CITY'S LARGEST EMPLOYER. BMH OPENED A NEW, REPLACEMENT HOSPITAL IN DECEMBER OF 2000 ACROSS THE STREET FROM ITS PREVIOUS FACILITY. THIS LOCATION WAS CHOSEN BECAUSE OF ANOTHER OF BRONSONS CORE VALUES, CARE AND RESPECT FOR ALL PEOPLE. BMH IS LOCATED WHERE PERSONS MOST IN NEED CAN UTILIZE OUR SERVICES AND ACCESS US THROUGH PUBLIC TRANSPORTATION. THE ALIGNMENT OF OUR MISSION, VISION AND VALUES CREATES AN ENVIRONMENT WHERE ALL PERSONS ARE WELCOME AND PATIENTS ARE TREATED REGARDLESS OF THEIR ABILITY TO PAY. FOR EXAMPLE, BRONSONS TRAUMA AND EMERGENCY DEPARTMENT SEES MORE THAN 98,000 PATIENT VISITS PER YEAR. IN ADDITION, BMHS OUTREACH SERVICES WITH THE FEDERALLY QUALIFIED FAMILY HEALTH CENTER PROVIDE FOR AN IMPROVED CONTINUUM OF CARE FOR PATIENTS WHO ARE ON MEDICAID OR ARE UNDER-INSURED. COMMUNITY HEALTH STATUS BMH COLLABORATES WITH TWO KEY COMMUNITY PARTNERS FOR THE GATHERING OF HEALTH STATISTICS: THE GREATER KALAMAZOO UNITED WAY AND KALAMAZOO COUNTY HEALTH AND HUMAN SERVICES. THESE TWO ORGANIZATIONS, ALONG WITH BMH, THE FAMILY HEALTH CENTER REGULARLY DISCUSS HEALTH NEEDS AND EMERGING HEALTH TRENDS. THIS COLLABORATION, AN OFF-SHOOT OF HEALTHY FUTURES, MONITORS KALAMAZOO COUNTYS PERFORMANCE AGAINST HEALTHY PEOPLE 2010 GOALS. IT WAS THESE COMMUNITY HEALTH INDICATORS THAT INITIATED HEALTHY BABY/HEALTHY START, IMMUNIZE-BY-TWO AND THE AFRICAN-AMERICAN HEALTH INITIATIVE. COLLABORATION WITH COMMUNITY STAKEHOLDERS AS PREVIOUSLY MENTIONED, BMH SEEKS COMMUNITY COLLABORATORS AND STAKEHOLDERS AS PARTNERS IN MEETING COMMUNITY HEALTH NEEDS. TOWARDS THIS END, BMH ADMINISTRATORS SERVE ON SEVERAL COMMUNITY BOARDS INCLUDING THE FAMILY HEALTH CENTER, UNITED WAY, SALVATION ARMY, MINISTRY WITH COMMUNITY, NEIGHBORHOOD ASSOCIATIONS, GREATER KALAMAZOO UNITED WAY, FAMILY AND CHILDRENS SERVICES, HOSPICE CARE OF SOUTHWEST MICHIGAN, DOUGLAS COMMUNITY ASSOCIATION AND THE SAFE KIDS COLLABORATIVE, WHICH BMH STAFFS. BMH HAS A THREE-PRONG APPROACH FOR COMMUNITY LEADERSHIP FOCUSING ON COMMUNITY HEALTH, COMMUNITY SERVICE AND ECONOMIC DEVELOPMENT. COMMUNITY HEALTH INITIATIVES - IMPROVING ACCESS TO HEALTHCARE- IMPROVING OVERALL COMMUNITY HEALTH- CITIZEN-BASED EDUCATION AND RESEARCH ON HEALTH OUTCOMES- REDUCE DISPARITIES IN HEALTH OUTCOMES -THE RECENT FOCUS WAS ON CHILDHOOD SAFETY AND PREVENTION AND ACCESS/SCREENING/EDUCATION- COLLABORATE WITH SOCIAL SERVICE AGENCIES- AN EXAMPLE OF IMPROVING ACCESS: BMH HAS WORKED WITH COMMUNITY AGENCIES TO REDUCE BARRIERS AND IMPROVE ACCESS FOR UNDERSERVED POPULATIONS. THE HOSPITAL CO-FUNDS A GRADUATE MEDICAL RESIDENCY PROGRAM WITH NINE SUBSPECIALTIES AND AN AMBULATORY CLINIC WITH 70,000 PATIENT VISITS ANNUALLY. IN ADDITION, BMH HAS A LEADERSHIP ROLE AT KALAMAZOOS FAMILY HEALTH CENTER THAT HAS 35,000 PATIENT VISITS EACH YEAR. COMMUNITY SERVICE - PARTICIPATE ON PUBLIC AND NOT-FOR-PROFIT COMMITTEES AND BOARDS- PARTICIPATE IN IMPORTANT COMMUNITY ISSUES- LEAD DISASTER/EMERGENCY EFFORTS- PROVIDE FINANCIAL SUPPORT AND SPONSORSHIPS FOR ARTS AND HUMAN SERVICE ORGANIZATIONS. AN EXAMPLE OF AN EMPLOYEE-DRIVEN EFFORT REFLECTIVE OF OUR VALUES, BMH EMPLOYEES DONATE THOUSANDS OF POUNDS OF FOOD TO THE ANNUAL HARVEST GATHERING FOOD DRIVE, WHICH REPLENISHES LOCAL FOOD PANTRIES. IN 2012 THE BRONSON FOOD DRIVE IN KALAMAZOO COUNTY RAISED \$17,546 PLUS 1,894 POUNDS OF FOOD. TRANSLATING THE DOLLARS INTO POUNDS MEANS MORE THAN 72,078 POUNDS OF WERE PROVIDED TO STOCK THE 26 GROCERY PANTRIES SUPPLIED BY KALAMAZOO LOAVES & FISHES. ECONOMIC DEVELOPMENT - SUPPORT GRASSROOTS NEIGHBORHOOD DEVELOPMENT- STIMULATE ECONOMIC VITALITY- INVEST IN EDUCATIONAL INSTITUTIONS TO ENSURE ACCESS TO HEALTHCARE CURRICULUM (WMU BRONSON SCHOOL OF NURSING)- COMMIT TO LOCAL VENDORS AND BUSINESSES. AN ECONOMIC DEVELOPMENT EXAMPLE WOULD BE OUR BRONSON HOME OWNERSHIP PROGRAM (BHP). SINCE 1998, BRONSON HAS INVESTED \$37,525 TO HELP EMPLOYEES PURCHASE HOMES, DOWNTOWN, CLOSE TO THE BRONSON CAMPUS. OUR PROGRAM IS A LOAN, EMPLOYEES START PAYING US BACK IN YEAR SIX, AT NO INTEREST. WHAT IS COLLECTED IS THEN RE-LOANED. THUS FAR, OUR \$357,525 HAS RESULTED IN \$417,793 BEING LOANED TO 49 EMPLOYEES. THIS IS ECONOMIC DEVELOPMENT AT THE NEIGHBORHOOD LEVEL. BMH IDENTIFIES WAYS TO TREAT THE DISEASES FACED BY THOSE WE SERVE, AND ALSO SEEK WAYS TO FOSTER AN ENVIRONMENT IN WHICH WE CAN CREATE HEALTH AND PREVENTION MEASURES. THIS INCLUDES LOOKING AT OUR COMMUNITIES ECONOMIC ISSUES, SUCH AS PEOPLE WITHOUT HEALTH INSURANCE, AND ENVIRONMENTAL ISSUES, SUCH AS CLEAN AIR AND WATER. BMH HAS BEEN ACKNOWLEDGED BY PRACTICE GREENHEALTH (FORMERLY HOSPITALS FOR A HEALTHY ENVIRONMENT) AWARDS FOR 10 YEARS IN A ROW, IN RECOGNITION OF SIGNIFICANT PROGRESS IN REDUCING WASTE, PREVENTING POLLUTION AND ELIMINATING MERCURY. BMH ALSO HOLDS THE ENERGY STAR LABEL FOR ENERGY EFFICIENCY FROM THE ENVIRONMENTAL PROTECTION AGENCY, AND HAS BEEN NAMED ONE OF AMERICAS TOP 10 HOSPITALS BY THE GREEN GUIDE PUBLICATION. BECAUSE OF THIS, WE ALSO PLAY A SIGNIFICANT ROLE IN MANY COMMUNITY ORGANIZATIONS THAT HAVE A BROADER FOCUS THAN HEALTHCARE. REPORTING TO THE COMMUNITY BMH CONDUCTS AN ANNUAL COMMUNITY BENEFIT INVENTORY TO AGGREGATE THE NON-MISSION MANDATED SERVICES WE PROVIDE TO THE COMMUNITY. THIS INVENTORY IS SHARED WITH BRONSON STAKEHOLDERS AND REPORTED TO THE COMMUNITY. INFORMATION IS ALSO AVAILABLE THROUGH BRONSON HEALTH CARE EXAMPLES INCLUDE QUALITY REPORT, NURSING OUTCOMES, PATIENT SATISFACTION DATA, AND LINKS TO PUBLIC REPORTING WEBSITES.
		PART VI, LINE 6 BRONSON METHODIST HOSPITAL IS PART OF AN AFFILIATED SYSTEM THAT INCLUDES TWO OTHER HOSPITALS, BRONSON BATTLE CREEK HOSPITAL AND BRONSON LAKEVIEW HOSPITAL. ALL OF THESE HOSPITALS ARE CONTROLLED BY BRONSON HEALTHCARE GROUP, WHICH IS A COMMUNITY-OWNED AND GOVERNED NOT-FOR-PROFIT HOLDING COMPANY. THE BRONSON HEALTHCARE GROUP (BHG) BOARD IS COMPRISED OF 21 MEMBERS OF THE COMMUNITY. EACH OF THE THREE HOSPITALS IN THE BHG SYSTEM ADMITS PATIENTS REGARDLESS OF ABILITY TO PAY AND PROVIDES OUTREACH SERVICES TO THEIR RESPECTIVE COMMUNITIES. BRONSON METHODIST HOSPITAL IS THE LARGEST OF THE THREE HOSPITALS IN THE BHG SYSTEM. AS SUCH, IT HAS A LARGER ROLE IN PROVIDING SERVICES AND PROMOTING THE HEALTH OF THE MANY COMMUNITIES IT SERVES. THE HEALTH PROMOTION ACTIVITIES OF BRONSON METHODIST HOSPITAL ARE DESCRIBED IN #6 ABOVE. IN ADDITION TO THE THREE HOSPITALS, THE BHG SYSTEM INCLUDES SEVERAL SMALLER ENTITIES WHOSE EFFECTS SUPPORT THE HOSPITALS AND THEIR MISSION OF PROVIDING EXCELLENT HEALTHCARE TO THEIR COMMUNITIES. THESE ENTITIES INCLUDE: BRONSON HEALTHCARE GROUP, BRONSON MEDICAL GROUP, BRONSON NURSING AND REHABILITATION CENTER, BRONSON STAFFING SERVICES, BRONSON LIFESTYLE IMPROVEMENT & RESEARCH CENTER, BRONSON HEALTH FOUNDATION, LIFESPAN, VBEMS, & BRONSON PROPERTIES CORPORATION.

