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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 01-01-2012 , 2012, and ending 12-31-2012

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

C Name of organization
ALLEGAN GENERAL HOSPITAL

Doing Business As

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

City or town, state or country, and ZIP + 4
ALLEGAN, MI 49010

D Employer identification number
38-1359180

E Telephone number
(269) 686-4280

G Gross receipts $ 49,450,515

F Name and address of principal officer
RICHARD HARNING
555 LINN STREET
ALLEGAN, MI 49010

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW AGHOSP ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1944

M State of legal domicile MI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE HOSPITAL IS A SHORT-TERM, ACUTE CARE FACILITY PROVIDING INPATIENT AND OUTPATIENT HEALTHCARE SERVICES

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	385
6	Total number of volunteers (estimate if necessary)	**6**	42
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	4,838
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-3,440

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	408,605	0
9	Program service revenue (Part VIII, line 2g)	37,288,061	38,788,772
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	83,127	7,360
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,711,499	6,728,039
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	42,491,292	45,524,171
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,629,000	1,500,000
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	19,188,636	21,130,172
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	21,907,489	23,594,566
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	42,725,125	46,224,738
19	Revenue less expenses Subtract line 18 from line 12	-233,833	-700,567

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	35,099,148	36,381,735
21	Total liabilities (Part X, line 26)	24,767,229	26,836,463
22	Net assets or fund balances Subtract line 21 from line 20	10,331,919	9,545,272

Part II Signature Block

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

Sign Here

****** | 2013-11-15
Signature of officer | Date

RICHARD HARNING CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
CAROL LALONDE CPA				P00181637

Firm's name ▶ PLANTE & MORAN PLLC | Firm's EIN ▶ 38-1357951

Firm's address ▶ 750 TRADE CENTRE WAY SUITE 300
PORTAGE, MI 49002 | Phone no (269) 567-4500

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

TO PROVIDE EXCEPTIONAL COMPASSIONATE, PERSONALIZED HEALTHCARE TO OUR COMMUNITY

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 $ 32,684,160 including grants of $) (Revenue $ 38,749,556)

ROUTINE MEDICAL SERVICES, CHARITY CARE PROVIDED IN 2012 WAS APPROXIMATELY $1,034,531

4b (Code) (Expenses $ 4,940,060 including grants of $) (Revenue $ 5,856,817)

ANCILLARY MEDICAL SERVICES

4c (Code) (Expenses $ 1,500,000 including grants of $ 1,500,000) (Revenue $)

SUPPORT TO RELATED ORGANIZATIONS (APHS)

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 39,124,220

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		No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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 . .	1a	28		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	385		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** 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	**1a** 12		
	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			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

☐ 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 ▶RICHARD HARNING 555 LINN STREET ALLEGAN, MI (269)686-4284

Part VII **Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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

(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			
(1) MIKE BUESE SECRETARY	1 00	X		X				0	0	0
(2) CINDI CORNELL-TROBECK BOARD MEMBER	1 00	X						0	0	0
(3) KEVIN HARNESS BOARD MEMBER	1 00	X						0	0	0
(4) CHRISTINE HASSING BOARD MEMBER	1 00 50	X						0	0	0
(5) SHAWN MCFALL BOARD MEMBER	1 00	X						0	0	0
(6) STEVE MCKOWN CHAIRMAN	1 00 50	X		X				0	0	0
(7) CHRIS MILLER BOARD MEMBER	1 00	X						0	0	0
(8) JAMES MUENZER TREASURER	1 00	X		X				0	0	0
(9) JOHN WALSTRUM MD VICE CHAIR	1 00 40 00	X		X				0	156,421	27,693
(10) ROBERT WITHEE BOARD MEMBER	1 00	X						0	0	0
(11) GERALD BARBINI CEO-COMPENSATED BY QUORUM	40 00 1 00	X		X				245,935	0	59,829
(12) JIM CONNELL BOARD MEMBER	1 00	X						0	0	0
(13) DAVID FEDERINKO CHIEF INFORMATION OFFICER	40 00			X				122,261	0	49,397
(14) RICHARD HARNING CHIEF FINANCIAL OFFICER	40 00 1 00			X				189,532	0	45,804
(15) SHIRLEY SUTTON-ROP CHIEF NURSING OFFICER	40 00 50			X				133,488	0	35,311
(16) MARK WARNER PHYSICIAN	40 00 0 00					X		953,552	0	22,500
(17) TIMOTHY FULLER CRNA	40 00 0 00					X		252,720	0	22,500

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

(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			
(18) KENNETH WHITCOMB	40 00					X		255,106	0	22,500
CRNA	0 00									
(19) PHILLIP BROWN	40 00					X		224,734	0	22,500
CRNA	0 00									
(20) SACHA TEHRANCHI	40 00					X		182,139	0	16,998
PHYSICIAN	0 00									
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								2,559,467	156,421	325,032

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 ▶ 13

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
WEST MICHIGAN REHAB PO BOX 1695 HOLLAND MI 49424	REHABILITATION SERVICES	1,320,955
HEALOGIC WOUND HEALING 3087 MOMENTUM PLACE CHICAGO IL 60689	MEDICAL SERVICES	589,705
BEAUDOIN CONSTRUCTION 1757 32ND STREET ALLEGAN MI 49010	CONSTRUCTION	522,152
SW MI EMERGENCY SERVICES 125 S KALAMAZOO MALL KALAMAZOO MI 49009	EMERGENCY SERVICES	493,308
THE KR GROUP 678 FRONT AVE STE 255 GRAND RAPIDS MI 49504	TECHNOLOGY SERVICES	338,391

