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

GRINNELL REGIONAL MEDICAL CENTER'S MISSION IS DEDICATION TO HEALTH CARE FOR LIFE THROUGH GENUINE CARE AND COMPASSION FOR THE HEALTH AND WELL-BEING OF PATIENTS, FAMILIES, AND THE COMMUNITIES THEY ARE PRIVILEGED TO SERVE, RESPONSIVENESS TO BALANCING COMMUNITY NEEDS WITH AVAILABLE RESOURCES, MARVELOUS PEOPLE MAKING A DIFFERENCE THROUGH QUALITY CARE AND SERVICE EXCELLENCE EVERY DAY, AND COMMITMENT TO PROMOTING WELLNESS, RESTORING HEALTH AND ENHANCING THE QUALITY OF LIFE WE SERVE

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

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 \$ 35,354,867 including grants of \$ 12,011) (Revenue \$ 41,131,160)
	THE ORGANIZATION IS A PROSPECTIVE PAYMENT SYSTEM HOSPITAL WITH 49 ACUTE BEDS THE ORGANIZATION PROVIDES ACUTE AND ANCILLARY SERVICES TO INDIVIDUALS IN INPATIENT AND OUTPATIENT SETTINGS IN ADDITION, THE ORGANIZATION OPERATES SEVERAL PHYSICIANS' CLINICS DURING 2012, THE ORGANIZATION PROVIDED 4,302 DAYS OF ACUTE CARE, 434 DAYS OF SKILLED NURSING CARE AND 438 NURSERY DAYS

4b	(Code	) (Expenses \$	2,179,814	including grants of \$	) (Revenue \$	1,783,339)
VIRTUAL PRIVATE PRACTICE PHYSICIANS CLINIC, WOMEN'S HEATH CLINIC, AND OTHER PROGRAMS RELATING TO GRINNELL HEALTH ALLIANCE, INC						

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)
(Expenses \$ including grants of \$) (Revenue \$)

4e	Total program service expenses	37,534,681
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Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 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 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, 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	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
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 Yes	
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III 	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	52	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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	507
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 8822?	7c	No
d	If "Yes," indicate the number of Forms 8822 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	16	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	15	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	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	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	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
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

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 THE ORGANIZATION 210 FOURTH AVENUE GRINNELL, IA (641) 236-2311

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) ED HATCHER CHAIR	1 00 0 00	X		X				0	0	0
(2) BILL MENNER CHAIR ELECT	1 00 0 00	X		X				0	0	0
(3) TODD REDING TREASURER	1 00 0 00	X		X				0	0	0
(4) STANLEY GREENWALD MD SECRETARY	1 00 0 00	X		X				0	0	0
(5) TODD LINDEN MEMBER - CEO	40 00 2 50	X		X				422,339	0	19,940
(6) DAN AGNEW MEMBER	1 00 0 00	X						0	0	0
(7) RYAN P DAHLBY ALBRIGHT MEMBER - MED STAFF PRES	1 00 0 00	X						0	0	0
(8) FRANK BROWNELL MEMBER	1 00 0 00	X						0	0	0
(9) GEORGE DRAKE MEMBER - FND BOARD CHAIR	1 00 1 50	X						0	0	0
(10) LAURA M FERGUSON MD MEMBER	1 00 0 00	X						0	0	0
(11) WENDY KADNER MEMBER	1 00 0 00	X						0	0	0
(12) NICK J KUIPER DO MEMBER	1 00 0 00	X						0	0	0
(13) SALLY LANG MEMBER-FND CHAIR ELECT-EX OFFICIO	1 00 1 50	X						0	0	0
(14) JOANNE MANNATT MEMBER	1 00 0 00	X						0	0	0
(15) SUSAN WITT MEMBER - PAST BOARD CHAIR	1 00 0 00	X						0	0	0
(16) JOANNE YUSKA MEMBER	1 00 0 00	X						0	0	0
(17) JACK FRITTS CFO	40 00 2 50			X				186,505	0	16,299

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) SUZANNE COONER VICE PRESIDENT	40 00 1 00			X				195,407	0	14,839
(19) DAVID NESS VICE PRESIDENT	40 00 0 00			X				194,268	0	18,169
(20) DORIS RINDELS VICE PRESIDENT	40 00 0 00			X				162,049	0	8,616
(21) JOHN BAMBARA PHYSICIAN	40 00 0 00					X		366,967	0	14,679
(22) SEANNA THOMPSON PHYSICIAN	1 00 40 00					X		312,015	0	37,314
(23) KEVIN EMGE PHYSICIAN	40 00 0 00					X		298,304	0	23,503
(24) RONALD COLLINS PHYSICIAN	40 00 0 00					X		272,197	0	21,821
(25) STEPHEN ELLESTAD PHYSICIAN	40 00 0 00					X		261,920	0	14,522
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								2,671,971	0	189,702

2Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶25

3Did 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

4For 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

5Did 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

1Complete 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
MERCY CLINICAL LAB PO BOX 4867 DES MOINES IA 50305	CLINICAL LAB SERVICES	458,615
GENE GESSNER MD DBA PAIN CLINIC LLC 2180 NORCOR AVENUE B CORALVILLE IA 52241	ANESTHESIA PROVIDER	153,356

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

Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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	12,200			
	d	Related organizations 1d				
	e	Government grants (contributions) 1e	400,595			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	1,090,894			
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f	1,503,689			
Program Service Revenue	2a	NET PATIENT SERVICE REVENUE	Business Code			
			621110	40,696,594	40,696,594	
		b PHYSICIAN CLINIC SERVICES	621110	1,226,959	1,226,959	
		c CONTRACTED STAFF REVENUE	621110	434,566	434,566	
		d WOMEN'S HEALTH CLINIC	621110	357,259	357,259	
		e MISCELLANEOUS PROGRAMS	621110	115,837	115,837	
		f All other program service revenue		83,284	83,284	
	g	Total. Add lines 2a-2f	42,914,499			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	6,526			6,526
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
			242,522			
		b Less rental expenses	0			
		c Rental income or (loss)	242,522			
	d	Net rental income or (loss)	242,522			242,522
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
				1,955		
		b Less cost or other basis and sales expenses		200,887		
		c Gain or (loss)		-198,932		
	d	Net gain or (loss)	-198,932			-198,932
	8a	Gross income from fundraising events (not including \$ 12,200 of contributions reported on line 1c) See Part IV, line 18				
		a	7,900			
	b	Less direct expenses b	10,700			
	c	Net income or (loss) from fundraising events	-2,800			-2,800
	9a	Gross income from gaming activities See Part IV, line 19				
		a				
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances				
		a				
	b	Less cost of goods sold b				
	c	Net income or (loss) from sales of inventory				
	Miscellaneous Revenue		Business Code			
	11a	CAFETERIA	900099	155,646		155,646
	b	HOUSEKEEPING	812900	19,672	19,672	
	c	LAUNDRY	812300	4,125	4,125	
	d	All other revenue		375,295		375,295
	e	Total. Add lines 11a-11d	554,738			
	12	Total revenue. See Instructions	45,020,242	42,914,499	23,797	578,257

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.	12,011	12,011		
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.	1,238,431		1,238,431	
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.	18,943,111	17,201,090	1,742,021	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	111,722	111,722		
9	Other employee benefits.	3,616,010	3,616,010		
10	Payroll taxes.	1,366,150	1,366,150		
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	100,100	20,148	79,952	
c	Accounting.	58,447		58,447	
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).	2,458,430	1,848,351	610,079	
12	Advertising and promotion.	138,361	31,214	107,147	
13	Office expenses.	2,373,353	1,866,848	506,505	
14	Information technology.				
15	Royalties.				
16	Occupancy.	774,488	698,043	76,445	
17	Travel.	114,840	114,126	714	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	59,757		59,757	
20	Interest.	318,151	318,151		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	2,479,706	2,479,706		
23	Insurance.	484,211	229,760	254,451	
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	MEDICAL SUPPLIES	5,716,107	5,716,107		
b	BAD DEBTS	1,487,151	1,487,151		
c	DUES & SUBSCRIPTIONS	310,145	65,049	245,096	
d	MEDICAID PROVIDER TAX	307,491	307,491		
e	All other expenses	172,963	45,553	127,410	
25	Total functional expenses. Add lines 1 through 24e.	42,641,136	37,534,681	5,106,455	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		1,695	1	1,792
	2	Savings and temporary cash investments		2,856,263	2	6,286,329
	3	Pledges and grants receivable, net		27,472	3	34,094
	4	Accounts receivable, net		6,224,133	4	5,155,242
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		83,449	5	10,000
	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		1,382,558	8	1,334,529
	9	Prepaid expenses and deferred charges		953,406	9	1,435,916
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a51,580,115			
	b	Less accumulated depreciation	10b28,078,494	18,060,341	10c	23,501,621
	11	Investments—publicly traded securities		1,062,659	11	81,800
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11			15	117,096
	16	Total assets. Add lines 1 through 15 (must equal line 34)		30,651,976	16	37,958,419
Liabilities	17	Accounts payable and accrued expenses		4,066,028	17	3,418,721
	18	Grants payable			18	
	19	Deferred revenue		18,504	19	15,206
	20	Tax-exempt bond liabilities		6,240,000	20	5,380,000
	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		1,805,936	23	755,567
	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		663,531	25	8,151,571
	26	Total liabilities. Add lines 17 through 25		12,793,999	26	17,721,065
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		16,565,890	27	18,777,444
	28	Temporarily restricted net assets		1,224,320	28	1,320,081
	29	Permanently restricted net assets		67,767	29	139,829
	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		17,857,977	33	20,237,354
	34	Total liabilities and net assets/fund balances		30,651,976	34	37,958,419