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

2012

Open to Public Inspection

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

38-1359087

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No

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

Part II **Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

[illegible]

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

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

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.
Part III can be duplicated if additional space is needed.

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

Part IV Supplemental Information.		
Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information		
Identifier	Return Reference	Explanation

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
BRONSON METHODIST HOSPITAL

Employer identification number
38-1359087

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 ☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain		
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 filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III ☐ Compensation committee ☐ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☐ Compensation survey or study ☐ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment?		No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
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?	Yes	
b Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
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? If "Yes," to line 6a or 6b, describe in Part III		No
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 Regulations 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)?		

Part II

Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	PART III	PART I, LINE 1A HEALTH CLUB DUES AND/OR SPOUSAL TRAVEL TO BOARD RETREAT ARE AVAILABLE FOR BOARD OF DIRECTORS (ATKINSON, EBERTS, GIBSON, GREENE, GUNDERSON, JAMES, KARAMCHANDANI, KLEIN, LINS, NYBERG, PARKS, ROEHR, WARDWELL AND ZELLER) ALL TREATED AS TAXABLE FRINGE BENEFITS 1099S SENT PART I, LINE 4B PARTICIPATED IN OR RECEIVED PAYMENT FROM A SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLAN FROM RELATED ENTITY BRONSON HEALTHCARE GROUP FRANK SARDONE CONTRIBUTION \$175,660 FRANK SARDONE DISTRIBUTION \$192,159 KEN TAFT CONTRIBUTION \$73,894 KEN TAFT DISTRIBUTION \$70,654 JOHN HAYDEN CONTRIBUTION \$32,072 JOHN HAYDEN DISTRIBUTION \$72,934 JAMES FALAHEE CONTRIBUTION 54,388 JAMES FALAHEE DISTRIBUTION \$101,644 SCOTT LARSON CONTRIBUTION \$63,441 SCOTT LARSON DISTRIBUTION \$66,284 INCLUDED IN PART II, COLUMN (B) (III) AND (F) ARE AMOUNTS THAT WERE PAID TO THE EXECUTIVE UNDER THE BRONSON HEALTHCARE GROUP, INC SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) THESE AMOUNTS WERE CREDITED TO AN ACCOUNT FOR THE EXECUTIVE IN PRIOR YEARS AND WERE PREVIOUSLY REPORTED IN COLUMN C IN THE PRIOR YEAR, BUT THE EXECUTIVE WAS REQUIRED TO REMAIN EMPLOYED UNTIL THE YEAR FOR WHICH THIS FORM IS BEING FILED IN ORDER TO BECOME VESTED IN HIS OR HER ACCOUNT AMOUNTS HAVE BEEN CREDITED TO THESE EXECUTIVES ACCOUNTS EACH YEAR SINCE THE SERP WAS ADOPTED IN 1994, AND THE ACCOUNTS HAVE ALSO BEEN ADJUSTED FOR GAINS AND LOSSES SINCE THAT TIME THEREFORE, THESE AMOUNTS SHOULD BE VIEWED AS HAVING BEEN EARNED OVER THE EXECUTIVES ENTIRE PERIOD OF EMPLOYMENT AS AN EXECUTIVE OF BRONSON THE AMOUNT CREDITED TO EACH EXECUTIVES ACCOUNT IN THE SERP EACH YEAR AND EACH EXECUTIVES TOTAL COMPENSATION PACKAGE WAS APPROVED BY AN INDEPENDENT CONSULTANT TO ENSURE THAT THESE AMOUNTS ARE COMPARABLE TO OR LESS THAN THE AMOUNTS AWARDED TO EXECUTIVES OF COMPARABLE HEALTH CARE ORGANIZATIONS FOR THE CURRENT REPORTING YEAR NO AMOUNTS THAT ARE REPORTED IN COLUMN B (III) WERE REPORTED IN A PREVIOUS YEAR RETURN, THEREFORE NO AMOUNTS ARE REPORTED IN COLUMN (F) PART I, LINE 3 BRONSON HEALTHCARE GROUP, A RELATED ORGANIZATION, USES A COMPENSATION COMMITTEE, INDEPENDENT COMPENSATION CONSULTANT, COMPENSATION SURVEY AND/OR STUDY AND APPROVAL BY BOARD AND/OR COMPENSATION COMMITTEE TO ESTABLISH THE COMPENSATION OF THE ORGANIZATIONS CEO/EXECUTIVE DIRECTOR

Software ID:
Software Version:
EIN: 38-1359087
Name: BRONSON METHODIST HOSPITAL

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
SARDONEFRANK J	(i)	0	0	0	0	0	0	0
	(ii)	690,960	314,005	219,357	302,267	13,718	1,540,307	0
TAFTKENNETH L	(i)	0	0	0	0	0	0	0
	(ii)	417,359	145,902	79,496	152,616	18,230	813,603	0
JAMES FALAHEE	(i)	0	0	0	0	0	0	0
	(ii)	282,319	102,217	80,972	100,376	18,193	584,077	0
SCOTT LARSON MD	(i)	0	0	0	0	0	0	0
	(ii)	347,251	114,397	65,667	91,091	13,740	632,146	0
JOHN HAYDEN	(i)	0	0	0	0	0	0	0
	(ii)	246,414	91,322	47,136	84,060	9,087	478,019	0
MEITZMARY M	(i)	0	0	0	0	0	0	0
	(ii)	272,971	71,815	19,167	70,237	17,619	451,809	0
HARRELSONKATHLEEN M	(i)	0	0	0	0	0	0	0
	(ii)	256,694	71,171	29,606	71,238	12,050	440,759	0
JONES JRJOHN L	(i)	0	0	0	0	0	0	0
	(ii)	218,301	59,729	45,044	67,847	17,955	408,876	0
WAYMICHAEL S	(i)	0	0	0	0	0	0	0
	(ii)	171,673	45,421	37,295	49,934	11,628	315,951	0
FABIALAIN Y	(i)	993,826	1,391,588	1,665	10,947	18,196	2,416,222	0
	(ii)	0	0	0	0	0	0	0
WIGGINSGREGORY C	(i)	822,733	987,228	924	10,947	18,188	1,840,020	0
	(ii)	0	0	0	0	0	0	0
DELUCIA IIIALPHONSE	(i)	725,102	144,320	3,312	10,947	18,202	901,883	0
	(ii)	0	0	0	0	0	0	0
MILLERJEFFREY W	(i)	727,402	50,000	1,862	10,947	11,967	802,178	0
	(ii)	0	0	0	0	0	0	0
SLOFFERCHRIS A	(i)	747,668	0	1,260	10,947	13,712	773,587	0
	(ii)	0	0	0	0	0	0	0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
BRONSON METHODIST HOSPITAL

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 Part VI.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number
38-1359087

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 KALAMAZOO HOSPITAL FINANCE AUTHORITY	38-6004627	483233LQ3	04-30-2008	93,622,103	SEE SUPPLEMENTAL INFORMATION		X		X		X
B	CITY OF KALAMAZOO HOSPITAL FINANCE AUTHORITY	38-6004627	483233MA7	09-28-2010	192,508,168	SEE SUPPLEMENTAL INFORMATION		X		X		X

Part II

Proceeds

		A	B	C	D
1	Amount of bonds retired	16,650,000	91,515,000		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	93,622,103	192,871,900		
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	718,703	2,389,449		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	14,363,732	14,363,732		
11	Other spent proceeds	92,903,400	176,118,719		
12	Other unspent proceeds				
13	Year of substantial completion	2003		2010	
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No
		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 of bond-financed property?		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 00000%		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 00000%		0 00000%		%		%	
6	Total of lines 4 and 5	0 00000%		0%		%		%	
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X		X					
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X				
4a	Has the organization or the governmental issuer entered into a qualified 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?								

Part IV Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (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?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X					

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has 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?		X		X				

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).