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 ▶ 11

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				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶				
Program Service Revenue		Business Code				
	2a	PATIENT SERVICE 621110	38,788,772	38,788,772		
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	38,788,772			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶	9,104			9,104
	4	Income from investment of tax-exempt bond proceeds . . ▶				
	5	Royalties . . . . . ▶				
		(i) Real / (ii) Personal				
	6a	Gross rents 353,118				
	b	Less rental expenses 292,881				
	c	Rental income or (loss) 60,237				
	d	Net rental income or (loss) . . . . . ▶	60,237			60,237
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 1,330,130				
	b	Less cost or other basis and sales expenses 1,331,874				
	c	Gain or (loss) -1,744				
	d	Net gain or (loss) . . . . . ▶	-1,744			-1,744
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶				
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶				
	10a	Gross sales of inventory, less returns and allowances . a 8,119,190				
	b	Less cost of goods sold . . b 2,301,589				
	c	Net income or (loss) from sales of inventory . . ▶	5,817,601	5,817,601		
		Miscellaneous Revenue / Business Code				
	11a	OTHER SERVICES 900099	673,196			673,196
	b	CAFETERIA 722100	164,676		4,838	159,838
	c	GIFT SHOP 900099	12,329			12,329
	d	All other revenue				
	e	**Total.** Add lines 11a–11d . . . . . ▶	850,201			
	12	**Total revenue.** See Instructions . . . . . ▶	45,524,171	44,606,373	4,838	912,960

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	1,500,000	1,500,000		
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	876,558		876,558	
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	16,891,727	14,137,058	2,754,669	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	389,479	362,067	27,412	
9 Other employee benefits	2,506,985	2,212,332	294,653	
10 Payroll taxes	465,423	223,327	242,096	
11 Fees for services (non-employees)				
a Management	433,429	362,067	71,362	
b Legal	63,801	53,296	10,505	
c Accounting	94,325	78,795	15,530	
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)	7,240,144	6,048,083	1,192,061	
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties . .				
16 Occupancy	521,376	435,534	85,842	
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	874,671	874,671		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,739,202	1,452,849	286,353	
23 Insurance	322,975	269,798	53,177	
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 SUPPLIES	5,178,727	4,519,502	659,225	
b BAD DEBT EXPENSE	3,936,975	3,936,975		
c REPAIRS AND MAINTENANCE	2,068,464	1,727,900	340,564	
d				
e All other expenses	1,120,477	929,966	190,511	
25 **Total functional expenses.** Add lines 1 through 24e	46,224,738	39,124,220	7,100,518	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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		3,065	1	3,485
	2	Savings and temporary cash investments		4,403,022	2	5,813,498
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		4,579,743	4	4,987,656
	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		797,870	8	941,929
	9	Prepaid expenses and deferred charges		299,263	9	254,152
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 50,226,461			
	b	Less accumulated depreciation	10b 31,101,770	16,122,031	10c	19,124,691
	11	Investments—publicly traded securities		4,081,259	11	1,581,784
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		202,648	14	202,648
	15	Other assets See Part IV, line 11		4,610,247	15	3,471,892
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		35,099,148	16	36,381,735
Liabilities	17	Accounts payable and accrued expenses		5,611,257	17	6,493,985
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		16,560,000	20	15,620,000
	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		1,327,396	23	3,059,431
	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		1,268,576	25	1,663,047
	26	**Total liabilities.** Add lines 17 through 25		24,767,229	26	26,836,463
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		10,198,300	27	9,545,272
	28	Temporarily restricted net assets		133,619	28	0
	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		10,331,919	33	9,545,272
	34	Total liabilities and net assets/fund balances		35,099,148	34	36,381,735

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	45,524,171
2	Total expenses (must equal Part IX, column (A), line 25)	2	46,224,738
3	Revenue less expenses Subtract line 2 from line 1	3	-700,567
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	10,331,919
5	Net unrealized gains (losses) on investments	5	
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	-86,080
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	9,545,272

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	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			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	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			
c	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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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?

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1 - 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(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 III **Support 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

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
ALLEGAN GENERAL HOSPITAL	38-1359180

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		784
j	Total Add lines 1c through 1i			784
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	A PORTION OF AHA DUES IS ALLOCATED TO LOBBYING ACTIVITIES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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 ▶ $ _____

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

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

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

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

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

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

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		70,556		70,556
b Buildings		25,121,999	17,006,662	8,115,337
c Leasehold improvements				
d Equipment		20,821,092	14,095,108	6,725,984
e Other		4,212,814		4,212,814
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				19,124,691

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

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

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

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

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

(a) Description	(b) Book value
(1) OTHER ASSETS	1,381,596
(2) OTHER RECEIVABLES	100,695
(3) NOTES FROM AFFILIATES	1,989,601
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	3,471,892

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
COST REPORT SETTLEMENT	338,059
FAIR VALUE OF INTEREST RATE SWAP AGREEMENT	1,324,988
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	1,663,047

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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	47,739,680
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	-86,080		
e	Add lines **2a** through **2d**			2e	-86,080
3	Subtract line **2e** from line **1**			3	47,825,760
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	-2,301,589		
c	Add lines **4a** and **4b**			4c	-2,301,589
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	45,524,171

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

1	Total expenses and losses per audited financial statements			1	47,026,327
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	2,301,589		
e	Add lines **2a** through **2d**			2e	2,301,589
3	Subtract line **2e** from line **1**			3	44,724,738
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	1,500,000		
c	Add lines **4a** and **4b**			4c	1,500,000
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	46,224,738

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
PART XI, LINE 2D - OTHER ADJUSTMENTS		CHANGE IN FAIR VALUE OF INTEREST SWAP AGREEMENT -86,080
PART XI, LINE 4B - OTHER ADJUSTMENTS		PHARMACY COST OF GOODS SOLD -2,301,589
PART XII, LINE 2D - OTHER ADJUSTMENTS		PHARMACY COST OF GOODS SOLD 2,301,589
PART XII, LINE 4B - OTHER ADJUSTMENTS		CAPITAL CONTRIBUTION TO ALLEGAN PROFESSIONAL HEALTH SERVICES, INC 1,500,000

