



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Form 990  Department of the Treasury Internal Revenue Service	<h1>Return of Organization Exempt From Income Tax</h1> <p>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</p> <p>▶ The organization may have to use a copy of this return to satisfy state reporting requirements</p>	OMB No 1545-0047 <div>2012</div> <p>Open to Public Inspection</p>

A For the 2012 calendar year, or tax year beginning 04-01-2012 , 2012, and ending 03-31-2013

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization MARY FREE BED HOSPITAL & REHABILITATION CENTER		D Employer identification number 38-1359265	
	Doing Business As MARY FREE BED REHABILITATION HOSPITAL			
	Number and street (or P O box if mail is not delivered to street address) 235 WEALTHY ST SE	Room/suite	E Telephone number (616) 242-0300	
	City or town, state or country, and ZIP + 4 GRAND RAPIDS, MI 495035247		G Gross receipts \$ 69,867,121	
	F Name and address of principal officer RANDALL L DENEFF 235 WEALTHY ST SE GRAND RAPIDS, MI 495035247		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		J Website: ▶ WWW.MARYFREEBED.COM		

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities HELPING PEOPLE WITH DISABILITIES ACHIEVE INDEPENDENCE THROUGH REHABILITATION SERVICES EDUCATING THE COMMUNITY ON DISABLING DISEASES AND INJURY PREVENTION CARRYING OUT MEDICAL AND SCIENTIFIC RESEARCH TO IMPROVE THE CARE AND OUTCOMES FOR PEOPLE WITH DISABILITIES		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	24
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	22
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	994
	6 Total number of volunteers (estimate if necessary)	6	158
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
7b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year 1,411,165	Current Year 1,088,938
	9 Program service revenue (Part VIII, line 2g)	51,665,206	61,343,567
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,787,108	1,750,947
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	547,680	573,900
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	55,411,159	64,757,352
	Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,040,000
14 Benefits paid to or for members (Part IX, column (A), line 4)		0	0
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		36,425,393	43,172,569
16a Professional fundraising fees (Part IX, column (A), line 11e)		0	0
16b Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 0			
17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		13,196,991	15,844,020
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		50,662,384	59,061,589
19 Revenue less expenses Subtract line 18 from line 12		4,748,775	5,695,763
Net Assets or Fund Balances		Beginning of Current Year	
	20 Total assets (Part X, line 16)	73,913,775	93,521,765
	21 Total liabilities (Part X, line 26)	9,436,790	21,576,250
	22 Net assets or fund balances Subtract line 21 from line 20	64,476,985	71,945,515

Part II Signature Block

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

Sign Here	***** Signature of officer			2014-02-17 Date	
	RANDALL L DENEFF VICE PRESIDENT - FINANCE Type or print name and title				
Paid Preparer Use Only	Prnt/Type preparer's name CAROL LALONDE CPA		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed			PTIN P00181637	
	Firm's name ▶ PLANTE & MORAN PLLC			Firm's EIN ▶ 38-1357951	
	Firm's address ▶ 750 TRADE CENTRE WAY STE 300 PORTAGE, MI 49002			Phone no (269) 567-4500	

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

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

RESTORING HOPE AND FREEDOM THROUGH REHABILITATION

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes

No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes

No

If "Yes," describe these changes on Schedule O

4

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 10,300,667 including grants of \$) (Revenue \$ 19,205,866)

PROVIDE THERAPY AND OTHER MEDICAL SERVICES FOR 22,381 PATIENT DAYS

4b

(Code) (Expenses \$ 11,901,812 including grants of \$) (Revenue \$ 13,608,734)

PROVIDE OUTPATIENT REHABILITATION AND CLINIC SERVICES FOR APPROXIMATELY 67,098 PATIENT VISITS

4c

(Code) (Expenses \$ 9,318,076 including grants of \$) (Revenue \$ 16,833,098)

PROVIDE NURSING SERVICES AND INFECTION CONTROL FOR 22,381 PATIENT DAYS

(Code) (Expenses \$ 18,289,301 including grants of \$ 45,000) (Revenue \$ 11,695,869)