Identifier	Return Reference	Explanation
BOND ISSUE A, PART I, LINE (F) - DESCRIPTION OF PURPOSE		BOND ISSUE A WAS ISSUED TO CURRENTLY REFUND A PRIOR ISSUE WITH AN ORIGINAL ISSUE DATE OF 11/13/03 THE BONDS ISSUED ON 11/13/03 WERE ISSUED TO REFUND A PRIOR ISSUE THAT WAS ISSUED BEFORE 1/1/03
BOND ISSUE A, PART I, LINE (D) - DATE ISSUED		BOND ISSUE A WAS ORIGINALLY ISSUED ON 11/13/2003, AND WAS REISSUED FOR FEDERAL INCOME TAX PURPOSES ON 04/30/08 THE INFORMATION REPORTED IN SCHEDULE K FOR BOND ISSUE A IS FOR THE BONDS AS REISSUED ON 4/30/2008
BOND ISSUE B, PART I, LINE (F) - DESCRIPTION OF PURPOSE		PROCEEDS OF BOND ISSUE B WERE USED TO CURRENTLY REFUND PRIOR ISSUES ORGINALLY ISSUED ON 05/13/98, 06/14/06 AND 3/25/09 ADDITIONAL PROCEEDS OF BOND ISSUE B WERE USED FOR BUILDING RENOVATIONS, AND OTHER MEDICAL TECHNOLOGY EQUIPMENT
BOND ISSUE B, PART I, LINE (D) - DATE ISSUED		BOND ISSUE B CONSISTS OF TWO SERIES OF BONDS SERIES 2006 AND SERIES 2010 THE SERIES 2006 BONDS WERE ORIGINALLY ISSUED ON 06/14/06 AND WERE REISSUED FOR FEDERAL INCOME TAX PURPOSES ON 9/28/10 THE INFORMATION REPORTED ON SCHEDULE K FOR BOND ISSUE B IS FOR THE SERIES 2006 BONDS AS REISSUED ON 9/28/10 AND THE SERIES 2010 BONDS AS ORIGINALLY ISSUED ON 9/28/10
BOND ISSUE B, PART II, LINE 3		TOTAL PROCEEDS OF BOND ISSUE B INCLUDE INVESTMENT EARNINGS IN THE AMOUNT OF \$363,731
PART III,COLUMN A		THIS IS NOT APPLICABLE DUE TO THE SPECIAL RULES FOR REFUNDING OF PRE 2003 ISSUES, HOWEVER, DUE TO SOFTWARE LIMITATIONS WE ARE UNABLE TO LEAVE BLANK
SCHEDULE K PART V		WE HAVE GENERAL WRITTEN PROCEDURES THAT WE WILL COMPLY WITH ALL TAX LAWS

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

2012

Open to Public
Inspection

Name of the organization BRONSON METHODIST HOSPITAL	Employer identification number 38-1359087
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	JAMES GUNDERSON, KENNETH TAFT, FRANK SARDONE, STEVEN J LINS, M D AND SCOTT C GIBSON, M D HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	BRONSON HEALTHCARE GROUP IS THE SOLE MEMBER OF BRONSON METHODIST HOSPITAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	BRONSON HEALTHCARE GROUP (BHG) IS THE SOLE MEMBER OF BRONSON METHODIST HOSPITAL (BMH) AND AS SUCH MEMBER IT ELECTS 12 OF THE TOTAL 21 MEMBERS OF THE BMH BOARD COMMUNITY PARTNERS SHALL, AFTER CONSULTING WITH AND SEEKING INPUT FROM THE NOMINATING COMMITTEE OF BHG, APPOINT 6 MEMBERS TO THE BOARD THE REMAINING 3 MEMBERS OF THE BOARD SHOULD BE EX OFFICIO, WITH VOTE, AND SHALL CONSIST OF THE PRESIDENT, THE CHIEF OF STAFF, AND IMMEDIATE PAST CHIEF OF THE MEDICAL STAFF OF THE HOSPITAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	BRONSON HEALTHCARE GROUP (BHG) IS THE SOLE MEMBER OF THE BRONSON METHODIST HOSPITAL (BMH) HAS CERTAIN RESERVED POWERS OVER THE ACTIONS OF BMH THE BOARD OF DIRECTORS HAS THE POWER TO - AMENDMENT, RESTATEMENT, OR REPEAL THE HOSPITALS ARTICLES OF INCORPORATION OR BY LAWS - ADOPTION, EXECUTION, REVOCATION, OR ABANDONMENT OF A PLAN OF DISSOLUTION, MERGER, CONSOLIDATION, REORGANIZATION, OR OTHER MAJOR CHANGE IN CORPORATE STRUCTURE INVOLVING THE HOSPITAL - SALE, LEASE EXCHANGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE HOSPITALS PROPERTY AND ASSETS - ACQUISITION OF ANY OTHER ENTITY OR THE ESTABLISHMENT OF ANY SUBSIDIARY OR AFFILIATE - ADOPTION OF ALL OPERATING AND CAPITAL EXPENDITURE BUDGETS - INCUR OPERATING OR CAPITAL EXPENDITURES WHICH CAUSE AGGREGATE OPERATING OR CAPITAL EXPENDITURES TO EXCEED BUDGETED AGGREGATES AND/OR THE DOLLAR AMOUNT SPECIFIED BY BHG - SECURE BORROWINGS, WITH THE EXCEPTION OF EQUIPMENT LEASES AND PURCHASE MONEY SECURITY INTERESTS APPROVED AS A PART OF A BUDGET - CHANGE THE MISSION STATEMENT, PURPOSES, OR STRATEGIC GOALS OF THE HOSPITAL - ANY SIGNIFICANT CHANGE IN THE SCOPE OF SERVICES OR PROGRAMS - APPOINTMENT, REMOVAL OR COMPENSATION OF THE PRESIDENT OR ANY DIRECTOR OR OFFICER

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE SR VP OF FINANCE/CFO AND ASSISTANT VP/CONTROLLER REVIEWED THE 990S MANAGEMENT REPRESENTATIVES (CFO & CONTROLLER) MET WITH THE CHAIR AND A DIRECTOR OF THE BOARD ON OCTOBER 14, 2013 TO REVIEW THE PREPARED FORM 990 AND SCHEDULES THE FINANCE COMMITTEE OF THE BOARD THOROUGHLY REVIEWED THE PREPARED FORM 990 AT ITS REGULARLY SCHEDULED MEETING ON OCTOBER 21ST, 2013 THE REVIEW WAS LED BY THE SR V P OF FINANCE/CFO, ASSISTANT VP/CONTROLLER AND PLANTE & MORAN THE MEMBERS OF THE ORGANIZATIONS GOVERNING BODY WERE PROVIDED THE PREPARED FORM 990 FOR REVIEW

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY THE CONFLICT OF INTEREST POLICY AND ITS ACCOMPANYING QUESTIONNAIRE ARE REVIEWED, AND REVISED, IF NECESSARY, ON AN ANNUAL BASIS BY THE ORGANIZATIONS GENERAL COUNSEL/CORPORATE COMPLIANCE OFFICER AND THE BOARDS EXECUTIVE COMMITTEE ALL BOARD MEMBERS AND ALL EMPLOYEES HOLDING THE TITLE OF VICE PRESIDENT AND ABOVE ARE COVERED BY THE CONFLICT OF INTEREST POLICY AND ANNUALLY COMPLETE THE CONFLICT OF INTEREST QUESTIONNAIRE ALL COMPLETED CONFLICT OF INTEREST QUESTIONNAIRES ARE REVIEWED BY THE ORGANIZATIONS GENERAL COUNSEL/CORPORATE COMPLIANCE OFFICER AND THE EXECUTIVE COMMITTEE DETERMINATIONS AS TO WHETHER A CONFLICT EXISTS ARE MADE BY THE GENERAL COUNSEL/CORPORATE COMPLIANCE OFFICER AND THE EXECUTIVE COMMITTEE ACTUAL CONFLICTS ARE REVIEWED BY THE GENERAL COUNSEL/CORPORATE COMPLIANCE OFFICER AND THE EXECUTIVE COMMITTEE PERSONS WITH A CONFLICT ARE PROHIBITED FROM PARTICIPATING IN THE GOVERNING BODY S DELIBERATIONS AND DECISIONS ON THE TRANSACTION IN QUESTION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	FOR THE CEO, OFFICERS, AND OTHER KEY EMPLOYEES, THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS, WHICH FUNCTIONS AS THE COMPENSATION COMMITTEE, RETAINS THE SERVICES OF AN EXTERNAL EXECUTIVE COMPENSATION CONSULTANT (SULLIVAN, COTTER AND ASSOCIATES) WHO CONDUCTS A THOROUGH COMPENSATION AND BENEFIT SURVEY PROCESS THAT IS USED TO DETERMINE THE APPROPRIATE ADJUSTMENT IN CASH COMPENSATION AND BENEFITS PROVIDED. THIS PROCESS WAS UNDERTAKEN IN 2012. THE CONSULTANT USES THREE TO FIVE NATIONAL HEALTHCARE-BASED SURVEYS FOR COMPARABILITY DATA, EACH ONE OF LIKE REVENUE SIZE HEALTHCARE SYSTEMS TO THE BRONSON HEALTHCARE GROUP. THE CONSULTANT PREPARES A DETAILED REPORT WITH RECOMMENDATIONS FOR PAY AND/OR BENEFIT ADJUSTMENTS, AND PRESENTS THE INFORMATION TO THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS (WHEN THE CEOS SURVEY DATA AND RECOMMENDATIONS ARE PRESENTED, THE CEO AND STAFF ARE EXCUSED FROM THE DELIBERATIONS). AFTER ALL QUESTIONS OF THE BOARD MEMBERS ARE ANSWERED, FORMAL MOTIONS ARE PROPOSED, SECONDED AND VOTED ON (FOR ANY PAY ADJUSTMENTS AND FOR RECEIPT OF THE CONSULTANT'S REPORT). AT THE SUBSEQUENT MEETING OF THE FULL BOARD OF DIRECTORS, THE CHAIR PRESENTS RECOMMENDATIONS OF THE EXECUTIVE COMMITTEE, AND THE FULL BOARD ACTS ON A FORMAL MOTION THAT IS SECONDED AND VOTED ON.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC BY POSTING THEM ON THE ORGANIZATIONS WEBSITE AND PROVIDING COPIES ON REQUEST THE ORGANIZATIONS FINANCIAL STATEMENTS, OTHER THAN THE FORM 990, ARE NOT AVAILABLE TO THE PUBLIC