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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 *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	Yes	
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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 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)			502,454		502,454	1 190 %
b Medicaid (from Worksheet 3, column a)			6,307,802	3,319,199	2,988,603	7 070 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			6,810,256	3,319,199	3,491,057	8 260 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			164,561		164,561	0 390 %
f Health professions education (from Worksheet 5)			140,999		140,999	0 330 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			16,034		16,034	0 040 %
j **Total.** Other Benefits			321,594		321,594	0 760 %
k **Total.** Add lines 7d and 7j			7,131,850	3,319,199	3,812,651	9 020 %

Part II **Community Building Activities** Complete this 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	2				2,533	0 010 %
3	Community support	10				150	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building	7				444	0 %
7	Community health improvement advocacy	4				8,834	0 020 %
8	Workforce development	5				1,473	0 %
9	Other						
10	**Total**	28				13,434	0 030 %

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
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	3,936,975		
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	88,582		
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	8,155,255
6	Enter Medicare allowable costs of care relating to payments on line 5	6	8,732,315
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-577,060

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (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	ALLEGAN GENERAL HOSPITAL 555 LINN STREET ALLEGAN,MI 49010	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)

Name of hospital facility or facility reporting group ALLEGAN GENERAL HOSPITAL

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	1		No
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☐ A definition of the community served by the hospital facility			
b	☐ Demographics of the community			
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☐ How data was obtained			
e	☐ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☐ The process for identifying and prioritizing community health needs and services to meet 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?	5		
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☐ Hospital facility's website			
b	☐ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted 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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
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?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
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?	**17**	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☑ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

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

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?	**21**		No
If "Yes," explain in Part VI			
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?	**22**		No
If "Yes," explain in Part VI			

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?

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, 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 7 THE COST TO CHARGE RATIO IS USE TO CALCULATE COMMUNITY BENEFIT
		PART I, L7 COL(F) BAD DEBT DOES NOT INCLUDE DISCOUNTS

Identifier	ReturnReference	Explanation
		PART II WELLNESS PROGRAMS AND SPIRIT OF WOMEN OUTREACH PROGRAMS
		PART III, LINE 4 PATIENT ACCOUNTS RECEIVABLE ARE STATED AT NET REALIZABLE AMOUNTS AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS AND IS COMPUTED USING HISTORICAL WRITE-OFF FACTORS APPLIED TO UNPAID ACCOUNTS STRATIFIED BY PAYOR AND THE NUMBER OF DAYS THE ACCOUNTS ARE OUTSTANDING UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DEEMED TO BE UNCOLLECTIBLE AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS IS ALSO ESTABLISHED ON AN AGGREGATE BASIS AND IS COMPUTED AT AMOUNTS DIFFERENT THAN ESTABLISHED CHARGES CONTRACTUAL ADJUSTMENTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS IN THE PERIOD PAYMENT IS RECEIVED THE PORTION OF BAD DEBT DEEMED TO BE CHARITY CARE IS BASED ON THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FROM UNCOLLECTIBLE BILLINGS

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE ESTIMATED MEDICARE SHORTFALL IS BASED ON THE COST TO CHARGE METHODOLOGY OF THE UNREIMBURSED COST OF CARE ALL OF THE MEDICARE SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT AS MOST OF THESE PATIENTS ARE LIVING ON FIXED INCOMES AND DO NOT HAVE THE ABILITY TO HELP COVER THE COST OF THEIR MEDICAL CARE THE MEDICAL FACILITY HAS TO ABSORB THESE COSTS AND IT IS DONE SO AS A BENEFIT TO THE COMMUNITY
		PART III, LINE 9B WHEN FINANCIAL ASSISTANCE PATIENTS ARE IDENTIFIED, COLLECTION ACTIVITY IS STOPPED AND THEIR ACCOUNTS ARE PLACED ON HOLD PENDING COMPLETION AND RETURN OF ALL REQUIRED DOCUMENTS THE IDENTIFICATION CAN OCCUR AT PRE-REGISTRATION, DURING AN ADMISSION OR AFTER A PATIENT HAS RECEIVED A BALANCE OWING STATEMENT THE APPROPRIATE PERCENTAGE OF DISCOUNT IS DETERMINED ONCE ALL INFORMATION IS RECEIVED BY THE HOSPITAL THE ACCOUNTS INVOLVED WITH THE FINANCIAL ASSISTANCE ARE THEN REVIEWED, APPROVED, AND CREDIT ADJUSTMENTS POSTED TO THE ACCOUNTS ANY ACCOUNTS THAT MAY HAVE A REMAINING BALANCE AFTER DISCOUNTING ARE RELEASED FROM HOLD AND THE PATIENT IS BILLED

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE ORGANIZATION USES VARIOUS SURVEYS TO OBTAIN INFORMATION REGARDING THE NEEDS OF THE COMMUNITY
		PART VI, LINE 3 OUR IN-HOUSE FINANCIAL COUNSELOR EDUCATES AND WORKS WITH PATIENTS TO GET FEDERAL ASSISTANCE OR TO APPLY FOR MEDICAID