REHABILITATION STAFFING AND MANAGEMENT SERVICES, MEDICAL SERVICES REHABILITATION PROGRAM ADMINISTRATION, OFFICE EXPENSES FOR PROGRAM SERVICES, MEDICAL RECORDS, SUPPLIES, UTILITIES, MAINTENANCE, DEPRECIATION RELATED TO PROGRAM SERVICES AND ASSETS, PATIENT MEALS, INSURANCE, DRIVER REHABILITATION SERVICES, MOTION ANALYSIS/GAIT LAB SERVICES, BENEFIT COSTS AND PAYROLL TAXES ON PROGRAM SALARIES NOT SPECIFICALLY LISTED, OTHER PROGRAM SERVICES AND MEDICAL SERVICES NOT SPECIFICALLY LISTED, BAD DEBTS, TRAVEL/CONFERENCES

4d

Other program services (Describe in Schedule O)

(Expenses \$ 18,289,301 including grants of \$ 45,000) (Revenue \$ 11,695,869)





















4e

Total program service expenses

49,809,856

Form 990 (2012)

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	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e	No
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	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	39	
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	994	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8822?		No
d	If "Yes," indicate the number of Forms 8822 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	24	
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	22	
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	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b	
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 RANDALL DENEFF 235 WEALTHY ST SE GRAND RAPIDS, MI (616) 242-0403

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

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

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	1,799,482	0	177,086

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 17

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MERCY HEALTH ST MARY'S HEALTHCARE 200 JEFFERSON SE GRAND RAPIDS MI 49503	LAB/PHARMACY SERVICES	3,236,237
URS CORPORATION 600 MONTGOMERY ST 6TH FLOOR SAN FRANCISCO CA 94111	CONSTRUCTION MANAGEMENT	1,354,237
CERNER CORPORATION 2800 ROCK CREEK PARKWAY KANSAS CITY MO 64117	SOFTWARE	1,297,406
CDW GOVERNMENT INC 200 N MILWAUKEE AVE VERNON HILLS IL 60061	COMPUTER EQUIPMENT	569,243
MEDTRONIC USA 4020 E BELTLINE STE 201 MINNEAPOLIS MN 55432	MEDICAL SUPPLIES	406,971

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►10

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					
	d	Related organizations	1d	249,257				
	e	Government grants (contributions)	1e	198,888				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	640,793				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f			1,088,938			
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code					
			621400	52,093,078	52,093,078			
	b	CONTRACT SERVICE REVENUE	621400	8,808,737	8,808,737			
	c	PROGRAM EXPENSE REIMBURSEMENT	621400	441,752	441,752			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			61,343,567			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		1,337,538			1,337,538	
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
		502,450						
	b	Less rental expenses	0					
	c	Rental income or (loss)	502,450					
	d	Net rental income or (loss)			502,450			502,450
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		5,523,178						
	b	Less cost or other basis and sales expenses	5,106,811	2,958				
	c	Gain or (loss)	416,367	-2,958				
	d	Net gain or (loss)			413,409			413,409
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18						
		a						
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events						
	9a	Gross income from gaming activities See Part IV, line 19						
		a						
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities						
	10a	Gross sales of inventory, less returns and allowances						
	a							
b	Less cost of goods sold	b						
c	Net income or (loss) from sales of inventory							
	Miscellaneous Revenue		Business Code					
11a	DONATION PROCESSING SUPPORT	541900		36,686			36,686	
b	COMPUTER/SYSTEM SUPPORT	541519		34,764			34,764	
c								
d	All other revenue							
e	Total. Add lines 11a-11d			71,450				
12	Total revenue. See Instructions			64,757,352	61,343,567	0	2,324,847	