Identifier	Return Reference	Explanation
		BOARD MEMBERS ARE NOT COMPENSATED FOR THEIR TIME AND ANY REPORTABLE COMPENSATION LISTED IN PART II REPRESENTS BOARD MEETING TRAVEL FOR SPOUSE AND/OR HEALTH CLUB DUES

Identifier	Return Reference	Explanation
OTHER FEES	FORM 990, PART IX, LINE 11G	PHYSICIAN PROF FEES, TRANSCRIPTION, LAUNDRY SERVICES, BILLING FEES, CONSULT PROGRAM SERVICE EXPENSES 55,934,442 MANAGEMENT AND GENERAL EXPENSES 6,685,550 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 62,619,992

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	UNREALIZED GAIN/(LOSS) ON INTEREST RATE SWAPS 566,916 JOINT VENTURE GAIN/(LOSS) 3,965,741

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

2012

Open to Public Inspection

Name of the organization
BRONSON METHODIST HOSPITAL

Employer identification number
38-1359087

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" to Form 990, Part IV, line 33.)					
(a) Name, address, and EIN (if applicable) 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" to 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 entity?	
						Yes	No
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) HOSPITAL NETWORK INC LEASING 6212 AMERICAN AVE PORTAGE, MI 49002 38-3638430	SUPPORT SERVICES	MI	BRONSON HEALTHCARE GROUP	RELATED	13,466	396,867		No			No	16 600 %
(2) HOSPITAL NETWORK HEALTHCARE SERVICES 6212 AMERICAN AVE PORTAGE, MI 49002 30-0057075	SUPPORT SERVICES	MI	BRONSON HEALTHCARE GROUP	RELATED	-8,330	16,728		No			No	7 690 %
(3) HOPSITAL NETWORK VENTURES LLC 6212 AMERICAN AVE PORTAGE, MI 49002 38-3302979	SUPPORT SERVICES	MI	BRONSON HEALTHCARE GROUP	RELATED	293,355	2,644,139		No			No	16 600 %

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) BRONSON MANAGEMENT SERVICES CORPORATION 601 JOHN STREET KALAMAZOO, MI 49007 38-2415032	OTHER MEDICAL SERVICES	MI	BRONSON HEALTHCARE GROUP	C				Yes	
(2) BRONSON LIFESTYLE IMPROVEMENT AND RESEARCH CENTER 601 JOHN STREET KALAMAZOO, MI 49007 38-3552556	REHABILITATION SERVICES	MI	BRONSON HEALTHCARE GROUP	C				Yes	
(3) BRONSON STAFFING SERVICES 601 JOHN STREET KALAMAZOO, MI 49007 38-3277697	HOME HEALTH CARE	MI	BRONSON HEALTHCARE GROUP	C				Yes	
(4) BRONSON PRACTICE MANAGEMENT 601 JOHN STREET KALAMAZOO, MI 49007 38-2511179	OTHER MEDICAL SERVICES	MI	BRONSON HEALTHCARE GROUP	C				Yes	

Part V

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

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

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 or (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 Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

Yes

1c

Yes

1d

No

1e

No

1f

No

1g

Yes

1h

Yes

1i

No

1j

No

1k

No

1l

Yes

1m

Yes

1n

No

1o

Yes

1p

No

1q

No

1r

No

1s

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-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Schedule R (Form 990) 2012

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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Software ID:

Software Version:

EIN: 38-1359087

Name: BRONSON METHODIST HOSPITAL

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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 501(c)(3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization
BRONSON HEALTHCARE GROUP 601 JOHN STREET KALAMAZOO, MI 49007 38-2418383	PROVIDE SUPPORT SERVICES FOR HEALTHCARE SUBSIDIARIES	MI	501(C)(3)	LINE 11C, III-FI	N/A	No
BRONSON HEALTH FOUNDATION 601 JOHN STREET KALAMAZOO, MI 49007 38-2415081	SUPPORTS HEALTHCARE ORGANIZATION	MI	501(C)(3)	LINE 7	BRONSON HEALTHCARE GROUP	Yes
BRONSON LAKEVIEW HOSPITAL 601 JOHN STREET KALAMAZOO, MI 49007 38-1359218	HOSPITAL	MI	501(C)(3)	LINE 3	BRONSON HEALTHCARE GROUP	Yes
BRONSON NURSING AND REHAB CENTER 601 JOHN STREET KALAMAZOO, MI 49007 38-2842451	SKILLED NURSING FACILITY	MI	501(C)(3)	LINE 9	BRONSON HEALTHCARE GROUP	Yes
VBEMS INC 601 JOHN STREET KALAMAZOO, MI 49007 38-2745910	AMBULANCE SERVICE	MI	501(C)(3)	LINE 9	BRONSON HEALTHCARE GROUP	Yes
BRONSON PROPERTIES CORPORATION 601 JOHN STREET KALAMAZOO, MI 49007 38-6052573	PROVIDE SUPPORT SERVICES FOR HEALTHCARE SUBSIDIARIES	MI	501(C)(3)	LINE 11B, II	BRONSON HEALTHCARE GROUP	Yes
BRONSON BATTLE CREEK HOSPITAL 300 NORTH AVENUE BATTLE CREEK, MI 49016 38-2776791	HOSPITAL	MI	501(C)(3)	LINE 3	BRONSON HEALTHCARE GROUP	Yes
LIFESPAN 166 GOODALE BATTLE CREEK, MI 49037 38-3298476	NURSING, HOSPICE, EQUIP SALES	MI	501(C)(3)	LINE 9	BRONSON HEALTHCARE GROUP	Yes

--> **Form 990, Schedule R, Part V - Transactions With Related Organizations**

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
BRONSON HEALTHCARE GROUP	M	124,150,857	METHOD BASED ON ACTUAL COST
BRONSON HEALTHCARE GROUP	O	439,652	METHOD BASED ON ACTUAL COST
BRONSON PRACTICE MANAGEMENT	M	1,109,481	METHOD BASED ON ACTUAL COST
BRONSON PRACTICE MANAGEMENT	O	8,712,243	METHOD BASED ON ACTUAL COST
BRONSON PROPERTIES CORPORATION	M	4,304,101	METHOD BASED ON ACTUAL COST
BRONSON BATTLE CREEK HOSPITAL	M	89,642	METHOD BASED ON ACTUAL COST
BRONSON STAFFING SERVICES	O	4,604,839	METHOD BASED ON ACTUAL COST
BRONSON LAKEVIEW HOSPITAL	M	1,378,009	METHOD BASED ON ACTUAL COST
BRONSON LAKEVIEW HOSPITAL	O	180,930	METHOD BASED ON ACTUAL COST
BRONSON LIFESTYLE IMPROVEMENT AND RESEARCH CENTER	M	862,034	METHOD BASED ON ACTUAL COST
BRONSON HEALTHCARE GROUP	L	16,579,710	METHOD BASED ON ACTUAL COST
BRONSON HEALTHCARE GROUP	O	487,667	METHOD BASED ON ACTUAL COST
BRONSON PRACTICE MANAGEMENT	H	98,511	METHOD BASED ON ACTUAL COST
BRONSON PRACTICE MANAGEMENT	L	1,805,918	METHOD BASED ON ACTUAL COST
BRONSON PROPERTIES CORPORATION	L	2,624,748	METHOD BASED ON ACTUAL COST
BRONSON STAFFING SERVICES	O	56,804	METHOD BASED ON ACTUAL COST
BRONSON BATTLE CREEK HOSPITAL	L	1,309,801	METHOD BASED ON ACTUAL COST
BRONSON BATTLE CREEK HOSPITAL	O	1,416,525	METHOD BASED ON ACTUAL COST
BRONSON LAKEVIEW HOSPITAL	G	3,812,320	METHOD BASED ON ACTUAL COST
BRONSON LAKEVIEW HOSPITAL	L	4,387,801	METHOD BASED ON ACTUAL COST
BRONSON LAKEVIEW HOSPITAL	O	454,410	METHOD BASED ON ACTUAL COST
BRONSON HEALTH FOUNDATION	L	225,446	METHOD BASED ON ACTUAL COST
BRONSON HEALTH FOUNDATION	O	157,448	METHOD BASED ON ACTUAL COST
BRONSON MANAGEMENT SERVICES CORP	L	106,754	METHOD BASED ON ACTUAL COST
BRONSON MANAGEMENT SERVICES CORP	O	137,647	METHOD BASED ON ACTUAL COST

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
BRONSON LIFESTYLE IMPROVEMENT AND RESEARCH CENTER	L	57,109	METHOD BASED ON ACTUAL COST
BRONSON HEALTH FOUNDATION	C	90,640	METHOD BASED ON ACTUAL COST
BRONSON HEALTHCARE GROUP	B	14,625,000	METHOD BASED ON ACTUAL COST

Bronson Methodist Hospital

Financial Report
December 31, 2012

Bronson Methodist Hospital

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Independent Auditor's Report

To the Board of Directors
Bronson Methodist Hospital

We have audited the accompanying financial statements of Bronson Methodist Hospital (the "Hospital"), which comprise the balance sheet as of December 31, 2012 and 2011 and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Bronson Methodist Hospital

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bronson Methodist Hospital as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the Hospital adopted the provisions of Accounting Standards Update 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities*, during 2012.