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 ALLEGAN GENERAL HOSPITAL IS LOCATED IN ALLEGAN, MICHIGAN, THE COUNTY SEAT OF ALLEGAN COUNTY ALLEGAN COUNTY IS APPROXIMATELY 40 MILES SOUTH OF GRAND RAPIDS, 80 MILES WEST OF LANSING AND 70 MILES NORTH OF SOUTH BEND, INDIANA IN ADDITION TO THE HOSPITAL, OTHER MAJOR EMPLOYERS INCLUDE PERRIGO COMPANY (3,200 EMPLOYEES), HAWORTH INC (3,000 EMPLOYEES), PARKER HANNIFIN CORP (700 EMPLOYEES), S 2 YACHTS INC (600 EMPLOYEES), AND VENTUREDYNE CORP (500 EMPLOYEES) ALLEGAN COUNTY HAS A TOTAL POPULATION OF APPROXIMATELY 105,000 APPROXIMATELY 39% OF THIS POPULATION IS OVER THE AGE OF 45, WITH 12% OVER THE AGE OF 65, WHICH IS IN LINE WITH THE STATE OF MICHIGAN AVERAGES OF 39% AND 13% RESPECTIVELY ALLEGAN COUNTY'S POPULATION IS RELATIVELY YOUNG AS THE POPULATION AGES, THE HOSPITAL SHOUD SEE AN OVERALL INCREASE IN PATIENT CARE DEMAND ALLEGAN COUNTY'S MEDIAN HOUSEHOLD INCOME IN 2008 WAS $52,401, WHICH IS HIGHER THAN THE STATE AVERAGE OF $49,694 AND THE NATIONAL AVERAGE OF $52,175
		PART VI, LINE 5 THE HOSPITAL'S MISSION IS TO PROVIDE EXCEPTIONAL, COMPASSIONATE, PERSONALIZED HEALTHCARE TO OUR COMMUNITY THE HOSPITAL'S VISION IS TO BE THE TRUSTED HEALTHCARE PROVIDER OF CHOICE BY DEMONSTRATING CLINICAL AND OPERATIONAL EXCELLENCE, OUTSTANDING CUSTOMER SERVICE AND AN UNWAVERING COMMITMENT TO THE HEALTH OF OUR COMMUNITY

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) ALLEGAN PROFESSIONAL HEALTH SERVICES INC 555 LINN STREET ALLEGAN, MI 49010	20-5800012	501(C)(3)		1,500,000	CASH	N/A	PROGRAM SUPPORT

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

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 38-1359180
Name: ALLEGAN GENERAL 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				
JOHN WALSTRUM MD	(I)	0	0	0	0	0	0	0
	(II)	156,421	0	0	5,203	22,490	184,114	0
GERALD BARBINI	(I)	245,935	0	0	0	59,829	305,764	0
	(II)	0	0	0	0	0	0	0
DAVID FEDERINKO	(I)	122,261	0	0	15,600	33,797	171,658	0
	(II)	0	0	0	0	0	0	0
RICHARD HARNING	(I)	189,532	0	0	5,850	39,954	235,336	0
	(II)	0	0	0	0	0	0	0
SHIRLEY SUTTON-ROP	(I)	133,488	0	0	22,500	12,811	168,799	0
	(II)	0	0	0	0	0	0	0
MARK WARNER	(I)	953,552	0	0	22,500	0	976,052	0
	(II)	0	0	0	0	0	0	0
TIMOTHY FULLER	(I)	252,720	0	0	22,500	0	275,220	0
	(II)	0	0	0	0	0	0	0
KENNETH WHITCOMB	(I)	255,106	0	0	22,500	0	277,606	0
	(II)	0	0	0	0	0	0	0
PHILLIP BROWN	(I)	224,734	0	0	22,500	0	247,234	0
	(II)	0	0	0	0	0	0	0
SACHA TEHRANCHI	(I)	182,139	0	0	16,998	0	199,137	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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 ALLEGAN HOSPITAL FINANCE AUTHORITY	38-6004518	NONEAVAIL	12-20-2010	17,000,000	REFUNDING AND CONSTRUCTION OF HOSPITAL FACILITIES		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	440,000			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	1,700,000			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	278,475			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	5,176,300			
11	Other spent proceeds	2,885,156			
12	Other unspent proceeds				
13	Year of substantial completion				

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?		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						
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						

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?		X						
c	No rebate due?		X						
	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							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X							
b	Name of provider	FIFTH THIRD BANK							
c	Term of hedge	6 000000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

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						
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						
7	Has the organization established written procedures to monitor the requirements of section 148?		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?								

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319074793

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	THE CEO IS CONTRACTED OUT FROM A PROFESSIONAL STAFFING FIRM
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM AND REVIEWED BY THE CFO ANY REPORTABLE INFORMATION IS SHARED WITH THE BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST PROCESS IS THAT BOARD MEMBERS AND THE LEADERSHIP TEAM ARE EXPECTED TO COMPLETE THE DISCLOSURE STATEMENTS ANNUALLY THESE ARE REVIEWED BY THE COMPLIANCE OFFICER FOR ANY POTENTIAL ISSUES AND DISCUSSED WITH INDIVIDUAL BOARD MEMBERS AS NECESSARY IF A MATERIAL CONFLICT IS IDENTIFIED, MEASURES ARE TAKEN TO MITIGATE THE CONFLICT IF NECESSARY, EXTERNAL LEGAL COUNSEL WILL BE CONSULTED
	FORM 990, PART VI, SECTION B, LINE 15	A REVIEW IS PERFORMED COMPARING CURRENT COMPENSATION TO EXTERNAL WAGE SURVEYS ON MARKET RATES ADDITIONALLY, AN INDEPENDENT COMPENSATION CONSULTANT IS USED AND THE BOARD CONDUCTS A STUDY TO DETERMINE COMPENSATION ALL DECISIONS ARE DOCUMENTED IN WRITTEN CONTRACTS AND THE BOARD MINUTES THIS PROCESS IS PERFORMED ANNUALLY THE MOST RECENT YEAR THIS PROCESS WAS UNDERTAKEN WAS 2012
	FORM 990, PART VI, SECTION C, LINE 19	DOCUMENTS ARE AVAILABLE UPON REQUEST
OTHER FEES	FORM 990, PART IX, LINE 11G	OTHER FEES PROGRAM SERVICE EXPENSES 6,048,083 MANAGEMENT AND GENERAL EXPENSES 1,192,061 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 7,240,144
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	CHANGE IN FAIR VALUE OF INTEREST SWAP AGREEMENT -86,080
	FORM 990, PART XII, LINE 2C	THERE HAS BEEN NO CHANGE IN PROCESS FROM PRIOR YEAR