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	45,020,242
2	Total expenses (must equal Part IX, column (A), line 25)	2	42,641,136
3	Revenue less expenses Subtract line 2 from line 1	3	2,379,106
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	17,857,977
5	Net unrealized gains (losses) on investments	5	271
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	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	20,237,354

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

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 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage			
15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15		
16 Public support percentage from 2011 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17		
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶			
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶			
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶			

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

Facts And Circumstances Test

Explanation

SCHEDULE 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 GRINNELL REGIONAL MEDICAL CENTER	Employer identification number 42-0933383
--	--

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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		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		
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														
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-															
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)		(b)
		Yes	No	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?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
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		17,452
j	Total. Add lines 1c through 1i.			17,452
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	PART OF THE MEMBERSHIP DUES OF THE AMERICAN HOSPITAL ASSOCIATION ARE FOR LOBBYING ACTIVITIES, THIS ACCOUNTS FOR \$11,201 OF THE HOSPITALS LOBBYING ACTIVITIES. ONE DAY OF CEO, TODD LINDEN'S, SALARY AND TRAVEL EXPENSES FOR THE ANNUAL AMERICAN HOSPITAL ASSOCIATION MEETING OF \$5,876, AS WELL AS THE COST ASSOCIATED WITH VOLUNTEERS FOR THE IOWA HOSPITAL ASSOCIATION LEGISLATIVE DAY, \$375, ARE ATTRIBUTABLE TO LOBBYING.

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
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

4

Number of states where property subject to conservation easement is located ► _____

5

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

☐ Yes ☐ No

6

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

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ► \$ _____

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1

► \$ _____

(ii) Assets included in Form 990, Part X

► \$ _____

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

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
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	206,177	211,420	209,560	202,054	227,135
b Contributions	51,041				
c Net investment earnings, gains, and losses	6,095	-1,635	5,146	9,933	-18,233
d Grants or scholarships					
e Other expenditures for facilities and programs	2,353	2,669	2,650	1,956	6,329
f Administrative expenses	967	939	636	471	519
g End of year balance	259,993	206,177	211,420	209,560	202,054

- 2

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

a

Board designated or quasi-endowment ▶ 0 %

b

Permanent endowment ▶ 84 570 %

c

Temporarily restricted endowment ▶ 15 430 %

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

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

b

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

3b

Yes

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		445,499		445,499
b Buildings		27,214,971	10,356,471	16,858,500
c Leasehold improvements				
d Equipment		23,508,337	17,722,023	5,786,314
e Other		411,308		411,308
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				23,501,621

Schedule D (Form 990) 2012

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	45,031,213
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	2e	10,971
a	Net unrealized gains on investments	2a	271
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	10,700
e	Add lines 2a through 2d	2e	10,971
3	Subtract line 2e from line 1	3	45,020,242
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	4c	0
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	45,020,242

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	42,651,836
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	2e	10,700
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	10,700
e	Add lines 2a through 2d	2e	10,700
3	Subtract line 2e from line 1	3	42,641,136
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	4c	0
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	42,641,136

Part XIII

Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	GRINNEL REGIONAL MEDICAL CENTER (MEDICAL CENTER) AND THE GRINNELL REGIONAL MEDICAL CENTER FOUNDATION (FOUNDATION) ARE NOT-FOR-PROFIT CORPORATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE MEDICAL CENTER AND FOUNDATION HAVE RECEIVED A DETERMINATION LETTER THAT THEY ARE EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501 (A) OF THE INTERNAL REVENUE CODE. GRINNELL HEALTH ALLIANCE, INC. (GHA) IS A NOT-FOR-PROFIT CORPORATION, HOWEVER ITS APPLICATION FOR TAX EXEMPT STATUS HAS NOT YET BEEN FILED. THE INTERNAL REVENUE SERVICE HAS ESTABLISHED STANDARDS TO BE MET TO MAINTAIN TAX EXEMPT STATUS. IN GENERAL, SUCH STANDARDS REQUIRE THE MEDICAL CENTER, FOUNDATION AND GHA TO MEET A COMMUNITY BENEFIT STANDARD AND COMPLY WITH VARIOUS LAWS AND REGULATIONS. HEALTH ADVANTAGE PLUS (HAP) IS A FOR-PROFIT CORPORATION SUBJECT TO FEDERAL AND STATE INCOME TAXES. HAP DID NOT RECOGNIZE ANY FEDERAL AND STATE INCOME TAX EXPENSE IN 2012 DUE TO OPERATING LOSSES INCURRED DURING THE YEAR. THE MEDICAL CENTER, FOUNDATION AND GHA ACCOUNT FOR UNCERTAINTIES IN ACCOUNTING FOR INCOME TAX ASSETS AND LIABILITIES USING GUIDANCE INCLUDED IN FASB ASC 740, INCOME TAXES. THE EFFECT OF INCOME TAX POSITIONS ARE RECOGNIZED ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED. AT DECEMBER 31, 2012 AND 2011, THERE WERE NO UNCERTAIN TAX POSITIONS ACCRUED. WITH FEW EXCEPTIONS, THE MEDICAL CENTER, FOUNDATION AND GHA ARE NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS ENDED PRIOR TO DECEMBER 31, 2009.
PART XI, LINE 2D - OTHER ADJUSTMENTS		FUNDRAISING EXPENSES 10,700
PART XII, LINE 2D - OTHER ADJUSTMENTS		FUNDRAISING EXPENSES 10,700

SCHEDULE G
(Form 990 or 990-EZ)

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.

a

☐ Mail solicitations

e

☐ Solicitation of non-government grants

b

☐ Internet and email solicitations

f

☐ Solicitation of government grants

c

☐ Phone solicitations

g

☐ Special fundraising events

d

☐ In-person solicitations

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes

☐ No

b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total ▶						

3

List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing.

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		<u>GOLF OUTING</u> (event type)	 (event type)	 (total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	20,100		20,100
	2	Less Contributions . . .	12,200		12,200
	3	Gross income (line 1 minus line 2)	7,900		7,900
Direct Expenses	4	Cash prizes			
	5	Noncash prizes . . .	1,800		1,800
	6	Rent/facility costs . . .	3,800		3,800
	7	Food and beverages .	1,900		1,900
	8	Entertainment			
	9	Other direct expenses .	3,200		3,200
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine line 3, column (d), and line 10 ▶			
					(10,700)
					-2,800

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1	Gross revenue			
Direct Expenses	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
	6	Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
	7	Direct expense summary Add lines 2 through 5 in column (d) ▶			
	8	Net gaming income summary Combine lines 1 and 7 in column (d) ▶			

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a The organization's facility	13a	
b An outside facility	13b	

14 Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶

Address ▶

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ _____ and the amount of gaming revenue retained by the third party ▶ \$ _____

c If "Yes," enter name and address of the third party

Name ▶

Address ▶

16 Gaming manager information

Name ▶

Gaming manager compensation ▶ \$

Description of services provided ▶

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ _____

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation
------------	------------------	-------------

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
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			274,207	0	274,207	0.670 %
b Medicaid (from Worksheet 3, column a)			3,702,747	2,781,228	921,519	2.240 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			3,976,954	2,781,228	1,195,726	2.910 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	5	7,480	828,379	356,818	471,561	1.150 %
f Health professions education (from Worksheet 5)	1	4	2,950	0	2,950	0.010 %
g Subsidized health services (from Worksheet 6)	9	10,852	9,063,148	6,859,118	2,204,030	5.360 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	2		10,575	0	10,575	0.030 %
j Total. Other Benefits	17	18,336	9,905,052	7,215,936	2,689,116	6.550 %
k Total. Add lines 7d and 7j	17	18,336	13,882,006	9,997,164	3,884,842	9.460 %

Part II

Community Building Activities

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

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

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

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

1,487,151

3

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

3

0

4

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

Section B. Medicare

5

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

5

9,057,938

6

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

6

11,402,504

7

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

7

-2,344,566

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

9b

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	GRINNELL REGIONAL MEDICAL CENTER 210 4TH AVENUE GRINNELL,IA 50112	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)

GRINNELL REGIONAL MEDICAL CENTER

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	
a	☐ A definition of the community served by the hospital facility		
b	☐ Demographics of the community		
c	☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☐ How data was obtained		
e	☐ The health needs of the community		
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☐ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☐ The process for consulting with persons representing the community's interests		
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 ____		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	
a	☐ Hospital facility's website		
b	☐ Available upon request from the hospital facility		
c	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	☐ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☐ Execution of the implementation strategy		
c	☐ Participation in the development of a community-wide plan		
d	☐ Participation in the execution of a community-wide plan		
e	☐ Inclusion of a community benefit section in operational plans		
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☐ Prioritization of health needs in its community		
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>350 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	No
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	No
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	No
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	No
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	No
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

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

☐

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

☐

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?		No
	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?