Plante & Moran, PLLC

April 23, 2013

Bronson Methodist Hospital

Balance Sheet (amounts in thousands)

	December 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 63,212	\$ 125,065
Investments (Note 10)	246,866	177,751
Accounts receivable (Note 5)	102,362	92,539
Prepaid expenses and other current assets	9,787	9,363
Total current assets	422,227	404,718
Assets Limited as to Use (Notes 4 and 10)		
Internally designated for capital improvements	15,310	15,310
Funds held by trustee under bond indenture	2,124	7,065
Funds held for payment of employee benefits	1,407	2,527
Total assets limited as to use	18,841	24,902
Property and Equipment - Net (Note 9)	292,101	288,472
Other Assets		
Investment in joint ventures (Note 17)	15,187	12,941
Bond issue costs	2,686	2,818
Other noncurrent assets	587	546
Total assets	\$ 751,629	\$ 734,397
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 11,723	\$ 8,507
Accrued liabilities and other (Note 11)	33,178	32,621
Current portion of long-term debt (Note 12)	5,819	5,581
Estimated third-party payor settlements (Note 6)	21,269	36,462
Total current liabilities	71,989	83,171
Long-term Debt - Net of current portion (Note 12)	260,180	266,267
Fair Value of Interest Rate Swap Agreement (Notes 3, 4, and 13)	17,245	17,801
Other Liabilities	1,407	2,527
Total liabilities	350,821	369,766
Net Assets - Unrestricted	400,808	364,631
Total liabilities and net assets	\$ 751,629	\$ 734,397

Bronson Methodist Hospital

Statement of Operations and Changes in Net Assets (amounts in thousands)

	Year Ended	
	December 31, 2012	December 31, 2011
Operating Revenue		
Net patient service revenue	\$ 590,735	\$ 540,181
Provision for bad debts	(21,651)	(22,540)
Net patient service revenue less provision for bad debts	569,084	517,641
Investment gain	8,127	8,408
Other	19,303	13,884
Total operating revenue	596,514	539,933
Operating Expenses		
Salaries and wages	235,177	218,005
Employee benefits and payroll taxes	61,049	59,094
Other	210,785	185,710
Depreciation and amortization	34,537	27,073
Interest expense	15,064	15,230
Total operating expenses (Note 16)	556,612	505,112
Operating Income	39,902	34,821
Nonoperating Gain (Loss)		
Change in unrealized investment gains	10,333	-
Change in fair value of interest swap agreements (Note 13)	567	(8,686)
Total nonoperating gain (loss)	10,900	(8,686)
Excess of Revenue Over Expenses	50,802	26,135
Transfer to Affiliate (Note 17)	(14,625)	(9,207)
Increase in Unrestricted Net Assets	36,177	16,928
Net Assets - Beginning of year	364,631	347,703
Net Assets - End of year	<u>\$ 400,808</u>	<u>\$ 364,631</u>

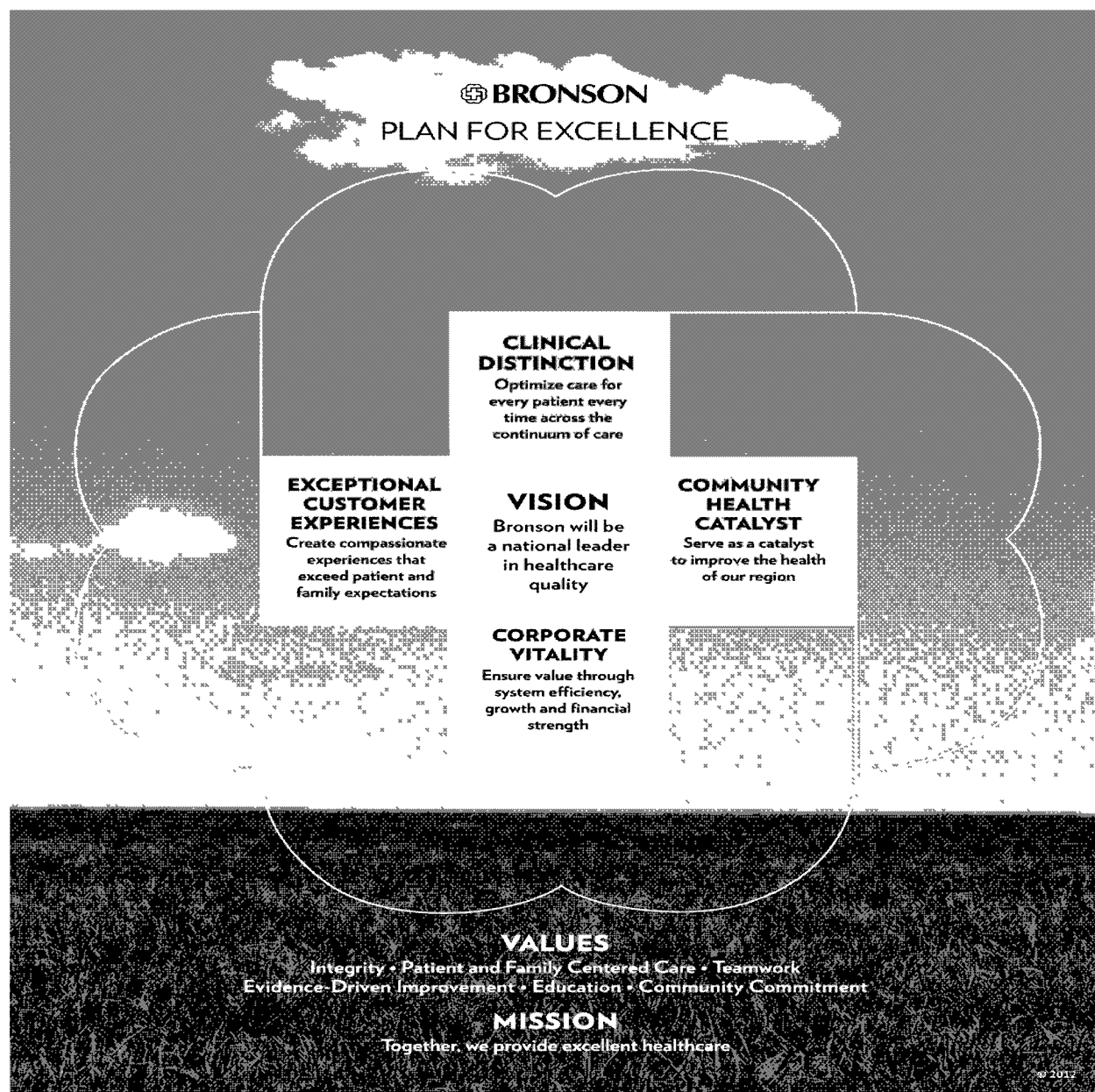
Bronson Methodist Hospital

Statement of Cash Flows (amounts in thousands)

	Year Ended	
	December 31, 2012	December 31, 2011
Cash Flows from Operating Activities		
Increase in unrestricted net assets	\$ 36,177	\$ 16,928
Adjustments to reconcile increase in unrestricted net assets to net cash from operating activities:		
Depreciation and amortization	34,537	27,073
Net change in unrealized net gains and losses on investments	(10,333)	-
Provision for bad debts	21,651	22,540
(Gain) loss on interest rate swaps	(567)	8,686
Equity in earnings of joint ventures	(3,759)	(3,475)
Changes in assets and liabilities which (used) provided cash:		
Accounts receivable	(31,474)	(40,155)
Prepaid expenses and other current assets	(424)	(754)
Bond issue costs and other noncurrent assets	91	110
Accounts payable	3,216	(924)
Accrued liabilities and other	545	3,866
Estimated third-party payor settlements	(15,193)	19,202
Other liabilities	(1,097)	(652)
Net cash provided by operating activities	33,370	52,445
Cash Flows from Investing Activities		
Purchase of property and equipment	(38,166)	(43,978)
Decrease in assets limited as to use	6,061	8,375
(Increase) decrease in pooled investment funds	(58,782)	43,446
Proceeds from joint ventures	1,513	1,500
Net cash (used in) provided by investing activities	(89,374)	9,343
Cash Flows from Financing Activities		
Proceeds from issuance of debt obligations	-	95
Principal payment on long-term debt	(5,849)	(5,733)
Net cash used in financing activities	(5,849)	(5,638)
Net (Decrease) Increase in Cash and Cash Equivalents	(61,853)	56,150
Cash and Cash Equivalents - Beginning of year	125,065	68,915
Cash and Cash Equivalents - End of year	\$ 63,212	\$ 125,065
Supplemental Cash Flow Information - Cash paid for interest	\$ 14,943	\$ 15,128

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011



The mission, values, commitment to patient care excellence, and philosophy of nursing excellence provide the foundation that supports Bronson's organizational strategy, which is illustrated in the vision to be a national leader in healthcare quality and the four Cs, or corporate strategies: *Clinical Distinction*, *Exceptional Customer Experiences*, *Corporate Vitality*, and *Community Health Catalyst*. Excellence is the thread that ties together the vision, mission, values, commitment to patient care excellence, philosophy of nursing excellence, and overall strategies. These elements, comprising the Plan for Excellence above, form the culture and guide decision-making.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 1 - Nature of Business

Bronson Methodist Hospital (the "Hospital") is a regional medical center and teaching hospital providing acute-care medical and surgical services. The Hospital, located in Kalamazoo, Michigan, has 405 beds, and provides services to the greater Kalamazoo and southwestern Michigan communities. Admitting physicians are primarily practitioners in the local area.