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493319074793

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
ALLEGAN GENERAL HOSPITAL

Employer identification number
38-1359180

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	(g) No
(1) ALLEGAN HEALTHCARE GROUP 555 LINN STREET ALLEGAN, MI 49010 38-2802463	HOSPITAL	MI	501(C)(3)	LINE 11A, I	N/A		No
(2) ALLEGAN PROFESSIONAL HEALTH SERVICES 555 LINN STREET ALLEGAN, MI 49010 20-5800012	HEALTHCARE	MI	501(C)(3)	LINE 3	ALLEGAN HEALTHCARE GROUP	Yes	

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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" 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	(i) No
(1) HEALTH CENTERS INC 555 LINN STREET ALLEGAN, MI 49010 38-2677756	MEDICAL SERVICE	MI	N/A	C					No
(2) WEST MICHIGAN HEALTH VENTURES INC 555 LINN STREET ALLEGAN, MI 49010 38-2938976	MEDICAL SERVICE	MI	N/A	C					No

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	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
(1) ALLEGAN PROFESSIONAL HEALTH SERVICES	J	323,095	CASH
(2) ALLEGAN PROFESSIONAL HEALTH SERVICES	K	1,500,000	CASH

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

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

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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 38-1359180
Name: ALLEGAN GENERAL HOSPITAL

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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Allegan General Hospital

Financial Report
December 31, 2012

Allegan General Hospital

Contents

Independent Auditor's Report

To the Board of Directors
Allegan General Hospital

We have audited the accompanying financial statements of Allegan General Hospital, which comprise the balance sheet as of December 31, 2012 and 2011, and the related statements of operations, 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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Allegan General 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.

October 23, 2013

Allegan General Hospital

Balance Sheet

	December 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	$ 4,244,423	$ 2,924,117
Short-term investments	1,211,784	1,207,968
Accounts receivable (Note 2)	4,987,656	4,579,743
Estimated third-party payor settlements (Note 5)	-	500,000
Other current assets	2,384,880	2,633,575
Total current assets	12,828,743	11,845,403
Assets Limited as to Use (N[illegible])	1,942,560	4,355,261
Property and Equipm[illegible] Net (Note	19,124,691	16,122,031
Goodwill	202,648	202,648
Other Assets		
Notes to affiliates - N[illegible]	1,989,601	2,269,876
Other	292,490	303,929
Total assets	**$ 36,380,733**	**$ 35,099,148**
Liabilities [illegible] Net Assets		
Current Liabilities		
Current portion of long-term debt (N[illegible]6)	$ 935,509	$ 734,099
Notes payable (Note 7)	1,500,000	495,000
Accounts payable	3,549,864	2,500,787
Estimated third-party payor settlements (Note 5)	338,059	29,669
Accrued liabilities and other:		
Accrued compensation	525,839	327,809
Accrued compensated absences	1,199,038	1,122,012
Other accrued liabilities	1,219,244	1,660,649
Total current liabilities	9,267,553	6,870,025
Long-term Debt - Net of current portion (Note 6)	16,242,920	16,658,297
Fair Value of Interest Rate Swap Agreement (Note 8)	1,324,988	1,238,907
Total liabilities	26,835,461	24,767,229
Net Assets		
Unrestricted	9,545,272	10,198,300
Temporarily restricted	-	133,619
Total net assets	9,545,272	10,331,919
Total liabilities and net assets	**$ 36,380,733**	**$ 35,099,148**

See Notes to Financial Statements.

Allegan General Hospital

Statement of Operations

	Year Ended December 31, 2012	Year Ended December 31, 2011
Operating Revenue		
Net patient service revenue	$ 46,907,962	$ 43,325,643
Provision for bad debts	(3,936,975)	(3,565,930)
Net patient service revenue less provision for bad debts	42,970,987	39,759,713
Other	816,708	492,487
Net assets released from [illegible]tions	133,619	174,986
Total operat[illegible]evenue	43,921,314	40,427,186
Operating Expense[illegible]		
Salaries and wage[illegible]	18,048,366	16,529,004
Employee benefits [illegible]payroll taxes	3,081,805	2,659,632
Operating supplies an[illegible]penses	7,480,316	6,864,488
Professional services and[illegible]ees	7,831,699	7,579,126
Insurance	322,975	262,112
Utilities	521,376	564,681
Travel and education	217,152	245,355
Repairs and rentals	2,068,464	1,531,768
Other	903,326	948,666
Depreciation and amortization	1,739,202	1,416,034
Interest expense	874,671	850,181
Total operating expenses	43,089,352	39,451,047
Operating Income	831,962	976,139
Nonoperating Income (Expenses)		
Investment incomeNote 3 -	7,360	83,127
Other income	33,493	120,784
Change in fair value of interest swap agreementsNote 8 -	(86,080)	(733,461)
Rent income	60,237	81,498
Total nonoperating income (expenses)	15,010	(448,052)
Excess of Revenue Over Expenses	846,972	528,087
Transfer to Affiliate(Note 9)	(1,500,000)	(1,629,000)
Decrease in Unrestricted Net Assets	**$ (653,028)**	**$ (1,100,913)**

See Notes to Financial Statements.