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.	45,000	45,000		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,089,531		1,089,531	
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.	33,710,446	29,867,701	3,842,745	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,411,553	1,274,632	136,921	
9	Other employee benefits.	4,250,166	3,697,313	552,853	
10	Payroll taxes.	2,710,873	2,358,460	352,413	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	211,395	25,021	186,374	
c	Accounting.	40,851		40,851	
d	Lobbying.	8,290		8,290	
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).	57,681	57,681		
12	Advertising and promotion.				
13	Office expenses.	774,950	623,218	151,732	
14	Information technology.	1,271,678		1,271,678	
15	Royalties.				
16	Occupancy.				
17	Travel.	107,813	85,621	22,192	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	210,542	173,365	37,177	
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	1,932,337	1,681,133	251,204	
23	Insurance.	220,234	191,604	28,630	
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	PURCH - LAB & PHARMACY	5,502,000	4,721,202	780,798	
b	QAAP	1,609,972	1,609,972		
c	SUPPLIES	1,421,942	1,309,602	112,340	
d	UTILITIES	630,280	524,993	105,287	
e	All other expenses	1,844,055	1,563,338	280,717	
25	Total functional expenses. Add lines 1 through 24e.	59,061,589	49,809,856	9,251,733	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 <input type="checkbox"/> 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		500	1	500
	2	Savings and temporary cash investments		5,055,028	2	4,119,608
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		7,528,986	4	9,445,978
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		122,690	8	162,477
	9	Prepaid expenses and deferred charges		462,121	9	712,585
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a32,892,895			
	b	Less accumulated depreciation	10b20,800,267	9,729,907	10c	12,092,628
	11	Investments—publicly traded securities		47,138,242	11	46,233,680
	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		3,876,301	15	20,754,309
	16	Total assets. Add lines 1 through 15 (must equal line 34)		73,913,775	16	93,521,765
Liabilities	17	Accounts payable and accrued expenses		9,436,790	17	9,262,358
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	12,313,892
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	Total liabilities. Add lines 17 through 25		9,436,790	26	21,576,250
Net Assets or Fund Balances		Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets		63,364,453	27	70,621,445
	28	Temporarily restricted net assets		1,112,532	28	1,324,070
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		64,476,985	33	71,945,515
	34	Total liabilities and net assets/fund balances		73,913,775	34	93,521,765

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	64,757,352
2	Total expenses (must equal Part IX, column (A), line 25)	2	59,061,589
3	Revenue less expenses Subtract line 2 from line 1	3	5,695,763
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	64,476,985
5	Net unrealized gains (losses) on investments	5	1,922,940
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	-150,173
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	71,945,515

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? 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 <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		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 <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	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	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?		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		

Additional Data

Software ID:

Software Version:

EIN: 38-1359265

Name: MARY FREE BED HOSPITAL & REHABILITATION CENTER

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JOHN F BUTZER MD MEDICAL DIRECTOR	50 00 2 00	X		X				409,572	0	25,021
KENT RIDDLE PRESIDENT	50 00 2 00	X		X				404,508	0	24,207
JULIE RIDENOUR DIRECTOR	1 00 2 00	X						0	0	0
MARIANNE DELAVAN DIRECTOR	1 00 0 00	X						0	0	0
MOLLY KRAUSS VICE CHAIRMAN	1 00 0 00	X		X				0	0	0
DAVID MUIR CHAIRMAN	1 00 0 00	X		X				0	0	0
ELLEN NELSON DIRECTOR	1 00 0 00	X						0	0	0
JUDY PALMER DIRECTOR - THROUGH 8/12	1 00 0 00	X						0	0	0
LINDA PATTERSON DIRECTOR	1 00 0 00	X						0	0	0
SUSAN STEKETEE DIRECTOR	1 00 0 00	X						0	0	0
DAN VAUGHAN DIRECTOR	1 00 0 00	X						0	0	0
SHELLY MISHLER DIRECTOR	1 00 2 00	X						0	0	0
KIM RIDINGS SECRETARY	1 00 1 00	X		X				0	0	0
NANCY ALBERS DIRECTOR	1 00 0 00	X						0	0	0
STEPHEN BLOOM DO DIRECTOR - THROUGH 8/12	1 00 0 00	X						0	0	0
SUSAN BLOSS DIRECTOR	1 00 0 00	X						0	0	0
CHAD BUSH TREASURER	1 00 0 00	X		X				0	0	0
JOAN KULLGREN DIRECTOR	1 00 0 00	X						0	0	0
JAN LIPPERT DIRECTOR	1 00 1 00	X						0	0	0
JENNIFER TAYLOR DIRECTOR	1 00 0 00	X						0	0	0
GREG CONWAY DIRECTOR	1 00 0 00	X						0	0	0
JAMES MOYER DIRECTOR	1 00 0 00	X						0	0	0
TERRENCE O'ROURKE DIRECTOR	1 00 0 00	X						0	0	0
MIKE WILLIAMS DIRECTOR	1 00 0 00	X						0	0	0
VICKIE DODGE ASSISTANT TREASURER	1 00 1 00	X		X				0	0	0