In January 2011, the assets and liabilities of Bronson Vicksburg Hospital (a wholly owned subsidiary of Bronson Healthcare Group) were transferred to the Hospital. Assets totaled \$1,928,000 and net assets totaled \$1,293,000. The transaction to accomplish this was done via a net asset transfer between the two entities.

Bronson Healthcare Group, Inc. (the "Group") controls the Hospital's net assets and operations.

Note 2 - Significant Accounting Policies

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in assets limited as to use.

Investments - The Hospital's cash equivalents and investments are maintained in a pooled investment fund held by the Group. Requests for withdrawals from the fund are generally honored on demand at the amount deposited, minus withdrawals, plus earnings credited while on deposit. The fund's investment policy allows for investments in such securities as U.S. government obligations, commercial paper, bankers' acceptances, certificates of deposit, marketable equity securities, money market funds, and privately held alternative investments. Earnings of the fund are credited to investment participants on a pro rata basis when realized. Aggregate investment earnings and realized gains and losses from the fund for the years ended December 31, 2012 and 2011 were approximately \$8,127,000 and \$8,408,000, respectively.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in income from operations unless the income or loss is restricted by donor or law.

Prior to 2012, the Group has agreed to indemnify the Hospital from any market value fluctuations in the pooled investment fund. Accordingly, investments and cash equivalents, including assets limited as to use, except for funds held by the bond trustee and deferred compensation, were stated at cost plus allocated earnings, including realized gains and losses, which approximates their redemption value from the Group. Beginning on January 1, 2012, the Group and the Hospital have agreed to allocate market fluctuations to the Hospital and other affiliates of the Group that participate in the pooled investment fund.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 2 - Significant Accounting Policies (Continued)

In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates on future cash flows. The aggregate fair value amounts presented do not represent the underlying value of the Hospital; instead, they represent point-in-time estimates that might not be particularly relevant in predicting the Hospital's future earnings on cash flows. All financial instruments held or issued by the Hospital are considered trading.

Accounts Receivable - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors based on current reimbursement methodologies. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Hospital 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 related to 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 Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. 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 Hospital 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 in the period they are determined to be uncollectible.

Assets Limited as to Use - Assets limited as to use include assets designated by the board of trustees for future capital improvement, over which the board retains control, assets held by trustees under bond indenture agreements, and funds held in trust for payment of employee benefits.

Property and Equipment - Property and equipment amounts are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 2 - Significant Accounting Policies (Continued)

Professional and Other Liability Insurance - The Hospital accrues an estimate of the ultimate expense, including litigation and settlement expense, for incidents of potential improper professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end.

Net Patient Service Revenue - The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital 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 Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows (in millions):

	Third-party Payors	Self-pay	Total All Payors
Net patient revenue	\$ 538,136	\$ 52,599	\$ 590,735

Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance of such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

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

Derivative and Hedging Activities - Accounting standards require that derivative instruments be recorded on the balance sheet at fair value and establish criteria for designation and effectiveness of hedging relationships. The Hospital utilizes various interest rate swap agreements to manage the economic impact of fluctuations in interest rates.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 2 - Significant Accounting Policies (Continued)

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

Electronic Health Records Incentive Payments - The American Recovery and Reinvestment Act of 2009 (ARRA) established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record (EHR) technology by 2014. The Hospital may receive an incentive payment for up to four years, provided the Hospital demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenue from the incentive payments is recognized ratably over the EHR reporting period when there is reasonable assurance that the Hospital will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. The amounts are recorded within other operating revenue as the incentive payments are related to the Hospital's ongoing and central activities yet not critical to the delivery of patient service.

Tax Status - The Hospital is a nonprofit, tax-exempt organization, and is exempt from federal income taxes on related income pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, no tax provision is reflected in the financial statements. The Hospital's tax returns are not subject to examination by taxing authorities for years beginning prior to December 31, 2009.

The Hospital has adopted accounting standards related to uncertain tax positions and, accordingly, reviewed all tax positions. The evaluated potential exposure related to uncertain tax positions was found to be immaterial.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 2 - Significant Accounting Policies (Continued)

New Accounting Pronouncements - During 2011, the Financial Accounting Standards Board (FASB) adopted Accounting Standards Update (ASU) 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*, establishing accounting and disclosures for healthcare entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. The amendments in the ASU change the presentation of the statement of operations and add new disclosures that are required under current generally accepted accounting principles for entities within the scope of this update. The provision for bad debts associated with patient service revenue for certain entities is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the statement of operations. The ASU is effective for the Hospital for the year ended December 31, 2012 and the provision has been applied retrospectively for the year ended December 31, 2011. As a result of the retrospective application, total unrestricted revenue, gains, and other support and total operating expenses decreased by \$22,540,000, with no change to excess of revenue over expenses for the period ended December 31, 2011. The update requires new disclosures be provided on a prospective basis, and have therefore been presented for the year ended December 31, 2012 only.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including April 23, 2013, which is the date the financial statements were available to be issued.

Note 3 - Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents - The carrying amount approximates fair value because of the short maturity of those instruments.

Investments - Investments are recorded at fair value in the accompanying financial statements. Fair value is determined based on the fair value measurement principles described in Note 4.

Interest Rate Swap - The fair value of the interest rate swap agreements is based on a mark-to-market calculation of the notional amount of the interest rate swap.

Accounts Receivable, Accounts Payable, and Accrued Liabilities - The carrying amount reported in the balance sheet for accounts receivable, accounts payable, and accrued liabilities approximates its fair value.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 3 - Fair Value of Financial Instruments (Continued)

Estimated Third-party Payor Settlements - Net - The carrying amount reported in the balance sheet for estimated third-party payor settlements, net approximates its fair value.

Long-term Debt - The carrying amount of the Hospital's long-term variable rate debt approximates its fair value. The fair value of the Hospital's long-term fixed rate debt is estimated using quoted market values.

The carrying amounts and fair values of the Hospital's financial instruments are as follows:

	Carrying Amount	Fair Value
	(in thousands)	
December 31, 2012 - Long-term debt	\$ 265,999	\$ 289,339
December 31, 2011 - Long-term debt	\$ 271,848	\$ 281,497

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Hospital's assets and liabilities measured at fair value on a recurring basis at December 31, 2012 and 2011 and the valuation techniques used by the Hospital to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Hospital has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. Level 2 investments include interests in pooled investment funds, corporate bonds, and United States government agency notes.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 4 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Hospital's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2012 (in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
Assets				
Investments - Bronson Investment Fund	\$ -	\$ 246,866	\$ -	\$ 246,866
Assets limited as to use				
Internally designated for capital improvements - Bronson Investment Fund	-	15,310	-	15,310
Funds held by trustee under bond indenture - Government securities	43	2,081	-	2,124
Funds held for payment of employee benefits - Domestic mutual funds	1,407	-	-	1,407
Total assets limited as to use	\$ 1,450	\$ 17,391	\$ -	\$ 18,841
Liabilities - Interest rate swaps	\$ -	\$ 17,245	\$ -	\$ 17,245

The fair value of corporate securities and investment in the Bronson Investment Fund was determined primarily based on Level 2 inputs. The Hospital estimates the fair value of these investments using quoted prices for similar assets in active markets. The fair value of these assets was determined primarily based on quoted market prices from the Hospital's custodial banks.

The fair value of the interest rate swap liability was determined primarily based on Level 2 inputs. The Hospital estimates the fair value of the interest rate swap liability using current interest rates and pricing indices. The fair value of the liability was determined primarily based on estimated fair values as calculated by the counterparty.

The Hospital's investments and assets limited as to use that are internally designated for capital improvements are invested in the Bronson Investment Fund. Prior to January 1, 2012, these assets were reported at cost and therefore not included in the information in the following table. See Notes 2 and 10 for additional information related to the Bronson Investment Fund.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 4 - Fair Value Measurements (Continued)

The Hospital's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2011 (in thousands)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2011
Assets - Assets limited as to use				
Funds held by trustee under bond indenture	\$ 5,472	\$ 1,593	\$ -	\$ 7,065
Funds held for payment of employee benefits	2,527	-	-	2,527
Total assets limited as to use	<u>\$ 7,999</u>	<u>\$ 1,593</u>	<u>\$ -</u>	<u>\$ 9,592</u>
Liabilities - Interest rate swaps	<u>\$ -</u>	<u>\$ 17,801</u>	<u>\$ -</u>	<u>\$ 17,801</u>

Note 5 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2012	2011
	(in thousands)	
Patient accounts receivable	\$ 191,778	\$ 170,898
Less allowance for uncollectible accounts	(11,011)	(6,945)
Less allowance for contractual adjustments	(81,926)	(74,053)
Net patient accounts receivable	98,841	89,900
Other	3,521	2,639
Total accounts receivable	<u>\$ 102,362</u>	<u>\$ 92,539</u>

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 5 - Patient Accounts Receivable (Continued)

The Hospital grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors was as follows:

	Percentage	
	2012	2011
Medicare	19%	19%
Blue Cross/Blue Shield of Michigan	15	16
Medicaid	22	28
Commercial insurance	27	26
Self-pay	17	11
Total	100%	100%

Note 6 - Estimated Third-party Payor Settlements

A significant amount of the Hospital's net patient service revenue is received from the Medicare, Medicaid, and Blue Cross/Blue Shield of Michigan programs. The Hospital has agreements with third-party payors that provide for reimbursement at amounts different from established rates. A summary of the basis of reimbursement with these third-party payors follows:

- **Medicare** - Inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient and homecare services related to Medicare beneficiaries are reimbursed based on a prospectively determined amount per episode of care. Payments are also received for capital and medical education costs subject to certain limits.
- **Medicaid** - Inpatient, acute-care services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates per discharge. Capital costs relating to Medicaid patients are paid on a cost reimbursement method. Outpatient and physician services are reimbursed on an established fee-for-service methodology.
- **Blue Cross/Blue Shield of Michigan** - Inpatient, acute-care services are reimbursed at prospectively determined rates per discharge. Outpatient services are reimbursed on fee-for-service and percentage-of-charge bases.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 6 - Estimated Third-party Payor Settlements (Continued)

- **Other Third-party Payors** - The Hospital has also entered into agreements with certain commercial carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement to the Hospital under these agreements is discounts from established charges, prospectively determined rates per discharge, and prospectively determined daily rates.