10

Name and address	Type of Facility (describe)
1 GRINNELL REGIONAL COMMUNITY CARE CLINIC 306 4TH AVENUE GRINNELL,IA 50112	CLINIC
2 GRINNELL REGIONAL FAMILY PRACTICE 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
3 GRINNELL REGIONAL PAIN CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
4 GRINNELL REGIONAL WOMEN'S HEALTH CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
5 POSTELS COMMUNITY HEALTH PARK 807 BROAD STREET GRINNELL,IA 50112	CLINIC
6 LYNNVILLE MEDICAL CLINIC 303 EAST STREET LYNNVILLE,IA 50153	CLINIC
7 DEER CREEK HEALTH CENTER 401 FIRST AVENUE TOLEDO,IA 52342	CLINIC
8 VICTOR HEALTH CENTER 709 SECOND STREET VICTOR,IA 52347	CLINIC
9 INTERNAL MEDICINE CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
10 GRINNELL REGIONAL ORTHOPEDIC CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC

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 6A GRINNELL REGIONAL MEDICAL CENTER'S ANNUAL COMMUNITY BENEFIT REPORT IS PREPARED BY MICHAEL CREARY, CONTROLLER, AND JACK FRITTS, CFO, FOR THE IOWA HOSPITAL ASSOCIATION
		PART I, LINE 7 GRINNELL REGIONAL MEDICAL CENTER USED THE WORKSHEETS INCLUDED IN THE INSTRUCTIONS OF SCHEDULE H TO CALCULATE PART I, LINE 7

Identifier	ReturnReference	Explanation
		PART I, LINE 7G THERE ARE NO COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC INCLUDED
		PART I, L7 COL(F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 24, COLUMN (A) BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$1,487,151

Identifier	ReturnReference	Explanation
		PART II THE ORGANIZATION DOES NOT HAVE ANY COMMUNITY BUILDING ACTIVITIES AT THIS TIME
		PART III, LINE 4 THERE IS NO FOOTNOTE IN THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE HOWEVER, THE FOLLOWING IS THE TEXT OF THE FOOTNOTE TITLED "PATIENT RECEIVABLES, NET" GRINNELL REGIONAL MEDICAL CENTER (MEDICAL CENTER) REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE MEDICAL CENTER ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE MEDICAL CENTER ANALYZES CONTRACTUALLY DUE AMOUNTS THE MEDICAL CENTER RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS PAYMENT FOR SERVICES IS EXPECTED WITHIN THIRTY DAYS OF RECEIPT OF THE BILLING ACCOUNTS CONSIDERED PAST DUE ARE SENT TO COLLECTION AGENCIES WHEN INTERNAL COLLECTION EFFORTS HAVE BEEN UNSUCCESSFUL ANY AMOUNTS DEEMED UNCOLLECTIBLE ARE WRITTEN OFF ON A MONTHLY BASIS THE MEDICAL CENTER DOES NOT CHARGE INTEREST ON OUTSTANDING BALANCES OWED THE FOLLOWING IS THE TEXT OF THE FOOTNOTE TITLED "CHARITY CARE" THE MEDICAL CENTER PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE MEDICAL CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE THE MEDICAL CENTER IS DEDICATED TO PROVIDING COMPREHENSIVE HEALTH CARE SERVICES TO ALL SEGMENTS OF SOCIETY, INCLUDING THE AGED AND OTHERWISE ECONOMICALLY DISADVANTAGED IN ADDITION, THE MEDICAL CENTER PROVIDES A VARIETY OF COMMUNITY HEALTH SERVICES AT OR BELOW COST ALL BAD DEBT IS ACCOUNTED FOR IN ONE ACCOUNT ON THE ORGANIZATION'S GENERAL LEDGER AND CALCULATED BY USING AN AGING RESERVE COMPUTATION WHICH IS BASED ON THE HISTORICAL COLLECTION RATES OF THE ORGANIZATION ALL RECOVERIES REDUCE THE BAD DEBT EXPENSE ON THE GENERAL LEDGER DISCOUNTS AND PAYMENTS ON PATIENT ACCOUNTS ARE CREDITED AGAINST THE ACCOUNT THROUGH WHICH ALL OF THE HOSPITAL'S BAD DEBT EXPENSE FLOWS NONE OF THE ORGANIZATION'S BAD DEBT EXPENSE IS ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY BECAUSE THAT AMOUNT IS INCLUDED AS CHARITY CARE BAD DEBT AMOUNTS ARE ALSO NOT INCLUDED IN COMMUNITY BENEFITS

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE MEDICARE SHORTFALL IS BASED ON THE INFORMATION FROM THE COST REPORT THE COSTS ARE MEDICARE REIMBURSABLE COSTS, NOT ALL COSTS THE MEDICARE SHORTFALL SHOULD BE TREATED AS A COMMUNITY BENEFIT BECAUSE THE SERVICES ARE PROVIDED WITHOUT THE EXPECTATION THAT MEDICARE REVENUES WILL COVER OUR COSTS THE ORGANIZATION USED WORKSHEETS D-1, D-4, E AND E-3 OF THE COST REPORT
		PART III, LINE 9B IF PATIENTS DO NOT APPLY FOR ASSISTANCE PRIOR TO SERVICE AND LATER INDICATE THEY ARE HAVING DIFFICULTY PAYING, THE ORGANIZATION'S STAFF WORKS WITH THEM TO FIND THE APPROPRIATE FORM OF ASSISTANCE

Identifier	ReturnReference	Explanation
GRINNELL REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 20D THE HOSPITAL IMPLEMENTED ITS DISCOUNT FOR UNINSURED PATIENTS ON JANUARY 1, 2011 GRMC USES IT FINANCIAL ASSISTANCE/CHARITY CARE POLICY AS A GUIDE FOR THE MAXIMUM AMOUNT CHARGED AND WILL DEVIATE FROM THIS POLICY WHEN CIRCUMSTANCES ARISE THE MAXIMUM AMOUNT TO BE WRITTEN OFF IS 80%
		PART VI, LINE 2 POWESHIEK COUNTY RESIDENTS RECENTLY PARTICIPATED IN AN EXTENSIVE COMMUNITY HEALTH NEEDS ASESSMENT THIS SURVEY PROVIDED DIRECTION FOR GRINNELL REGIONAL MEDICAL CENTER (GRMC) AND GRINNELL REGIONAL PUBLIC HEALTH TO DEVELOP A HEALTH IMPROVEMENT PLAN OVER THE NEXT FIVE YEARS AND DETERMINE WHAT IS IMPORTANT FOR THE HEALTH OF THE COUNTY GRMC HAS RECENTLY SURVEYED ITS COMMUNITY HEALTHCARE PROVIDERS TO IDENTIFY WHAT THEY FEEL ARE THE MOST URGENT NEEDS GRMC ALSO REVIEWS STATEWIDE DATABASES (I E , TEEN PREGNANCY, CANCER RATES) TO IDENTIFY AREAS IN WHICH TO CONCENTRATE EFFORTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 GRMC HAS A BROCHURE AVAILABLE THAT IDENTIFIES THE PATIENT ACCOUNTING PHONE NUMBER PATIENTS CAN CALL FOR INFORMATION ABOUT ANY TYPE OF FINANCIAL ASSISTANCE IF PATIENTS DO NOT APPLY FOR ASSISTANCE PRIOR TO SERVICE AND LATER INDICATE THEY ARE HAVING DIFFICULTY PAYING, GRMC'S STAFF WORKS WITH THEM TO FIND THE APPROPRIATE FORM OF ASSISTANCE GRMC ALSO PLANS TO INCLUDE MORE DETAILED INFORMATION ON THEIR WEBSITE
		PART VI, LINE 4 GRINNELL REGIONAL MEDICAL CENTER (GRMC) IS A PRIVATE, NON-PROFIT AND NON-TAX SUPPORTED MEDICAL CENTER, SERVING MORE THAN 47,000 RESIDENTS IN A SIX-COUNTY RURAL AREA OF EAST CENTRAL IOWA GRMC IS A PROGRESSIVE, RURAL HOSPITAL LOCATED IN GRINNELL, IOWA GRINNELL IS 50 MILES EAST OF DES MOINES AND 60 MILES WEST OF IOWA CITY DES MOINES AND IOWA CITY ARE THE CLOSEST CITIES WITH TERTIARY HOSPITALS FOR OUR SERVICE AREA MEDIAN HOUSEHOLD INCOME FOR THE AREA IS ESTIMATED AT \$46,650, BELOW THE STATE AVERAGE OF \$48,065 BASED ON STATEWIDE AVERAGES, 17% OF THE PEOPLE IN THIS SERVICE AREA ARE 65 AND OLDER AND USE MEDICARE, 9 5% ARE UNINSURED, 27 7% USE SOME FORM OF PUBLIC INSURANCE, SUCH AS MEDICAID, 14 1% ARE COVERED INDIVIDUALLY, AND 62 2% CARRY EMPLOYER-SPONSORED INSURANCE SPECIFICALLY, GRMC REPORTS THAT APPROXIMATELY 51% OF ITS PATIENTS RELY ON MEDICARE FOR THEIR HEALTH INSURANCE