Form 990, Part VII - Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MIKE JAKUBOWSKI MD DIRECTOR	1 00 0 00	X						0	0	0
RANDALL DENEFF VP OF FINANCE	45 00 1 00			X				196,888	0	29,335
JEFF GARBER VP OF STRATEGIC INITIATIVES	45 00 0 00					X		209,255	0	12,742
BRUCE BRASSER VP OF CLINICAL OPERATIONS	45 00 2 00					X		165,404	0	26,532
KEVIN ARNOLD CEO OF SOUTHWEST REHAB	45 00 0 00					X		145,561	0	25,342
WILLIAM SONDAY DIRECTOR OF INPATIENT PROGRAMS	50 00 0 00					X		134,870	0	9,210
JACOBUS DONDRS CHIEF PSYCHOLOGIST	45 00 0 00					X		133,424	0	24,697

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization MARY FREE BED HOSPITAL & REHABILITATION CENTER	Employer identification number 38-1359265
--	--

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 MARY FREE BED HOSPITAL & REHABILITATION CENTER	Employer identification number 38-1359265
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes	<input type="checkbox"/> 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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		8,290
j	Total. Add lines 1c through 1i.			8,290
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	PORTION OF MEMBERSHIP FEES IDENTIFIED BY THE AMERICAN HOSPITAL ASSOCIATION, MICHIGAN HEALTH & HOSPITAL ASSOCIATION, AND THE AMERICAN MEDICAL REHABILITATION PROVIDERS ASSOCIATION CONTACTS WITH STATE AND FEDERAL LEGISLATORS THROUGH E-MAIL

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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.

Name of the organization
MARY FREE BED HOSPITAL & REHABILITATION CENTER

Employer identification number
38-1359265

Part I

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or 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				
b	Contributions				
c	Net investment earnings, gains, and losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

- 2

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

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

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 | | 1,102,670 | | 1,102,670 |
| b Buildings | | 13,610,514 | 9,505,021 | 4,105,493 |
| c Leasehold improvements | | 426,673 | 356,996 | 69,677 |
| d Equipment | | 13,457,963 | 10,561,604 | 2,896,359 |
| e Other | | 4,295,075 | 376,646 | 3,918,429 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 12,092,628 |
- 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
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains on investments	2a		
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d			2e
3	Subtract line 2e from line 1			3
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
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
Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return				
1	Total expenses and losses per audited financial statements			1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d		
e	Add lines 2a through 2d			2e
3	Subtract line 2e from line 1			3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b		
c	Add lines 4a and 4b			4c
5	Total expenses Add lines 3 and 4c . (This must equal Form 990, Part I, line 18)			5

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE INTERNAL REVENUE SERVICE HAS RULED THAT THE HOSPITAL AND ITS SUBSIDIARIES ARE EXEMPT FORM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, AND ACCORDINGLY, NO TAX PROVISION IS REFLECTED IN THE FINANCIAL STATEMENTS. ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE HOSPITAL AND RECOGNIZE A TAX LIABILITY IF THE HOSPITAL HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE IRS OR OTHER APPLICABLE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE HOSPITAL AND HAS CONCLUDED THAT AS OF MARCH 31, 2013, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE FINANCIAL STATEMENTS. THE HOSPITAL IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. MANAGEMENT BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO MARCH 31, 2010.