Cost report settlements result from the adjustment of interim payments to final reimbursement under the Medicare, Medicaid, and Blue Cross/Blue Shield of Michigan programs that are subject to audit by fiscal intermediaries. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. The Hospital is unable to determine the extent of the liability for overpayments or underpayments found in an audit. The potential exists for significant overpayments or underpayments of claims liability for the Hospital at a future date.

Note 7 - Charity Care and Other Uncompensated Care

Charity Care - In support of its mission, the Hospital provides various health-related services, at a loss, to the indigent and other residents of its service area. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses divided by gross patient service revenue.

Other uncompensated care represents the provisions for uncollectible accounts which represent services rendered to uninsured and underinsured patients. Other uncompensated care totaled approximately \$21,651,000 and \$22,540,000 at December 31, 2012 and 2011, respectively.

The estimated amounts of charity care are as follows:

	2012	2011
Charity care - At cost	\$ 13,459	\$ 10,644

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 8 - Net Patient Service Revenue - Unaudited

Net patient service revenue is composed of the following:

	2012	2011
	(in thousands)	(in thousands)
Gross charges	\$ 1,333,389	\$ 1,235,735
Less total contractual deductions and other provisions	744,496	695,554
Net patient service revenue	<u>\$ 588,893</u>	<u>\$ 540,181</u>

Note 9 - Property and Equipment

Cost of property and equipment is summarized as follows:

	2012	2011
	(in thousands)	(in thousands)
Land	\$ 5,755	\$ 5,755
Buildings and improvements	343,587	337,633
Equipment	282,848	227,995
Construction in progress	7,566	34,565
Total cost	639,756	605,948
Accumulated depreciation	<u>(347,655)</u>	<u>(317,476)</u>
Net property and equipment	<u>\$ 292,101</u>	<u>\$ 288,472</u>

Depreciation and amortization expense on property and equipment totaled approximately \$34,537,000 and \$27,073,000 in 2012 and 2011, respectively.

At December 31, 2012 and 2011, construction in progress consists primarily of costs for an electronic health records information technology system and other building and improvement projects. At December 31, 2012 and 2011, remaining commitments on contracts related to the construction in progress approximated \$1,365,000 and \$45,450,000 respectively.

Note 10 - Investments

The detail of investments is summarized in the following schedule:

	2012	2011
	(in thousands)	(in thousands)
Investments	\$ 246,866	\$ 177,751
Assets limited as to use	18,841	24,902
Total investments	<u>\$ 265,707</u>	<u>\$ 202,653</u>

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 10 - Investments (Continued)

Investments consist of the following:

	2012	2011
	(in thousands)	
Money market investments	\$ -	\$ 5,472
United States government securities	2,124	-
Mutual funds	1,407	2,527
Corporate securities	-	1,593
Investment in Bronson Investment Fund	262,176	193,061
Total	<u>\$ 265,707</u>	<u>\$ 202,653</u>

Assets in the Bronson Investment Fund are included in the above schedule in the category of the underlying assets in the fund.

Funds held by the trustee under bond indenture are held for the purpose of making future bond principal and interest payments and payments for certain construction projects. Investment income accrues to the funds as earned.

As described in Note 2, the Hospital participates in Bronson Healthcare Group's pooled investment management program, which is an investment pool of funds originating from the Hospital and other BHG affiliates. At December 31, 2012 and 2011, approximately \$262.1 million and \$249 million, respectively, of the Hospital's investments and cash are with this investment pool.

Prior to January 1, 2012, the Group had agreed to indemnify the Hospital and other affiliates for market fluctuations; therefore, the assets were recorded by the Hospital at cost plus allocated earnings, including realized gains and losses, which approximated their redemption value from the Group. At December 31, 2011, the market value of Bronson Healthcare Group, Inc.'s investment fund was approximately \$3 million above cost.

Starting January 1, 2012, the Group now allocates market fluctuations to the Hospital and the other affiliates. Net unrealized gains and losses were approximately \$10,333,000 for 2012.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 11 - Accrued Liabilities

The detail of accrued liabilities is given below:

	2012	2011
	(in thousands)	
Compensation and payroll taxes	\$ 11,882	\$ 10,401
Compensated paid time off	11,613	10,483
Accrued interest	1,812	1,845
Other	7,871	9,892
Total accrued liabilities	<u>\$ 33,178</u>	<u>\$ 32,621</u>

Note 12 - Long-term Debt

A summary of long-term debt obligations at December 31, 2012 and 2011 follows:

	2012	2011
	(in thousands)	
City of Kalamazoo Hospital Revenue Improvement Bonds - Series 2006	\$ 72,175	\$ 73,480
City of Kalamazoo Hospital Revenue Refunding Bonds - Series 2003	74,620	78,870
City of Kalamazoo Hospital Revenue Refunding Bonds - Series 2010	114,190	114,205
Other	75	86
Total	261,060	266,641
Plus net unamortized premium	4,939	5,207
Less current portion	5,819	5,581
Long-term portion	<u>\$ 260,180</u>	<u>\$ 266,267</u>

In October 2011, a new obligated group was established including Bronson Healthcare Group, Bronson LakeView Hospital, Bronson Nursing and Rehabilitation Center, Lifespan, Inc., and Van Buren Emergency Medical Services as members of the obligated group. On the date of issuance of the Series 2011 Bonds, the previous obligated group with the sole member of Bronson Methodist Hospital merged into the new obligated group resulting in an obligated group for all outstanding obligations consisting of the following members: Bronson Healthcare Group, Bronson LakeView Hospital, Bronson Nursing and Rehabilitation Center, Lifespan, Inc., Van Buren Emergency Medical Services, and Bronson Methodist Hospital. All members of the new obligated group are related parties of Bronson Methodist Hospital.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 12 - Long-term Debt (Continued)

The 2010 bonds consist of fixed rate term bonds with interest rates ranging from 4.25 to 5.50 percent, with annual mandatory sinking fund payments ranging from \$135,000 in 2012 to \$13,300,000 in 2036. The bonds are secured by the gross revenue of the Hospital.

The 2006 bonds consist of serial bonds with interest rates ranging from 3.0 to 5.25 percent and annual maturities ranging from \$1,420,000 in 2013 to \$2,470,000 in 2022, a term bond in the amount of \$8,235,000 due in 2025, and an additional term bond in the amount of \$44,170,000 due in 2036. The term bonds bear interest ranging from 3.0 to 5.25 percent. The Hospital has mandatory annual sinking fund payments on the term bonds. The bonds are secured by the gross revenues of the Hospital.

In November 2003, the City of Kalamazoo Hospital Finance Authority issued the Hospital Revenue Refunding Bonds (Bronson Methodist Hospital), Series 2003, totaling \$95,450,000. The 2003 bonds bear interest ranging from 5.00 to 5.25 percent. Principal payments are to be repaid in annual amounts ranging from \$4,250,000 in 2013 to \$5,770,000 in 2026. The bonds are secured by the gross revenue of the Hospital.

In connection with the loan agreements, the Hospital has made various covenants, among others, to comply with certain financial ratios.

Future minimum payments on long-term debt are as follows (amounts in thousands):

2013	\$	5,819
2014		6,092
2015		6,405
2016		6,725
2017		7,030
Thereafter		<u>228,989</u>
Total	\$	<u>261,060</u>

Note 13 - Interest Rate Swap Agreements

The Hospital has one interest rate swap agreement to manage the overall variability in interest rates.

Accounting standards require all derivative instruments such as interest rate swaps to be recorded on the balance sheet at their fair value. The swaps are not considered to be hedges of cash flow in accordance with accounting standards. Accordingly, changes in the fair value of the swap agreements are reported as a component of excess of revenue over expenses, as well as any settlements on the interest rate swaps.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 13 - Interest Rate Swap Agreements (Continued)

At December 31, 2012, the Hospital had the following interest rate swap agreement:

<u>Notional Amount</u>	<u>Termination Date</u>	<u>Hospital Receives</u>	<u>Hospital Pays</u>
<u>\$ 53,285,000</u>	May 2034	61.9% of LIBOR plus 0.31%	3.844%

At December 31, 2011, the Hospital had the following interest rate swap agreement:

<u>Notional Amount</u>	<u>Termination Date</u>	<u>Hospital Receives</u>	<u>Hospital Pays</u>
<u>\$ 53,285,000</u>	May 2034	61.9% of LIBOR plus 0.31%	3.844%

Under the terms of the ISDA master agreement, the Hospital is required to maintain collateral posted with the counterparty to secure a portion of the estimated value of the derivative instruments when said instruments are valued in favor of the counterparty, as determined periodically by the valuation agent. The Hospital was not required to post collateral at December 31, 2012 and 2011. The Hospital's accounting policy is not to offset collateral amounts against fair value amounts recognized for derivative instrument obligations.