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE ORGANIZATION FURTHERS ITS EXEMPT PURPOSE BY APPOINTING PEOPLE IN THE PRIMARY SERVICE AREA TO THE BOARD OF DIRECTORS, EXTENDING MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY AND APPLYING SURPLUS FUNDS TO IMPROVEMENTS IN PATIENT CARE
		PART VI, LINE 6 THE ORGANIZATION IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

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

Additional Data

Software ID:
Software Version:
EIN: 42-0933383
Name: GRINNELL REGIONAL MEDICAL CENTER

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

Section C. Other 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?
10

Name and address	Type of Facility (describe)
GRINNELL REGIONAL COMMUNITY CARE CLINIC 306 4TH AVENUE GRINNELL,IA 50112	CLINIC
GRINNELL REGIONAL FAMILY PRACTICE 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
GRINNELL REGIONAL PAIN CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
GRINNELL REGIONAL WOMEN'S HEALTH CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
POSTELS COMMUNITY HEALTH PARK 807 BROAD STREET GRINNELL,IA 50112	CLINIC
LYNNVILLE MEDICAL CLINIC 303 EAST STREET LYNNVILLE,IA 50153	CLINIC
DEER CREEK HEALTH CENTER 401 FIRST AVENUE TOLEDO,IA 52342	CLINIC
VICTOR HEALTH CENTER 709 SECOND STREET VICTOR,IA 52347	CLINIC
INTERNAL MEDICINE CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC
GRINNELL REGIONAL ORTHOPEDIC CLINIC 210 4TH AVENUE GRINNELL,IA 50112	CLINIC

OMB No 1545-0047

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

Open to Public Inspection

Employer identification number

42-0933383

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

(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, etc.)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
--	---------	------------------------------------	--------------------------	-----------------------------------	--	--	------------------------------------

[illegible]

2	Enter total number of section 501(c)(3) and government organizations listed in the line 1 table	1
3	Enter total number of other organizations listed in the line 1 table	0

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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 GRANTS ARE MADE ONLY TO 501(C)(3) CHARITABLE ORGANIZATIONS TO FURTHER THEIR CHARITABLE PURPOSES

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
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	☐ First-class or charter travel ☐ Travel for companions ☐ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	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 ☐ Independent compensation consultant ☐ Form 990 of other organizations ☐ Written employment contract ☐ Compensation survey or study ☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	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.

990 Schedule J, Supplemental Information

Identifier	Return Reference	Explanation
	PART I, LINE 4B	

Software ID:
Software Version:
EIN: 42-0933383
Name: GRINNELL REGIONAL MEDICAL CENTER

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				
TODD LINDEN	(i) (ii)	419,250 0	0 0	3,089 0	0 0	19,940 0	442,279 0	41,992 0
JACK FRITTS	(i) (ii)	185,602 0	0 0	903 0	0 0	16,299 0	202,804 0	0 0
SUZANNE COONER	(i) (ii)	194,772 0	0 0	635 0	0 0	14,839 0	210,246 0	0 0
DAVID NESS	(i) (ii)	193,633 0	0 0	635 0	0 0	18,169 0	212,437 0	0 0
DORIS RINDELS	(i) (ii)	161,352 0	0 0	697 0	0 0	8,616 0	170,665 0	0 0
JOHN BAMBARA	(i) (ii)	366,579 0	0 0	388 0	0 0	14,679 0	381,646 0	0 0
SEANNA THOMPSON	(i) (ii)	311,709 0	0 0	306 0	18,000 0	19,314 0	349,329 0	0 0
KEVIN EMGE	(i) (ii)	297,828 0	0 0	476 0	0 0	23,503 0	321,807 0	0 0
RONALD COLLINS	(i) (ii)	272,024 0	0 0	173 0	0 0	21,821 0	294,018 0	0 0
STEPHEN ELLESTAD	(i) (ii)	261,022 0	0 0	898 0	0 0	14,522 0	276,442 0	0 0

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization GRINNELL REGIONAL MEDICAL CENTER	Employer identification number 42-0933383
--	--

Part I

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

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

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No

2

Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 ► \$

3

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

Part II

Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) DR CHRISTINE LINDGREN	EMPLOYEE	PHYSICIAN RECRUITMENT		X	30,000	10,000		No		No	Yes	
Total ► \$						10,000						

Part III

Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization GRINNELL REGIONAL MEDICAL CENTER	Employer identification number 42-0933383
--	--

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	
	FORM 990, PART VI, SECTION B, LINE 12C	EACH BOARD MEMBER IS REQUIRED TO DISCLOSE ANNUALLY ANY INTEREST THAT COULD GIVE RISE TO CONFLICTS
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION IS DETERMINED BY THE BOARD OF DIRECTORS WITH THE USE OF INDEPENDENT CONSULTANTS
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST
	FORM 990, PART XII, LINE 2C	THE BOARD SELECTS THE AUDITORS WHO PRESENT THE FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS THE BOARD ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDIT AND SELECTION OF THE INDEPENDENT AUDITORS THIS PROCESS HAS NOT CHANGED FROM PRIOR YEARS
	FORM 990, PAGE 1, ITEM B AMENDED RETURN	DURING 2013, MANAGEMENT, IN CONJUNCTION WITH LEGAL COUNSEL, DETERMINED THAT GRINNELL HEALTH ALLIANCE, INC' EIN 27-3133505 SHOULD NOT FILE A FORM 990 FOR TWO REASONS 1 THE ENTITY'S ORGANIZING DOCUMENTS WERE NEVER FILED WITH THE STATE OF IOWA, AND, 2 PRIOR MANAGEMENT HAD NOT COMPLETED A FORM 1023, APPLICATION FOR TAX EXEMPT STATUS MANAGEMENT DETERMINED THAT GRINNELL HEALTH ALLIANCE, INC'S INCOME, DEDUCTIONS, ASSETS AND LIABILITIES SHOULD HAVE BEEN INCLUDED IN THE FORM 990 FILED FOR GRINNELL REGIONAL MEDICAL CENTER ACCORDINGLY, GRINNELL HEALTH ALLIANCE, INC'S 2012 FORM 990 WILL BE AMENDED TO SHOW NO ACTIVITY, AND THE GRINNELL REGIONAL MEDICAL CENTER'S 2012 FORM 990 IS BEING AMENDED TO ADD THE ACTIVITY THAT WAS REFLECTED ON THE ORIGINAL FORM 990 FOR GRINNELL HEALTH ALLIANCE, INC

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
GRINNELL REGIONAL MEDICAL CENTER

Employer identification number
42-0933383

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) GRINNELL REGIONAL MEDICAL CENTER FOUNDATION 210 FOURTH AVENUE GRINNELL, IA 50112 42-1454737	SUPPORT FOR GRINNELL REGIONAL MEDICAL CENTER	IA	501(C)(3)	11	GRINNELL REGIONAL MEDICAL CENTER	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) Dispropportionate 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	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) HEALTH ADVANTAGE PLUS INC 1020 MAIN STREET GRINNELL, IA 50112 42-1436490	PT & RHC SERVICES	IA	GRINNELL REGIONAL MEDICAL CENTER	C	781,235	26,283	100 000 %	Yes	
(2) GRINNELL HEALTH ALLIANCE INC 210 FOURTH AVENUE GRINNELL, IA 50112 27-3133505	PHYSICIAN CLINIC SERVICES	IA	N/A	C				Yes	

Part V

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

Yes

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

No

1n

Yes

1o

Yes

1p

No

1q

Yes

1r

No

1s

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) GRINNELL REGIONAL MEDICAL CENTER FOUNDATION	B	12,011	FAIR MARKET VALUE

Schedule R (Form 990) 2012

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

[illegible]

Software ID:
Software Version:
EIN: 42-0933383
Name: GRINNELL REGIONAL MEDICAL CENTER

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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**Grinnell Regional Medical Center
and Affiliates**
Grinnell, Iowa

**Consolidated Financial Statements
and Supplementary Information
December 31, 2012 and 2011**

Together with Independent Auditor's Report

Grinnell Regional Medical Center and Affiliates

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 – 2
Consolidated Financial Statements	
Consolidated Balance Sheets December 31, 2012 and 2011	3
Consolidated Statements of Operations For the Years Ended December 31, 2012 and 2011	4
Consolidated Statements of Changes in Net Assets For the Years Ended December 31, 2012 and 2011	5
Consolidated Statements of Cash Flows For the Years Ended December 31, 2012 and 2011	6
Notes to Consolidated Financial Statements December 31, 2012 and 2011	7 – 21
Exhibit 1 - Financial and Statistical Highlights December 31, 2012 and 2011	22

Independent Auditor's Report

To the Board of Directors of
Grinnell Regional Medical Center and Affiliates
Grinnell, Iowa