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
MARY FREE BED HOSPITAL & REHABILITATION CENTER

Employer identification number
38-1359265

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 <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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 <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>14500 0000000000 %</u> 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 <input type="checkbox"/> 200% <input checked="" type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> 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	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b		No
b	If "Yes," did the organization make it available to the public?	5c		
	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)			772,908		772,908	1 310 %
b Medicaid (from Worksheet 3, column a)			11,619,514	7,853,435	3,766,079	6 390 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			12,847	1,063	11,784	0 020 %
d Total Financial Assistance and Means-Tested Government Programs			12,405,269	7,854,498	4,550,771	7 720 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			22,718		22,718	0 040 %
f Health professions education (from Worksheet 5)			57,592		57,592	0 100 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			39,851		39,851	0 070 %
j Total Other Benefits			120,161		120,161	0 210 %
k Total. Add lines 7d and 7j			12,525,430	7,854,498	4,670,932	7 930 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad 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

161,960

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

32,392

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

12,906,256

6

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

6

14,366,948

7

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

7

-1,460,692

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 IVManagement 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	MARY FREE BED HOSPITAL & REHABILITATION 235 WEALTHY ST SE GRAND RAPIDS, MI 495035247	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)

MARY FREE BED HOSPITAL & REHABILITATION

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 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
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 Yes	
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 Yes	
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 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input checked="" type="checkbox"/> 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 <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7 Yes	
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	No
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>145 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>250 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	Yes
a <input checked="" type="checkbox"/> Income level			
b <input type="checkbox"/> Asset level			
c <input checked="" type="checkbox"/> Medical indigency			
d <input type="checkbox"/> Insurance status			
e <input checked="" type="checkbox"/> Uninsured discount			
f <input type="checkbox"/> Medicaid/Medicare			
g <input type="checkbox"/> State regulation			
h <input checked="" type="checkbox"/> Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b <input type="checkbox"/> The policy was attached to billing invoices			
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f <input checked="" type="checkbox"/> The policy was available upon request			
g <input type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			
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 <input type="checkbox"/> Reporting to credit agency			
b <input type="checkbox"/> Lawsuits			
c <input type="checkbox"/> Liens on residences			
d <input type="checkbox"/> Body attachments			
e <input type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☐

Notified individuals of the financial assistance policy on admission
- b

☐

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

☐

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

☐

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	21	No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Part VI	22	No

Part V

Facility Information (continued)

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

How many non-hospital health care facilities did the organization operate during the tax year?
1

Name and address		Type of Facility (describe)
1	MARY FREE BED MEDICAL GROUP 235 WEALTHY ST SE GRAND RAPIDS, MI 49503	CLINIC
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 161960
		PART II TWO SISTER CORPORATIONS TO THE MARY FREE BED HOSPITAL & REHABILITATION CENTER, THE MARY FREE BED FUND AND MARY FREE BED BRACE & CORSET SHOP ALSO PROVIDE COMMUNITY BENEFITS IN ADDITION TO SUPPORTING THE MARY FREE BED HOSPITAL & REHABILITATION CENTER, MARY FREE BED BRACE & CORSET SHOP AND THE MARY FREE BED MEDICAL GROUP, THE MARY FREE BED FUND PROVIDED \$302,413 OF SPECIFIC ASSISTANCE TO FAMILIES AND DISABLED FAMILY MEMBERS TO HELP COVER COSTS OF EQUIPMENT, MEDICAL CARE, ORTHOTIC AND PROSTHETIC DEVICES, SEATING SYSTEMS, RECREATION, LODGING SUBSIDIES FOR OUT-OF-TOWN FAMILIES, ADAPTIVE BICYCLES, AND SCHOLARSHIPS TO MINORITY STUDENTS MARY FREE BED BRACE & CORSET SHOP PROVIDED APPROXIMATELY \$666,000 OF COMMUNITY BENEFITS TO ITS PATIENTS THIS AMOUNT INCLUDES \$526,000 OF UNPAID COSTS OF MEDICAID PATIENTS AND UNCOLLECTIBLE ACCOUNTS