Allegan General Hospital

Statement of Changes in Net Assets

	Year Ended December 31	
	2012	2011
Unrestricted Net Assets		
Excess of revenue over expenses	$ 846,972	$ 528,087
Transfer to affiliate	(1,500,000)	(1,629,000)
Decrease in unrestricted net assets	(653,028)	(1,100,913)
Temporarily Restricted Net Assets		
Restricted contributions	-	308,605
Net assets released from restriction	(133,619)	(174,986)
(Decrease) increase in temporarily restricted net assets	(133,619)	133,619
Decrease in Net Assets	(786,647)	(967,294)
Net Assets - Beginning of year	10,331,919	11,299,213
Net Assets - End of year	**$ 9,545,272**	**$ 10,331,919**

Allegan General Hospital

Statement of Cash Flows

	Year Ended December 31, 2012	Year Ended December 31, 2011
Cash Flows from Operating Activities		
Cash received from patients and third-party payors	$ 43,371,464	$ 43,035,199
Cash paid to suppliers and employees	(40,459,129)	(41,104,006)
Cash paid for other activities	16,754	(512,136)
Interest paid	(874,671)	(850,181)
Cash received from other operating activities	816,708	492,487
Net cash provided by operating activities	2,871,126	1,061,363
Cash Flows from Investing Activities		
Purchase of property and equipment	(4,097,436)	(5,720,385)
Proceeds from sale and maturities of investments and assets limited as to use	1,330,130	2,415,442
Purchase of investments and assets limited as to use	(1,336,954)	(3,218,308)
Net cash used in investing activities	(4,104,260)	(6,523,251)
Cash Flows from Financing Activities		
Principal payments of debt obligations	(865,526)	(617,316)
Net change in notes payable to bank	1,005,000	(200,000)
Net decrease in funds held by trustee under bond indenture	2,413,966	5,164,648
Restricted contributions	-	308,605
Net cash provided by financing activities	2,553,440	4,655,937
Net Increase (Decrease) in Cash and Cash Equivalents	1,320,306	(805,951)
Cash and Cash Equivalents - Beginning of year	2,924,117	3,730,068
Cash and Cash Equivalents - End of year	**4,244,423**	**$ 2,924,117**
Supplemental Cash Flow Information - Capital asset purchases financed through capital lease	**$ 651,559**	**$ 779,487**

See Notes to Financial Statements.

Notes to Financial Statements
December 31, 2012 and 2011

Note 1 - Nature of Business and Significant Accounting Policies

Allegan General Hospital (the "Hospital") is a short-term, acute-care facility providing inpatient and outpatient healthcare services to residents in Allegan, Michigan. The Hospital is a subsidiary of Allegan Healthcare Group, Inc. (AHG). AHG was established as a nonprofit tax-exempt corporation to exercise certain supervisory functions over Allegan General Hospital, its officers, and board of trustees. In addition, AHG wholly owns, directs, supervises, and controls the administrative and financial matters of Health Centers, Inc. and Allegan Professional Health Services, Inc.

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.

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.

Short-term Investments - Short-term investments consisted of certificates of deposit at December 31, 2012 and 2011.

Accounts Receivable - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges less an allowance for contractual adjustments and interim payment balances is based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unsettled claims by certain payors.
[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 about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, The Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the 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

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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.

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 based on 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 ended December 31, 2012 from these major payor sources, is as follows:

	Third-party Payors	Self-Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	$41,493,049	$ 5,414,913	$46,907,962

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.

Assets Limited as to Use - Assets limited as to use primarily include donor-restricted funds and assets designated by the board of trustees for future capital improvement, over which the board retains control, and may, at its discretion, subsequently use for other purposes and assets designated as debt service reserve funds.

Property and Equipment - Property and equipment amounts are recorded at cost.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Depreciation and amortization are charged to operations using the straight-line method. Maintenance and repairs are charged to expense as incurred.

Other Assets - Other assets consist primarily of bond financing fees. These fees are amortized over the life of the debt. Amortization expense was $11,439 and $11,139 for the years ended December 31, 2012 and 2011, respectively.

Self-insurance - The Hospital acts as a self-insurer for health insurance benefits up to limits as provided for under agreement with its insurance plan administrator. The cost of claims, including estimates for unprocessed claims, is recognized as an operating expense in the year of the incident. The Hospital has purchased a stop-loss policy that includes a deductible of $75,000 per person, with a maximum specific benefit of $1,000,000 per person related to self-insurance claims. The Hospital recognized expense for health insurance benefits totaling approximately $1,553,000 and $1,442,000 for the years ended December 31, 2012 and 2011, respectively.

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 an interest rate swap agreement to manage the economic impact of fluctuations in interest rates.

Federal Income Tax - The Internal Revenue Service has ruled that the Hospital is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no tax provision is reflected in the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Hospital and recognize a tax liability if the Hospital has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Hospital, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Hospital is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to December 31, 2009.

Retirement Plans - The Hospital sponsors a defined contribution plan for substantially all employees and has recognized contribution expense totaling $712,651 and $613,433 for the years ended December 31, 2012 and 2011, respectively.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

Contributions - The Hospital reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. If applicable, when a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

The Hospital reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Hospital reports the expiration of donor restrictions when the assets are placed in service.

Excess of Revenue Over Expenses - The statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include net asset transfers.

Goodwill - The recorded amounts of goodwill from a business combination during 2011 related to the acquisition of an orthopedic practice and is the excess of the purchase price over management's best estimate of the fair value of the tangible assets acquired and liabilities assumed at the date of acquisition. Annually, the Hospital assesses goodwill for impairment. No impairment charge was recognized in the years ended December 31, 2012 and 2011. It is reasonably possible that management's estimates of the carrying amount of goodwill will change in the near term.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

New Accounting Pronouncement - The Hospital has 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*, for the year ended December 31, 2012. The standard establishes accounting and disclosures for healthcare entities 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. In accordance with the ASU, the provision for bad debts associated with patient service revenue has been presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the statement of operations. The update has been applied retrospectively to the years ended December 31, 2011. As a result of the retrospective application, total operating revenue and total operating expenses decreased by approximately $3,600,000 as of December 31, 2011. There is no impact on 2011 operating income or excess of revenue over expenses.