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Grinnell Regional Medical Center and Affiliates (Medical Center), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center as of December 31, 2012 and 2011, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Medical Center will continue as a going concern. As discussed in Note 15 to the consolidated financial statements, the Medical Center experienced historical losses from operations, and as discussed in Note 7, an event of default occurred on the Medical Center's Letter of Credit and Reimbursement Agreement (LOC Agreement) with US Bank, N.A. As a result of the default, the Medical Center and US Bank, N.A. entered into a forbearance agreement that expires September 30, 2013. The LOC Agreement is set to expire on December 1, 2013, therefore, the obligations

associated with the LOC Agreement have been classified as current liabilities. These events raise substantial doubt about the Medical Center's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 15. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information in Exhibit 1 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Spim Johnson, LLP

Omaha, Nebraska,
March 29, 2013

Grinnell Regional Medical Center and Affiliates

Consolidated Balance Sheets December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,174,493	2,765,733
Assets limited as to use, required for current obligations	32,600	37,100
Receivables -		
Patient, net of estimated uncollectibles of \$1,775,620 in 2012 and \$2,028,843 in 2011	4,998,388	5,998,937
Other	258,445	522,814
Inventories	1,339,039	1,387,069
Prepaid expenses	1,233,580	785,755
Total current assets	13,036,545	11,497,408
Assets limited as to use, net of amounts required for current obligations	3,779,713	3,208,413
Property and equipment, net	17,484,276	18,296,845
Other assets, net	346,723	316,489
Total assets	<u>\$ 34,647,257</u>	<u>33,319,155</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current obligations of annuity payment liability	\$ 32,600	37,100
Current maturities of long-term debt	5,954,726	7,101,481
Notes payable	2,000	2,000
Accounts payable	1,046,218	1,234,151
Accrued salaries, vacation and benefits	2,329,429	2,200,907
Other accrued liabilities	645,079	638,169
Estimated third-party payor settlements	1,464,598	663,530
Total current liabilities	11,474,650	11,877,338
Annuity payment liability, net of current obligations	301,296	316,904
Long-term debt, net of current maturities	480,188	905,354
Total liabilities	12,256,134	13,099,596
Net assets		
Unrestricted	20,671,220	18,721,295
Temporarily restricted	1,360,194	1,191,665
Permanently restricted	359,709	306,599
Total net assets	22,391,123	20,219,559
Total liabilities and net assets	<u>\$ 34,647,257</u>	<u>33,319,155</u>

See notes to consolidated financial statements

Grinnell Regional Medical Center and Affiliates

Consolidated Statements of Operations For the Years Ended December 31, 2012 and 2011

	2012	2011
OPERATING REVENUE		
Net patient service revenue	\$ 41,723,957	39,027,007
Provision for bad debts	(1,540,936)	(1,798,567)
Net patient service revenue less provision for bad debts	40,183,021	37,228,440
Other operating revenue	2,820,465	1,575,984
Total operating revenue	43,003,486	38,804,424
EXPENSES		
Salaries and wages	20,715,300	19,242,164
Employee benefits	5,238,518	5,985,742
Professional fees and purchased services	862,611	714,666
Repairs and maintenance	828,497	801,793
Supplies and other	11,730,521	11,985,472
Other financing costs	216,888	533,404
Interest	145,397	151,919
Depreciation and amortization	2,489,708	2,816,482
Total expenses	42,227,440	42,231,642
OPERATING INCOME (LOSS)	776,046	(3,427,218)
NONOPERATING GAINS (LOSSES)		
Investment income (loss)	86,583	(7,937)
Contributions	209,009	325,831
Loss on investment in Deer Creek Health Center, LLC	--	(12,198)
Change in carrying value of interest rate swap agreement	--	254,581
Nonoperating gains, net	295,592	560,277
EXCESS OF REVENUE OVER (UNDER) EXPENSES	1,071,638	(2,866,941)
CHANGE IN VALUE OF SPLIT INTEREST AGREEMENTS	--	72,405
CHANGE IN NET UNREALIZED GAINS (LOSSES) ON OTHER THAN TRADING SECURITIES	124,458	(61,297)
NET ASSETS RELEASED FROM RESTRICTIONS FOR PURCHASE OF PROPERTY AND EQUIPMENT	753,829	380,772
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$ 1,949,925	(2,475,061)

See notes to consolidated financial statements

Grinnell Regional Medical Center and Affiliates

Consolidated Statements of Changes in Net Assets For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
UNRESTRICTED NET ASSETS		
Operating income (loss)	\$ 776,046	(3,427,218)
Nonoperating gains, net	295,592	560,277
Change in value of split interest agreements	--	72,405
Change in unrealized gains (losses) on other than trading securities	124,458	(61,297)
Net assets released from restrictions for purchase of property and equipment	<u>753,829</u>	<u>380,772</u>
Increase (decrease) in unrestricted net assets	<u>1,949,925</u>	<u>(2,475,061)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Gifts, grants and bequests	921,147	513,932
Net assets released from restrictions	(753,829)	(380,772)
Investment income	<u>1,211</u>	<u>1,331</u>
Increase in temporarily restricted net assets	<u>168,529</u>	<u>134,491</u>
PERMANENTLY RESTRICTED NET ASSETS		
Gifts, grants and bequests	52,927	--
Investment income	<u>183</u>	<u>266</u>
Increase in permanently restricted net assets	<u>53,110</u>	<u>266</u>
INCREASE (DECREASE) IN NET ASSETS	2,171,564	(2,340,304)
NET ASSETS, beginning of year	<u>20,219,559</u>	<u>22,559,863</u>
NET ASSETS, end of year	<u><u>\$ 22,391,123</u></u>	<u><u>20,219,559</u></u>

See notes to consolidated financial statements

Grinnell Regional Medical Center and Affiliates

Consolidated Statements of Cash Flows For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,171,564	(2,340,304)
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Restricted gifts, grants and bequests	(974,074)	(513,932)
Depreciation and amortization	2,489,708	2,816,482
Change in value of split interest agreements	--	(72,405)
Change in carrying value of interest rate swap agreement	--	(254,581)
Loss on disposal of property and equipment	178,292	346,615
Loss on investment in DCHC, LLC	--	12,198
Change in net unrealized (gains) losses on other than trading securities	(124,458)	61,297
Restricted investment income	(1,394)	(1,597)
(Increase) decrease in current assets -		
Accounts receivable -		
Patient, net	1,000,549	(334,228)
Other	264,369	(172,260)
Inventories	48,030	(66,316)
Prepaid expenses	(447,825)	199,677
Estimated third-party payor settlements	--	677,000
Increase (decrease) in current liabilities -		
Accounts payable	(187,933)	180,495
Accrued salaries, vacation and benefits	128,522	(39,696)
Other accrued liabilities	6,910	91,150
Estimated third-party payor settlements	801,068	663,530
Net cash provided by operating activities	<u>5,353,328</u>	<u>1,253,125</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment, net	(1,843,643)	(855,703)
Withdrawals from (deposits to) assets limited as to use, net	(472,970)	231,287
Investment in Health Enterprises	(10,000)	--
Investment in Deer Creek Health Center LLC, net	--	31,350
Net cash used in investing activities	<u>(2,326,613)</u>	<u>(593,066)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on annuity payment obligations	(20,108)	(16,394)
Payments on long-term debt	(1,571,921)	(1,296,594)
Restricted gifts, grants and bequests	974,074	513,932
Net cash used in financing activities	<u>(617,955)</u>	<u>(799,056)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,408,760	(138,997)
CASH AND CASH EQUIVALENTS - Beginning of year	2,765,733	2,904,730
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 5,174,493</u>	<u>2,765,733</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 145,741	177,747
Capital lease obligations incurred for new equipment	--	1,104,500

See notes to consolidated financial statements

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

(1) Organization and Summary of Significant Accounting Policies

The following is a summary of the organization and significant accounting policies of the Grinnell Regional Medical Center and Affiliates (Medical Center). These policies are in accordance with accounting principles generally accepted in the United States of America.

A Organization

The Medical Center is located in Grinnell, Iowa, and is a not-for-profit corporation chartered under the laws of the State of Iowa and is exempt from income tax under Section 501(a) of the Internal Revenue Code. The Medical Center is an acute care hospital which provides inpatient, outpatient, emergency care and physician clinic services for residents of the Grinnell, Iowa area. The Medical Center was incorporated in Iowa in 1967 and is governed by a fourteen member Board of Directors appointed for three year terms. The Medical Center is the sole corporate member of the Grinnell Regional Medical Center Foundation and Grinnell Health Alliance, Inc., and has the ability to appoint or remove the Board of Directors of these organizations. The Medical Center is the sole owner of Health Advantage Plus, Inc. The accompanying consolidated financial statements include the accounts of these organizations. All material related party balances and transactions have been eliminated in the consolidated financial statements.

Grinnell Regional Medical Center Foundation (Foundation) is a not-for-profit organization established to provide financial support to the Medical Center.

Grinnell Health Alliance, Inc. (GHA) is a not-for-profit organization established to support the activities of certain physician clinic services. GHA's application for tax exempt status has not yet been filed.

Health Advantage Plus, Inc. (HAP) is a wholly-owned taxable corporation of the Medical Center, the activities of which include the operation of Deer Creek Health Center and physician billing services.