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 ACCOUNTS RECEIVABLE FOR PATIENTS, INSURANCE COMPANIES, AND GOVERNMENTAL AGENCIES ARE BASED ON GROSS CHARGES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS BY USING HISTORICAL WRITE-OFF RATE FACTORS APPLIED TO UNPAID ACCOUNTS BASED ON AGING LOSS RATE FACTORS ARE BASED ON HISTORICAL LOSS EXPERIENCE AND ADJUSTED FOR ECONOMIC CONDITIONS AND OTHER TRENDS AFFECTING THE HOSPITAL'S ABILITY TO COLLECT OUTSTANDING AMOUNTS UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS BASED ON EXPECTED PAYMENT RATES FROM PAYORS BASED ON CURRENT REIMBURSEMENT METHODOLOGIES THIS AMOUNT ALSO INCLUDES AMOUNTS RECEIVED AS INTERIM PAYMENTS AGAINST UNPAID CLAIMS BY CERTAIN PAYORS MANAGEMENT BELIEVES THAT APPROXIMATELY 20% OF THE TOTAL BAD DEBT EXPENSE SHOULD BE TREATED AS COMMUNITY BENEFIT</p>
		<p>PART III, LINE 8 (1) ALL OF THE MEDICARE SHORTFALL SHOULD BE CONSIDERED A COMMUNITY BENEFIT BECAUSE SERVICES WERE PROVIDED AT LESS THAN OUR COSTS (2) HOSPITAL COSTS ARE REPORTED USING THE ACCRUAL METHOD TO BETTER MATCH EXPENSES WITH REVENUES (3) MEDICARE COSTS WERE DETERMINED BY TAKING ALL MEDICARE PROGRAM CHARGES FOR THE YEAR AND MULTIPLYING BY A COST TO CHARGE RATIO PULLED FROM THE MEDICARE COST REPORT</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 9B ALL PATIENTS RECEIVING CHARITY CARE HAVE A UNIQUE FINANCIAL CLASS ASSIGNED TO THEM ALL CHARITY CARE ACCOUNTS ARE EXCLUDED FROM ACCOUNTS BEING SENT TO THE COLLECTION AGENCY
MARY FREE BED HOSPITAL & REHABILITATION		PART V, SECTION B, LINE 3 12 FOCUS GROUPS WITH 119 COMMUNITY MEMBERS PARTICIPATING, 395 INTERCEPT INTERVIEWS CONDUCTED IN 3 LANGUAGES BY COMMUNITY MEMBERS, 4 COMMUNITY INPUT WALLS

Identifier	ReturnReference	Explanation
MARY FREE BED HOSPITAL & REHABILITATION		PART V, SECTION B, LINE 4 SPECTRUM HEALTH, METRO HEALTH HOSPITAL, AND MERCY HEALTH ST MARY'S
MARY FREE BED HOSPITAL & REHABILITATION		PART V, SECTION B, LINE 5C AVAILABLE FORM KENT COUNTY HEALTH DEPARTMENT

Identifier	ReturnReference	Explanation
MARY FREE BED HOSPITAL & REHABILITATION		PART V, SECTION B, LINE 12H SELF PAY PATIENTS CHARGE AMOUNTS WERE BASED ON THE OVERALL AVERAGE OF NET COLLECTIONS AND CONSIDERED CHARITY, BAD DEBTS, MEDICARE, MEDICAID, AND ALL OTHER PAYERS
MARY FREE BED HOSPITAL & REHABILITATION		PART V, SECTION B, LINE 20D AMOUNTS WERE CALCULATED USING THE AVERAGE PAYMENT RATE OF ALL PAYERS