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

Note 2 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2012	2011
Patient accounts receivable	$ 10,002,656	$ 10,560,743
Less allowance for uncollectible accounts	(1,229,000)	(1,282,000)
Less allowance for contractual adjustments	(3,786,000)	(4,699,000)
Total accounts receivable	$ 4,987,656	$ 4,579,743

Note 2 - Patient Accounts Receivable (Continued)

The Hospital is located in Allegan, Michigan. The Hospital provides services without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows:

	Percent	
	2012	2011
Medicare	27%	35%
Blue Cross/Blue Shield of Michigan	13	13
Medicaid	13	10
Commercial insurance and HMO	17	17
Self-pay	30	25
Total	100%	100%

Note 3 - Assets Limited as to Use

The detail of assets limited as to use is summarized in the following schedule:

	2012	2011
Board-designated funds:		
Money market funds	$ 1,330,977	$ 1,339,486
Funds held by trustee under bond indenture:		
Money market funds	105,085	8,865
Government agency funds and other government-backed investments	370,000	2,873,291
Total funds held by trustee under bond indenture	475,085	2,882,156
Donor-restricted funds - Money market funds	136,498	133,619
Total assets limited as to use	$ 1,942,560	$ 4,355,261

The following schedule summarizes the investment return and its classification in the statement of operations for the years ended December 31, 2012 and 2011:

	2012	2011
Interest and dividends	$ 9,104	$ 19,043
Realized and unrealized (loss) gain on investments	(1,744)	64,084
Total	$ 7,360	$ 83,127

Note 4 - Property and Equipment

Cost of property and equipment and depreciable lives are summarized as follows:

	2012	2011	Depreciable Life - Years
Land	$ 70,556	$ 70,556	-
Land improvements	1,970,998	1,972,398	10
Building improvements	23,151,001	22,561,580	10-40
Equipment	20,821,092	20,219,059	3-20
Construction in progress	4,212,814	1,221,462	-
Total cost	50,226,461	46,045,055	
Accumulated depreciation	(31,101,770)	(29,923,024)	
Net property and equipment	$ 19,124,691	$ 16,122,031	

Note 4 - Property and Equipment (Continued)

The Hospital entered into contracts totaling approximately $3,852,000 and $2,920,000, respectively, related to a new Information Technology system, included in construction in progress at December 31, 2012 and 2011. Remaining commitments on the contracts approximated $619,000 and $1,325,000 at December 31, 2012 and 2011, respectively.

Depreciation and amortization expenses were included as follows in the statement of operations:

	2012	2011
Operating expe	$ 1,739,202	$ 1,416,034
Nonoperati come	18,571	20,431
T l	$ 1,757,773	$ 1,436,465

Note 5 - Cost Repo ments

The Hospital has agreement third-party payors that provide for payments to the Hospital at amounts dif t from established rates. A summary of the basis of reimbursement with the third-party ayors is as follows:

- **Medicare** - The Hospital is reimburse s a critical access hospital by the Medicare program. Critical access h pitals ve cost reimbursement for all acute-care inpatient and outpatient servi s.
- **Medicaid** - Inpatient, acute- e s ces rendered to Medicaid program beneficiaries are also paid at prospe ely deter d rates per discharge. Capital costs relating to Medicaid patients are pa on cost-reimbursement method. Outpatient and physician services are rei rsed on an established fee-for-service methodology.
- **Blue Cross/Blue Shield of Michigan** - The Hospital is reimbursed controlled charges for all services rendered to Blue Cross/Blue Shield subscribers.
- **Health Maintenance Organizations** - Services rendered to HMO beneficiaries are paid at predetermined rates or at percentage-of-hospital charges.

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

Note 5 - Cost Report Settlements (Continued)

Cost report settlements result from the adjustment of interim payments to final reimbursements under these programs and are subject to audit by fiscal intermediaries. Although these audits may result in some changes in these amounts, they are not expected to have a material effect on the accompanying financial statements.

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 if it will be audited and if so, the extent of liability for overpayments, if any. If selected for audit, the potential costs of overpayment of claims liability for the Hospital at a future date.

Note 6 - Long-Term Debt

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

	2012	2011
Hospital revenue and refunding bonds, Series 2010	$ 16,100,000	$ 16,560,000
Note payable issued in connection with the acquisition of an orthopedic clinic, with monthly installments through June 2014, at a fixed interest rate of 4.0 percent, collateralized by all accounts receivable of debtor	120,291	190,495
Capital lease obligations are for equipment with various monthly installments through November 2016, varying rates of imputed interest from 1.82 percent to 7.76 percent, collateralized by leased equipment	958,138	641,901
Total	17,178,429	17,392,396
Less current portion	935,509	734,099
Long-term portion	$ 16,242,920	$ 16,658,297

Note 6 - Long-term Debt (Continued)

As of January 1, 2011, the interest rate on the bonds became variable and is calculated as 67 percent of the sum of one-month LIBOR plus 4.0 percent. The 2010 bonds consist of variable rate term bonds with principal payments ranging from $480,000 in 2012 to $3,780,000 in 2035. The interest rate at December 31, 2012 was 2.8 percent. The bonds are secured by the gross revenue of the Hospital.

In connection with the bond agreement, the Hospital has made various covenants, among others, to comply with certain financial ratios. As of December 31, 2012, the Hospital did not meet the required funded indebtedness covenant. As a result, the Hospital and bank entered into a forbearance agreement in September 2013, in which the bank agrees to forbear on the terms and conditions set forth in the guaranty agreement until December 1, 2013. In addition, the Hospital has agreed to pay the outstanding balance of $500,000 and accrued interest on the 2012 unsecured line of credit and terminate the line of credit.

Scheduled principal repayments on long-term debt are as follows:

Years Ending December 31	Bonds	Capital Leases and Notes Payable
2013	480,000	$ 455,509
2014	500,000	386,720
2015	520,000	216,163
2016	540,000	20,037
2017	560,000	-
Thereafter	900,000	-
Total	$ 4,000,000	$ 1,078,429

Note 7 - Line of Credit

The Hospital has an unsecured operating line of credit with a local bank in the amount of $1,000,000 at one-month LIBOR plus 2.5 percent (an effective rate of 2.715 percent). The line of credit expires July 1, 2013. At December 31, 2012 and 2011, the Hospital had outstanding borrowings of $1,000,000 and $495,000, respectively.