As of December 31, the fair value of derivatives held was as follows:

	<u>Liability Derivatives</u>	
	<u>2012</u>	<u>2011</u>
	(in thousands)	
Interest rate swaps	<u>\$ 17,245</u>	<u>\$ 17,801</u>

Liability derivatives are reported on the balance sheet.

For the years ended December 31, 2012 and 2011, the amounts of gain or loss recognized in the statement of operations and changes in net assets attributable to derivative instruments and related hedged items and their locations in the statement of operations and changes in net assets are as follows:

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 13 - Interest Rate Swap Agreements (Continued)

Amount of gain or loss recognized in earnings for derivatives not designated as hedging instruments:

	Amount of Loss Recognized in Earnings (in thousands)		Reported in Statement of Operations and Changes in Net Assets as
	2012	2011	
Change in fair value of interest rate swap agreements	\$ 567	\$ (8,686)	Nonoperating gain (loss)

Note 14 - Pension and Other Postretirement Benefit Plans

The Hospital participates in a noncontributory defined benefit pension plan sponsored by the Group covering substantially all of its employees. Under this arrangement, the Hospital is charged for its share of costs incurred to provide pension benefits for its employees under the plan. Benefits are based on a participant's years of service and compensation during the last 10 years of employment.

Expense recorded at the Hospital under the pension plan totaled \$6,660,000 and \$8,859,000 in 2012 and 2011, respectively.

The Hospital also participates in a postretirement defined benefit plan sponsored by the Group that provides healthcare and life insurance benefits, subject to a per employee lifetime limit, for all active and substantially all retired employees and for certain other inactive employees. Under this arrangement, the Hospital is generally charged annually for its share of costs incurred to provide benefits under the plan. Expense recorded at the Hospital under the postretirement plan totaled \$5,807,000 and \$6,674,000 in 2012 and 2011, respectively. These benefit arrangements may be subject to change, and the effects of these changes, together with actuarial gains and losses, will be recognized prospectively.

Information is not available to permit the Hospital to determine its relative position in the plans. The details of the plans' funded status and expense calculations are disclosed in the notes to the financial statements of the Group. The plans' unfunded status as of December 31, 2012 totaled approximately \$151 million.

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 15 - Professional Liability Self-insurance

The Hospital participates in a self-insured, multiprovider, professional liability arrangement sponsored by the Group. This arrangement is designed to provide participating members with a specified level of primary professional liability coverage, with excess layers of insurance coverage provided by commercial insurers under claims-made policies. The levels of excess coverage vary by year, depending upon the availability and cost of that insurance. Should the claims-made policies not be renewed or be replaced with equivalent insurance, claims based on occurrences during its term and reported subsequently will be uninsured. Participating members of the self-insured arrangement are annually assessed amounts that reflect the level of professional liability risk subject to self-insurance for the participating entity. The expense assessed to the Hospital totaled \$12,723,000 and \$3,513,000 for 2012 and 2011, respectively.

The Hospital is involved in certain legal actions arising from services provided to patients and, additionally, is aware of certain possible claims that presently are not the subject of judicial proceedings. Although the Hospital is unable to precisely estimate the ultimate cost of settlements of professional liability claims, a provision is made for management's best estimate of losses for uninsured portions of pending claims and for known incidents that may result in the assertion of additional claims. Management believes, after considering legal counsel's evaluations of all actions and claims, that insurance coverage and accruals recorded at the Group for estimated losses are adequate to cover expected settlements.

Note 16 - Functional Expenses

The Hospital is a general acute-care facility that provides inpatient and outpatient healthcare services to patients in the Kalamazoo, Michigan area. Expenses related to providing these services for the years ended December 31, 2012 and 2011 are as follows (amounts in thousands):

	2012	2011
Healthcare services	\$ 495,642	\$ 443,459
General and administrative	60,970	61,653
Total	<u>\$ 556,612</u>	<u>\$ 505,112</u>

Bronson Methodist Hospital

Notes to Financial Statements December 31, 2012 and 2011

Note 17 - Related Party Transactions

Investments in joint ventures, primarily the West Michigan Cancer Center (WMCC) and the Western Michigan University School of Medicine (WMed) (formerly Michigan State University/Kalamazoo Center for Medical Studies - MSU/KCMS), that are not majority-owned and controlled are recorded using the equity method. Equity in earnings or losses of such joint ventures is included in other revenue in the statement of operations and changes in net assets and amounted to gains of \$3,759,000 and \$3,475,000 in 2012 and 2011, respectively. During 2012, MSU/KCMS merged with WMed, which resulted in the Hospital's interest in MSU/KCMS being transferred to WMed, in which the Hospital maintains a minority interest.

WMCC and WMed provide certain treatments to patients of the Hospital. Revenue billed for these services totaled \$864,000 and \$747,000 for the years ended December 31, 2012 and 2011, respectively, and were, in turn, reimbursed to the Hospital by patients and third-party payors. Revenue and expenses from activities with affiliated entities generally are based on the cost incurred by the entity providing the service.

The Hospital also purchases certain services in the ordinary course of business, maintains most insurance coverage, and leases certain facilities from the Group and its subsidiaries. It also provides certain professional and consulting services to the Group's subsidiaries. The Hospital's revenue and expenses related to these activities generally are based on costs incurred by the provider and are not material in relation to the Hospital's operations. In addition, during 2012 and 2011, the Hospital transferred \$14,625,000 and \$10,500,000, respectively, to Bronson Healthcare Group.

In January 2011, the assets and liabilities of Bronson Vicksburg Hospital (a wholly owned subsidiary of Bronson Healthcare Group) were transferred to the Hospital. The transaction to accomplish this was done via a net asset transfer between the two entities totaling approximately \$1,293,000.

Additional Data

Software ID:
Software Version:
EIN: 38-1359087
Name: BRONSON METHODIST HOSPITAL

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
RANDALL EBERTS VICE CHAIR	1 00 7 00	X						0	2,150	0
BARBARA JAMES CHAIRPERSON	1 00 7 00	X						0	1,618	0
GEOFFREY WARDWELL SECRETARY	1 00 7 00	X						0	438	0
FLOYD PARKS DIRECTOR	1 00 7 00	X						0	1,915	0
EILEEN WILSON-OYELARAN DIRECTOR	1 00 7 00	X						0	0	0
JAMES GUNDERSON DIRECTOR	1 00 7 00	X						0	1,618	0
JAMES E GREENE DIRECTOR	1 00 7 00	X						0	2,032	0
MARIAN KLEIN DIRECTOR	1 00 7 00	X						0	382	0
DONALD PARFET DIRECTOR	1 00 7 00	X						0	0	0
CHARLES ZELLER MD DIRECTOR	1 00 7 00	X						0	1,236	0
MARK B ATKINSON MD DIRECTOR	1 00 7 00	X						0	2,063	0
WILLIAM RICHARDSON DIRECTOR	1 00 7 00	X						0	0	0
WILLIAM JOHNSTON DIRECTOR	1 00 7 00	X						0	0	0
SARDONEFRANK J PRESIDENT AND CEO	26 30 13 70	X		X				0	1,224,322	315,985
BERNARD ROEHR MD DIRECTOR	1 00 7 00	X						0	0	0
BRENDA HUNT DIRECTOR	1 00 7 00	X						0	0	0
KARAMCHANDANIMAHESH C DIRECTOR	1 00 7 00	X						18,411	0	2,566
NELSON KARRE DIRECTOR	1 00 7 00	X						0	0	0
STEVEN J LINS MD DIRECTOR	1 00 7 00	X						0	774	0
NEIL NYBERG DIRECTOR	1 00 7 00	X						0	865	0
LA JUNE MONTGOMERY TABRON TREASURER	0 00 7 00	X						0	0	0
SCOTT GIBSON MD DIRECTOR	1 00 7 00	X						26,417	2,013	0
TAFTKENNETH L EXECUTIVE VICE PRESIDENT	26 30 13 70			X				0	642,757	170,846
JAMES FALAHEE SR VP LEGAL & LEG AFFAIRS	26 30 13 70			X				0	465,508	118,569
SCOTT LARSON MD SR VP MEDICAL AFFAIRS/CMO	26 30 13 70			X				0	527,315	104,831

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(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			
JOHN HAYDEN VP & CHIEF HR OFFICER	26 30 13 70			X				0	384,872	93,147
MEITZMARY M VICE PRESIDENT & CFO	26 30 13 70				X			0	363,953	87,856
HARRELSONKATHLEEN M SR VP, CLINICAL OPERATIONS	26 30 13 70				X			0	357,471	83,288
JONES JRJOHN L SR VP, REG & PHYS SVS	26 30 13 70				X			0	323,074	85,802
WAYMICHAEL S VP MAT MGT & FACILITY SVS	26 30 13 70				X			0	254,389	61,562
FABIALAIN Y PHYSICIAN	40 00 0 00					X		2,387,079	0	29,143
WIGGINSGREGORY C PHYSICIAN	40 00 0 00					X		1,810,885	0	29,135
DELUCIA IIIALPHONSE PHYSICIAN	40 00 0 00					X		872,734	0	29,149
MILLERJEFFREY W PHYSICIAN	40 00 0 00					X		779,264	0	22,914
SLOFFERCHRIS A PHYSICIAN	40 00 0 00					X		748,928	0	24,659