B Industry Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursements for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Medical Center is in compliance with government laws and regulations as they apply to the areas of fraud and abuse. While no regulatory inquiries have been made which are expected to have a material effect on the Medical Center's consolidated financial statements, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

As a result of recently enacted federal healthcare reform legislation, substantial changes are anticipated in the United States healthcare system. Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement of healthcare providers and the legal obligations of health insurers, providers and employers. These provisions are currently slated to take effect at specified times over approximately the next decade.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

C Use of Estimates

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

D Cash and Cash Equivalents

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

E Patient Receivables, Net

The Medical Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectibility of accounts receivable, the Medical Center analyzes its past history and identifies trends to estimate the appropriate allowance for doubtful accounts and provision for bad debts. For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts. The Medical Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Payment for services is expected within thirty days of receipt of the billing. Accounts considered past due are sent to collection agencies when internal collection efforts have been unsuccessful. Any amounts deemed uncollectible are written off on a monthly basis. The Medical Center does not charge interest on outstanding balances owed.

The Medical Center also maintains a charity care policy as described in Note 1(N).

F Inventories

Inventories are stated at the lower of cost (first-in, first-out valuation method) or market. Market value is determined by comparison with recent purchased or realizable value.

G Investments

Investments in debt or equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenue over (under) expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenue over (under) expenses, unless the investments are trading securities.

H Assets Limited as to Use

Assets limited as to use include assets restricted by donors for endowment or specific purposes, assets held for annuity payment obligations, and assets set aside by the Board of Directors for future capital improvements and debt service, over which the Board retains control and may, at its discretion, subsequently use for other purposes. Amounts required for obligations classified as current liabilities are reported in current assets.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

I Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method based upon useful lives set forth using general guidelines from the American Hospital Association Guide for Estimated Useful Lives of Depreciable Hospital Assets. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements.

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

The Medical Center's long lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of expected cash flows is less than the carrying amount of the asset, a loss is recognized.

J Other Assets, Net

Other assets at December 31, 2012 and 2011 consist of the following:

	<u>2012</u>	<u>2011</u>
Notes receivable	\$ 201,176	169,154
Bond issuance costs, net	73,747	85,535
Investment in Health Enterprises	69,200	59,200
Investment in Rural Health Alliance, LLC	<u>2,600</u>	<u>2,600</u>
	<u>\$ 346,723</u>	<u>316,489</u>

Bond issuance costs are amortized on a straight-line basis over the period of their respective bond issuance. Amortization expense amounted to \$11,788 for the years ending December 31, 2012 and 2011, respectively.

K Annuity Payment Liability

The Foundation has received several charitable gift annuities for which the Foundation is required to make specified payments in accordance with gift annuity agreements. The Foundation recognizes the agreements in the period in which the contract is executed. Assets received are recorded at fair value and an annuity payment liability is recognized at the present value of future cash flows expected to be paid. The present value of the estimated future payments is calculated using discount rates of 4.0% to 7.8%. The difference between the fair value of the assets received and the liabilities to the donors are recorded in the consolidated statements of operations as unrestricted contributions, as the donors have not placed any restrictions on the assets transferred. Adjustments to the annuity liability to reflect changes in the discount rate for life expectancy are recognized as changes in the value of split-interest agreements.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

L Temporarily and Permanently Restricted Net Assets

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

M Net Patient Service Revenue

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

N Charity Care

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

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

O Donor-Restricted Gifts

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

P Group Health Insurance Costs

The Medical Center is self-insured under its employee group health program, up to certain limits. Included in the accompanying consolidated statements of operations is a provision for premiums for excess coverage and payments for claims, including estimates of the ultimate costs for both reported claims and claims incurred but not yet reported at year end.

Q Income Taxes

The Medical Center and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code. The Medical Center and Foundation have received a determination letter that they are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. GHA is a not-for-profit corporation, however its application for tax exempt status has not yet been filed. The Internal Revenue Service has established standards to be met to maintain tax exempt status. In general, such standards require the Medical Center, Foundation and GHA to meet a community benefit standard and comply with various laws and regulations.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

HAP is a for-profit corporation subject to federal and state income taxes. HAP did not recognize any federal and state income tax expense in 2012 due to operating losses incurred during the year.

The Medical Center, Foundation and GHA account for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC Topic 740, *Income Taxes*. The effect of income tax positions are recognized only if those positions are more likely than not of being sustained. At December 31, 2012 and 2011, there were no uncertain tax positions accrued. With few exceptions, the Medical Center, Foundation and GHA are no longer subject to income tax examinations for years ended prior to December 31, 2009.

R Fair Value of Financial Statements

The Medical Center applies the provisions included in FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the consolidated financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At December 31, 2012 and 2011, there were no nonfinancial assets or liabilities measured at fair value in the consolidated financial statements on the nonrecurring basis.

Financial instruments consist of cash and cash equivalents, receivables, assets limited as to use, current liabilities and long-term debt obligations. Management's estimates of fair value of assets limited as to use are described in Note 5. The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, receivables and current liabilities approximate fair value due to the short-term nature of these financial instruments. The carrying value of long-term debt obligations approximates fair value since the interest rates closely reflect current market rates for notes with similar maturities and credit quality.

S Excess of Revenue Over (Under) Expenses

The statements of operations include excess of revenue over (under) expenses as a performance indicator. Changes in unrestricted net assets which are excluded from the performance indicator, consistent with industry practice, include change in value of split interest agreements, change in unrealized gains and losses on other than trading securities, and contributions of long lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets).

T Recent Accounting Guidance

In July 2011, the FASB issued ASU No. 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* (a consensus of the FASB Emerging Issues Task Force). The amendments in this update require certain healthcare entities to change the presentation to their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, those healthcare entities are required to provide enhanced disclosure about their policies for recognizing revenue and assessing bad debts. The amendments also require disclosures of patient service revenue (net of contractual allowances and discounts), as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The amendments in this ASU are effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011, with early adoption permitted. The Medical Center has implemented this ASU and is reflected in the statements of operations and Notes 1 and 2. The adoption of ASU 2011-07 had no impact on the Medical Center's consolidated balance sheets or results of operations or cash flows.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

U Subsequent Events

The Medical Center considered events occurring through March 29, 2013 for recognition or disclosure in the consolidated financial statements as subsequent events. That date is the date the consolidated financial statements were available to be issued.

V Reclassification

Certain amounts in the 2011 consolidated financial statements have been reclassified to conform to the 2012 reporting format.

(2) Net Patient Service Revenue

The Medical Center recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. See summary of payment arrangements below. For uninsured patients that do not qualify for charity care, the Medical Center recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Medical Center's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Medical Center 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 during the year from these major payer sources, is as follows:

December 31, 2012						
	Medicare	Medicaid	BCBS	Other Commercial	Private Pay	Total
Gross patient charges	\$ 30,140,590	6,777,786	20,647,884	15,832,178	4,258,322	77,656,760
Less contractual allowances and discounts	17,233,891	3,621,747	8,155,292	6,381,511	540,362	35,932,803
Net patient service revenue	\$ 12,906,699	3,156,039	12,492,592	9,450,667	3,717,960	41,723,957

December 31, 2011						
	Medicare	Medicaid	BCBS	Other Commercial	Private Pay	Total
Gross patient charges	\$ 29,106,088	7,224,715	21,048,898	12,279,362	3,836,735	73,495,798
Less contractual allowances and discounts	17,646,337	3,369,783	7,885,664	5,018,298	548,709	34,468,791
Net patient service revenue	\$ 11,459,751	3,854,932	13,163,234	7,261,064	3,288,026	39,027,007

A summary of the payment arrangements with major third-party payers are as follows:

Medicare. Effective January 1, 2012, the Medical Center is reimbursed for inpatient acute care and swing-bed services rendered to Medicare program beneficiaries based on Medicare defined costs of providing the services pursuant to the terms of the Rural Community Hospital Demonstration Program. Prior to January 1, 2012, inpatient acute care and swing-bed services rendered to Medicare program beneficiaries are paid at prospectively determined rates per patient classification. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Medical Center's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Medical Center is reimbursed for some items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare Administrative Contractor. The Medical Center's Medicare cost reports have been audited by the Medicare Administrative Contractor through December 31, 2009.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

Medicaid. Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services are reimbursed based on a percentage rate representing the average ratio of cost to charges.

Blue Cross Blue Shield (BCBS) and Other Commercial Insurance. The Medical Center has also entered into payment agreements with certain commercial insurance carriers. The basis for payment to the Medical Center under these agreements includes discounts from established charges.