During 2012, the Hospital opened an unsecured operating line of credit with a local bank in the amount of $1,000,000 at prime plus 2.5 percent (an effective rate of 5.75 percent). The line of credit expires December 1, 2013. At December 31, 2012 the Hospital had outstanding borrowings of $500,000.

Note 8 - Interest Rate Swap Agreement

Note 8 - Interest Rate Swap Agreement (Continued)

The Hospital entered into an interest rate swap agreement with a swap provider to reduce the impact of changes in the interest rate on their variable rate bonds payable.

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

Note 8 - Interest Rate Swap Agreement (Continued)

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

Notional Amount	Expiration Date	Hospital Receives	Hospital Pays
$16,100,000	December 2017	67% of LIBOR	2.21%

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

Notional Amount	Expiration Date	Hospital Receives	Hospital Pays
$16,560,000	ecember 2017	67% of LIBOR	2.21%

As of Decem 31, the fair va of the derivative held was as follows:

	Liability Derivatives	
	2012	2011
Interest rate swa	$ 1,324,988	$ 1,238,907

Liability derivatives are rep d on e balance sheet.

For the years ended December 31, 2012 and 2011, the amounts of loss recognized in the statement of operations as nonope ng expenses attributable to the derivative instrument and related hedged and ir locations in the statement of operations are as follows:

Amount of loss recognized on fair v e hedgin tracts:

	Amount of Loss Recognized in Earnings	
	2012	2011
Change in fair value of interest rate swap agre ent	$ (86,080)	$ (733,461)

Note 9 - Related Party Transactions

As disclosed in Note 1, the Hospital, Health Centers, Inc. (HCI) and Allegan Professional Health Services, Inc. (APHS) are subsidiaries of Allegan Healthcare Group, Inc. (AHG).

The Hospital also issued a promissory note to Allegan Professional Health Services, Inc. (APHS), bearing interest on unpaid balances at 5.5 percent. As of December 31, 2012 and 2011, the Hospital has a receivable from APHS of approximately $2.0 million and $2.3 million, respectively.

During 2012 and 2011, the Hospital assessed the collectibility of the receivable from APHS, and as a result, the Hospital transferred net assets of $1,500,000 and $1,629,000, respectively, to APHS, reducing the amount owed from APHS.

Note 10 - Functional Expenses

The Hospital provides general healthcare services to residents within its geographic location including pediatrics, intensive care, surgery, as well as various other ancillary services for both inpatients and outpatients. Expenses related to providing these services for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Healthcare services	$ 35,988,833	$ 33,524,843
General and administrative	7,100,519	5,926,204
Total	$ 43,089,352	$ 39,451,047

Note 11 - Medical Malpractice Claims

Based on the nature of its operations, the Hospital is at times subject to pending or threatened legal actions which arise in the normal course of its activities.

The Hospital is insured against medical malpractice claims under a claims-made policy, whereby only those claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. Under the terms of the policy, the Hospital bears the risk of the ultimate costs of any individual claims exceeding $1,000,000, or aggregate claims exceeding $3,000,000, for claims asserted in the policy year. The Hospital maintains an umbrella policy which covers claims up to $5,000,000 in aggregate.

Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on the occurrence during the claims-made term, but reported subsequently, will be uninsured.

The Hospital is involved in certain legal actions arising from services provided to patients and additionally is aware of certain possible claims occurring prior to participation in the claims-made arrangement. Although the Hospital is unable to precisely estimate the ultimate cost of settlements of professional liability claims, 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 evaluations of historical information and of all actions and claims, that insurance coverage and accruals for estimated losses are adequate to cover expected settlements.

Note 12 - Cash Flows

A reconciliation of the decrease in net assets to net cash from operating activities is as follows:

	2012	2011
Decrease in net assets	$ (786,647)	$ (967,294)
Adjustments to reconcile decrease in unrestricted net assets to net cash from operating activities:		
Depreciation and amortization	1,757,773	1,436,465
Provision for bad debt	3,936,975	3,565,930
Restricted contributions	-	(308,605)
Loss on interest rate swap	86,080	733,461
Equity transfers	1,500,000	1,629,000
Net realized and unrealized gains on investments	1,744	(64,084)
Increase in assets:		
Accounts receivable	(4,347,288)	(2,890,744)
Other current assets	248,695	(1,325,034)
Other assets	(1,219,725)	(1,663,383)
Increase (decrease) in liabilities:		
Accounts payable	1,049,077	341,665
Accrued liabilities	(166,349)	1,539,616
Estimated third-party payor settlements	810,790	(965,630)
Net cash provided by operating activities	$ 2,871,125	$ 1,061,363

Note 13 - Charity 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 weighted average by department of the Hospital's total expenses divided by gross patient service revenue. The Hospital estimates its cost to provide charity care was $574,000 and $590,000 during 2012 and 2011, respectively.

Note 14 - Fair Value

Accounting standards require certain assets and liabilities be reported at fair value in on the financial statements and provides 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.

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. 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 commonly quoted intervals.

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. These level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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 the fair value measurements requires judgment and considers factors specific to each asset or liability.

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.

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2012

	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 - Assets limited as to use:				
Money market funds	$ 1,572,560	$ -	$ -	$ 1,572,560
Government agency bonds and other government-backed investments	-	370,000	-	370,000
Total assets	1,572,560	370,000	-	1,942,560
Liabilities - Interest rate swap	$ -	$ 1,324,988	$ -	$ 1,324,988

Note 14 - Fair Value (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2011

	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:				
Money market funds	$ 1,481,970	$ -	$ -	$ 1,481,970
Government agency bonds and other government-backed investments	-	2,873,291	-	2,873,291
Total assets	1,481,970	$ 2,873,291	$ -	$ 4,355,261
Liabilities - Interest rate swap	$ -	$ 1,238,907	$ -	$ 1,238,907

The fair value of government agency bonds and other government-backed investments were 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 the 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.