Net patient service revenue, as reflected in the accompanying consolidated statement of operations, consists of the following:

	<u>2012</u>	<u>2011</u>
Gross patient charges		
Inpatient services	\$ 21,038,653	21,707,046
Outpatient services	45,478,871	42,034,460
Physician clinic services	8,281,238	7,097,551
Home health and hospice services	2,857,998	2,656,741
	<u>77,656,760</u>	<u>73,495,798</u>
Less deductions from gross patient charges		
Medicare	17,233,891	17,646,337
Medicaid	3,621,747	3,369,783
Blue Cross/Blue Shield	8,155,292	7,885,664
Other third-party adjustments	6,381,511	5,018,298
Charity care	540,362	548,709
	<u>35,932,803</u>	<u>34,468,791</u>
Net patient service revenue	<u>\$ 41,723,957</u>	<u>39,027,007</u>

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

Net patient service revenue from the Medicare and Medicaid programs accounted for approximately 31% and 8%, respectively, of the Medical Center's net patient service revenue for the year ended December 31, 2012, and 29% and 10%, respectively, for the Medical Center's net patient service revenue for the year ended December 31, 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

(3) Charity Care

The Medical Center provides charity care to patients who are financially unable to pay for the health care services they receive. Patients who qualify for charity care are given a percentage discount from established charges based on a sliding scale using poverty guidelines. It is the policy of the Medical Center not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Medical Center does not report these amounts in operating revenue or in the allowance for doubtful accounts. The Medical Center determines the costs associated with providing charity care by aggregating the direct and indirect costs, including salaries, benefits, supplies, and other operating expenses, based on the overall cost to charge ratio for the Medical Center. The costs of caring for charity care patients for the years ended December 31, 2012 and 2011 was approximately \$304,000 and \$326,000, respectively.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

(4) Assets Limited as to Use

The composition of assets limited as to use at December 31, 2012 and 2011 is as follows

	<u>2012</u>	<u>2011</u>
By Board for future capital improvements and debt service	\$ 1,682,183	1,459,117
By Donor	1,760,277	1,423,845
Under charitable gift annuity obligations	<u>369,853</u>	<u>362,551</u>
	3,812,313	3,245,513
Less amounts required to meet current obligations	<u>(32,600)</u>	<u>(37,100)</u>
Assets limited as to use, net of amounts required for current obligations	<u>\$ 3,779,713</u>	<u>3,208,413</u>

The Medical Center has outsourced the management of a majority of their investment portfolios to third-party investment managers. Third-party investment managers follow the Hospital's investment policies. The Medical Center has a policy to identify impairment losses. Impairment losses are included with nonoperating revenue, net, and a new cost basis is established for each security for which an impairment loss is recognized. There were no impairment losses recognized in 2012 or 2011.

Investment income (loss) for the years ending December 31, 2012 and 2011 is summarized as follows

	<u>2012</u>	<u>2011</u>
Investment income	\$ 7,754	29,916
Realized gain (loss) on sale of securities, net	80,223	(36,256)
Change in net unrealized gains (losses)	<u>124,458</u>	<u>(61,297)</u>
Total investment gain (loss)	<u>\$ 212,435</u>	<u>(67,637)</u>
Included in nonoperating gains, net	\$ 86,583	(7,937)
Reported separately as a change in unrestricted net assets	124,458	(61,297)
Reported separately as a change in temporarily restricted net assets	1,211	1,331
Reported separately as a change in permanently restricted net assets	<u>183</u>	<u>266</u>
Total investment gain (loss)	<u>\$ 212,435</u>	<u>(67,637)</u>

(5) Fair Value

Fair Value Hierarchy

The Medical Center applies FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

- Level 1** Inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date
- Level 2** Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly through either corroboration or observable market data
- Level 3** Inputs are unobservable for the asset or liability. Therefore, unobservable inputs shall reflect the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances

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

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

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

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

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

Corporate stocks – The fair value of corporate stocks are classified as Level 1 as the market value is based on quoted market prices, when available, or market prices provided by recognized broker dealers

For the fiscal years ended December 31, 2012 and 2011, the application of valuation techniques applied to similar assets and liabilities has been consistent

The following tables present the financial instruments that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2012 and 2011

		December 31, 2012			
		Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$	1,459,008	1,459,008	--	--
Certificates of deposit		227,401	--	227,401	--
Mutual funds -					
Domestic		997,123	997,123	--	--
International		611,001	611,001	--	--
Corporate stocks		517,780	517,780	--	--
	\$	<u>3,812,313</u>	<u>3,584,912</u>	<u>227,401</u>	<u>--</u>

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

		December 31, 2011			
		Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$	1,198,231	1,198,231	--	--
Certificates of deposit		225,120	--	225,120	--
Mutual funds -					
Domestic		1,509,221	1,509,221	--	--
International		312,941	312,941	--	--
	\$	<u>3,245,513</u>	<u>3,020,393</u>	<u>225,120</u>	<u>--</u>

(6) Property and Equipment

Property and equipment as of December 31, 2012 and 2011 is summarized as follows

	2012	2011
Land and improvements	\$ 2,312,860	2,357,616
Buildings and fixed equipment	34,170,268	35,148,175
Equipment and furnishings	15,251,286	15,183,089
Construction in progress	<u>411,308</u>	<u>581,086</u>
	52,145,722	53,269,966
Less - Accumulated depreciation	<u>34,661,446</u>	<u>34,973,121</u>
Total property and equipment, net	<u>\$ 17,484,276</u>	<u>18,296,845</u>

Depreciation expense of \$2,477,920 and \$2,804,694 in 2012 and 2011, respectively, is included in the accompanying consolidated statements of operations

(7) Long-Term Debt

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

	2012	2011
Hospital Revenue Refunding Bonds, Series 2001 (A)	\$ 5,380,000	6,240,000
Note payable, Deer Creek (B)	336,971	511,372
Capital lease obligations (C)	<u>717,943</u>	<u>1,255,463</u>
	6,434,914	8,006,835
Less current maturities	<u>5,954,726</u>	<u>7,101,481</u>
Total long-term debt	<u>\$ 480,188</u>	<u>905,354</u>

- (A) The Series 2001 Variable Rate Demand Hospital Revenue Refunding Bonds (Bonds) were issued in December, 2001 to refund the Series 1995A and 1995B Hospital Revenue Bonds, refund a portion of the Note Payable, Deer Creek, and to provide financing for construction and renovation of existing facilities. The Bonds call for a variable interest rate, not to exceed 12%, and principal payments due December 1 annually, with an original final maturity due December 1, 2021.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

The Bonds were issued by the City of Grinnell, Iowa (City) pursuant to an indenture of trust between the City and the Bankers Trust Company, N A (Trustee). The indenture spells out the responsibility of the Trustee with regard to the Bonds. The Bonds are variable rate demand obligations that are remarketed daily by the remarketing agent, Piper Jaffrey.

The Bonds are enhanced by a Letter of Credit and Reimbursement Agreement (LOC Agreement) issued by US Bank, N A. Under the terms of the LOC agreement, if the Bonds are tendered (whether after a voluntary or mandatory tender, or otherwise) and are not successfully remarketed, then a draw would take place on the letter of credit (purchase of tendered bonds). The Medical Center is obligated to reimburse US Bank, N A for all draws on the letter of credit under the terms of the LOC Agreement. At December 31, 2012 and 2011 all Bonds had been successfully remarketed. The reimbursement obligation under the LOC Agreement is secured by a mortgage and other collateral documents. Under this structure, US Bank, NA, as the letter of credit bank, serves as the ultimate creditor for the Bonds.

The LOC Agreement contains affirmative and negative covenants, requiring, among other things, certain periodic reporting, compliance items, financial covenants and restrictions on additional indebtedness. The LOC Agreement contains affirmative covenants that require the Medical Center to maintain a minimum cash flow coverage ratio of not less than 1.25 to 1.00 and maintain funded debt to EBITDA of not more than 6.00 to 1.00, measured quarterly as of each fiscal quarter. In 2009 through 2011, the Medical Center was in default with the covenants of the LOC Agreement for failure to meet financial covenants. At December 31, 2012, the Medical Center was in compliance with the financial covenants.

Due to the events of default in prior years, US Bank, N A could, among other things, declare a mandatory default tender under the terms of the indenture which would result in a draw of the full amount of the letter of credit (and causing the corresponding obligations of the Medical Center to be immediately due and payable). Regardless of the existence or non-existence of an event of default, US Bank, N A is permitted, under terms described in the LOC Agreement (including notice to the Medical Center), to elect not to renew the letter of credit which currently expires on December 1, 2013.

As a result of the past events of default, the Medical Center and US Bank, N A entered into a forbearance agreement dated October 20, 2009, which has been extended in monthly or multi-monthly increments through September 30, 2013. The forbearance agreement caused the acceleration of the original redemption of the Bonds to quarterly principal payments with final maturity due April 1, 2018 and required additional covenants relative to minimum liquidity and application of Medicare volume adjustment payments and required the employment of a management consultant approved by US Bank, N A to make a written report evaluating the performance of the Medical Center and recommend corrective actions. The Bank will have full rights and remedies outlined in the LOC Agreement if the forbearance agreement is not extended. Due to the expiration of the letter of credit and the extension of the forbearance agreement ending prior to December 31, 2013, the Bonds have been classified as current liabilities.

- (B) The Note Payable, Deer Creek was entered into on November 11, 1999 for the construction of a physician clinic building located in Tama, Iowa. In December 2001, approximately \$880,000 of the note was refunded as part of the Series 2001 Hospital Revenue Refunding Bonds and the note was restated to extend the maturity of the note.

In accordance with the forbearance agreement discussed above, the note was amended to require monthly principal payments of \$11,117, and interest at a rate equal to 2% plus prime rate, extending the maturity date of the note to September 30, 2013.

- (C) The Medical Center has entered into various capital leases obligations for medical equipment. The lease obligations are at various rates of imputed interest, secured by leased assets with varying maturity dates through December 2014.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

Aggregate maturities of long-term debt are as follows

	<u>Long-Term Debt</u>	<u>Capital Lease Obligations</u>
2013	\$ 5,716,971	273,058
2014	--	273,058
2015	--	218,910
2016	--	18,245
	<u>\$ 5,716,971</u>	<u>783,271</u>
Less amount representing interest under capital lease obligations		<u>65,328</u>
		<u>\$ 717,943</u>

(8) Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Health Care Services		
Purchase of equipment	\$ 990,476	870,765
Hospice care	257,142	217,853
Life income gifts	112,576	103,047
	<u>\$ 1,360,194</u>	<u>1,191,665</u>

Permanently restricted net assets as of December 31, 2012 and 2011 are as follows

	<u>2012</u>	<u>2011</u>
Investments held in perpetuity, the income from which is expendable to support health care services	\$ 238,870	185,943
Investments held in perpetuity, the principal and interest to be used as a revolving fund for qualifying nursing students	120,839	120,656
	<u>\$ 359,709</u>	<u>306,599</u>

(9) Other Operating Revenue

Other operating revenue for the years ended December 31, 2012 and 2011 consisted of the following

	<u>2012</u>	<u>2011</u>
EHR incentive	\$ 1,195,469	--
Grant revenue	448,662	338,457
Contracted staff revenue	444,706	693,350
Rental income	251,951	329,449
Cafeteria	158,541	167,721
Grinnell Health Alliance	115,837	19,100
Loss on disposal/impairment of property and equipment	(178,292)	(346,616)
Other operating revenue	383,591	374,523
	<u>\$ 2,820,465</u>	<u>1,575,984</u>

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

Meaningful Use of Certified Electronic Health Record Technology Incentive Payments

The Health Information Technology for Economic and Clinical Health Act contains specific financial incentive payments beginning in 2011 to certain hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology in ways that demonstrate improved quality and effectiveness of care. Specific criteria is set by the Center for Medicare and Medicaid Services (CMS). Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. An initial Medicaid incentive payment is available to providers that adopt, implement, or upgrade certified EHR technology. However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology.

The Medical Center accounts for meaningful use incentive payments under the grant accounting model, cliff recognition. Medicare EHR incentive payments are recognized as revenue when eligible providers demonstrate meaningful use of certified EHR technology and data is available to estimate the incentive payments for each period (a 365 day period after the initial 90 day attestation period). Medicaid EHR incentive payments are recognized as revenue when an eligible provider demonstrates meaningful use of certified EHR technology for each period. For fiscal year 2012, the Medical Center recognized \$1,040,336 of Medicare meaningful use grant revenue and \$155,133 of Medicaid meaningful use grant revenue in other operating revenue in its consolidated statement of operations.

(10) Professional Liability Insurance

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

Accounting principles generally accepted in the United States of America require a healthcare provider to recognize the ultimate costs of malpractice claims or similar contingent liabilities, which include costs associated with litigating or settling claims, when the incidents that give rise to the claims occur. The Medical Center does evaluate all incidents and claims along with prior claims experienced to determine if a liability is to be recognized. For the years ending December 31, 2012 and 2011, management determined no liability should be recognized for asserted or unasserted claims. Management is not aware of any such claim that would have a material adverse impact on the accompanying consolidated financial statements.

(11) 403(b) Retirement Plan

The Medical Center has a defined contribution retirement plan which covers all employees who meet the eligibility requirements. To be eligible, an employee must have completed one year of service equal to 1,000 hours. The plan allows for contributions by employees as well as contributions by the Medical Center. The Medical Center may contribute additional amounts from time to time. In 2009, the Medical Center reduced its base contribution to 1% and the match was eliminated. In April 2010, the Medical Center suspended the 1% base contribution.

(12) Concentrations of Credit Risk

The Medical Center is located in Grinnell, Iowa. The Medical Center grants credits without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payers was as follows:

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

	2012	2011
Medicare	32%	27%
Medicaid	4	8
Blue Cross/Blue Shield	20	23
Other third-party payers	20	19
Private pay	24	23
	<u>100%</u>	<u>100%</u>

Financial instruments that potentially subject the Medical Center to concentrations of credit risk include cash and cash equivalents and investments. Investments and cash and cash equivalents are managed within guidelines established by the Board of Directors which, as a matter of policy, limit the amounts that may be invested with one issuer and the type of investment. Management believes the risks related to its investments and cash and cash equivalents is minimal.

(13) Functional Expenses

The Medical Center provides general healthcare services to residents within its geographic location. Expenses related to the provision of these services are as follows:

	2012	2011
Health care services	\$ 36,834,984	37,241,784
General and administrative	5,285,274	4,905,687
Fundraising	107,182	84,171
	<u>\$ 42,227,440</u>	<u>42,231,642</u>

(14) Commitments and Contingencies

Litigation

The Medical Center is involved in litigation arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without material adverse effect on the Medical Center's future financial position or results from operations.

(15) Substantial Doubt about Grinnell Regional Medical Center's Ability to Continue as a Going Concern

The operating results from prior years placed the Medical Center in an event of default with respect to the LOC Agreement with US Bank, N A, as described in Note 7. Due to the event of default, the Medical Center and US Bank, N A have entered into a forbearance agreement as described in Note 7, which has been extended in various increments through September 30, 2013. On the expiration date of the forbearance agreement, US Bank, N A will have full rights and remedies outlined in the LOC Agreement, including foreclosure, thus causing the recognition of the entire Series 2001 Variable Rate Demand Hospital Revenue Refunding Bonds and Note Payable, Deer Creek as current liabilities in the balance sheet. The Medical Center's cash cushion ratio at December 31, 2012 is approximately 1.1. This ratio measures the ability of current cash and near cash holdings to cover debt obligations. The expiration of the forbearance agreement in 2013 and the available cash cushion to cover the potential debt obligation has caused substantial doubt about the Medical Center's ability to continue as a going concern.

Grinnell Regional Medical Center and Affiliates

Notes to Consolidated Financial Statements December 31, 2012 and 2011

The Medical Center's Board of Directors (Board) took steps in 2012 to address the on-going financial issues of the Medical Center as required by the forbearance agreement. The Medical Center entered into an agreement with a management consultant, QHR Intensive Resources, who was approved by US Bank, N.A., to provide a written report evaluating the performance of the Medical Center and recommend corrective actions. During 2012, the Medical Center implemented many, if not all, of these recommendations and continues to improve the financial performance of the facility with these suggestions.

Along with the implementations of the recommendations, the Medical Center also received additional Medicare reimbursement related to Medicare EHR incentive payments, described in Note 9, and its participation in the Rural Community Hospital Demonstration Project effective January 1, 2012, as described in Note 2. As a result, the Medical Center experienced income from operations of approximately \$780,000, and an increase in net assets of approximately \$2,200,000 for the year ended December 31, 2012. During 2012, the Medical Center was in compliance with financial covenants discussed in Note 7. The Medical Center is pursuing refinancing of the Series 2001 Variable Rate Demand Hospital Revenue Refunding Bonds and Note Payable, Deer Creek in 2013.

(16) Subsequent Events

The "Budget Control Act of 2011" requires, among other things, mandatory across-the-board reductions in Federal spending, also known as sequestration. The "American Taxpayer Relief Act of 2012" postponed sequestration for two months. As required by law, President Obama issued a sequestration order on March 1, 2013. In general, Medicare claims with dates of service or dates of discharge on or after April 1, 2013, will incur a two percent reduction in Medicare payment.

Additionally, effective January 1, 2013, the Medical Center is no longer eligible for Medicare hold-harmless transitional outpatient payments (TOPS) due to the expiration of the provision. TOPS were established to provide relief to hospitals that would receive less in Medicare payments under the Outpatient Prospective Payment System (OPPS) methodology than they would have received under the prior payment system.

If Congress does not take action to address current budget uncertainty and the economic hardships imposed by sequestration, or extend the expired TOPS provision, the Medical Center estimates a reduction in Medicare revenue of approximately \$850,000 for 2013, for these two events.

Financial and Statistical Highlights
For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Patient days		
Adult and pediatric-		
Medicare	2,222	2,298
Other	<u>2,292</u>	<u>2,378</u>
	4,514	4,676
Swing bed - skilled	434	434
Newborn	<u>438</u>	<u>476</u>
Total	<u><u>5,386</u></u>	<u><u>5,586</u></u>
Patient discharges		
Adult and pediatric-		
Medicare	615	679
Other	<u>741</u>	<u>750</u>
	1,356	1,429
Swing bed - skilled	82	87
Newborn	<u>167</u>	<u>179</u>
Total	<u><u>1,605</u></u>	<u><u>1,695</u></u>
Average length of stay		
Adult and pediatric-		
Medicare	3 61	3 39
Other	3 09	3 17
Swing bed - skilled	5 29	4 99
Newborn	2 62	2 66
Surgical procedures	3,090	3,531
Emergency room visits	10,628	10,555
Home Health visits	12,904	13,135
Rural Health Clinic visits	11,413	7,118
Hospice visits	6,513	5,091
Number of employees - full-time equivalents	364 61	354 78