Identifier	ReturnReference	Explanation
	FORM 990, PART V, SECTION B, LINE 1A	THE COMMUNITY HEALTH NEEDS ASSESSMENT AND IMPLEMENTATION STRATEGY CAN BE FOUND ON-LINE AT HTTP //WWW MARYFREEBED COM/ABOUT-US/COMMUNITY-HEALTH-NEEDS-ASSESSMENT
		PART VI, LINE 2 THE HEALTHCARE NEEDS OF THE COMMUNITIES SERVED ARE DETERMINED THROUGH THE HOSPITAL'S ANNUAL STRATEGIC PLANNING PROCESS AND A COMMUNITY-WIDE SURVEY BY THE KENT COUNTY HEALTH DEPARTMENT INPUTS FROM PATIENTS, FAMILIES OF PATIENTS, REFERRING PHYSICIANS, HOSPITAL DISCHARGE PLANNERS, AS WELL AS INFORMATION FROM OTHER COMMUNITY HEALTHCARE PROVIDERS ARE USED TO DETERMINE THE REHAB HEALTHCARE NEEDS OF THE COMMUNITIES SERVED

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 EACH PATIENT RECEIVES AN INFORMATION PACKET WHICH INCLUDES A COPY OF OUR CHARITY CARE POLICY AND APPLICATION FURTHER, IF ANY SERVICES ARE NOT COVERED OR PARTIALLY COVERED, PATIENTS ARE CONTACTED AND CHARITY IS AGAIN OFFERED, IF APPROPRIATE MANY OF OUR PATIENTS COME FROM AN ACUTE CARE HOSPITAL WITH SIMILAR CHARITY POLICIES, WE ARE OFTEN ABLE TO CONTACT THE REFERRING HOSPITAL TO DISCUSS A PATIENT'S ELIGIBILITY
		PART VI, LINE 4 THE HOSPITAL PRIMARILY SERVES KENT COUNTY IN WESTERN MICHIGAN AND 12 OR SO SURROUNDING COUNTIES KENT COUNTY HAD 602,600 PEOPLE IN 2010 APROXIMATELY 75% OF THE RESIDENTS WERE WHITE, AND ABOUT 10% BLACK/AFRICAN AMERICAN ABOUT 10% OF THE POPULATION HAS NO HIGH SCHOOL DIPLOMA AND 50% HAVE A HIGH SCHOOL DIPLOMA OR GED EQUIVALENT IN 2009, 14 5% OF ITS RESIDENTS LIVED BELOW THE POVERTY LEVEL

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 MARY FREE BED REHABILITATION HOSPITAL HAS AN OPEN MEDICAL STAFF AND A COMMUNITY BOARD THE HOSPITAL AND A SISTER CORPORATION, THE MARY FREE BED FUND, USE SURPLUS AND DONATED FUNDS FOR A VARIETY OF ACTIVITIES TO SUPPORT THE HEALTH OF OUR GENERAL COMMUNITY AND MORE SPECIFICALLY, THE HEALTH AND WELL BEING OF PERSONS WITH DISABILITIES

**Grants and Other Assistance to Organizations,
Governments and Individuals in the United States**
Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

2012

Open to Public Inspection

Name of the organization
MARY FREE BED HOSPITAL & REHABILITATION CENTER

Employer identification number
38-1359265

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☒ No

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

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

[illegible]

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

Part III

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

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

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

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MARY FREE BED HOSPITAL & REHABILITATION CENTER

Employer identification number
38-1359265

Part I

Questions Regarding Compensation

	Yes	No
<div>1a</div> <div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div> <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
<div>b</div> <div>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</div>	1b	
<div>2</div> <div>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?</div>	2	
<div>3</div> <div>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</div> <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input checked="" type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
<div>4</div> <div>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</div>		
<div>a</div> <div>Receive a severance payment or change-of-control payment?</div>	4a	No
<div>b</div> <div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div>	4b	No
<div>c</div> <div>Participate in, or receive payment from, an equity-based compensation arrangement?</div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4c	No
<div></div> <div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div>		
<div>5</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	5a	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<div>6</div> <div>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</div>		
<div>a</div> <div>The organization?</div>	6a	No
<div>b</div> <div>Any related organization?</div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<div>7</div> <div>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</div>	7	No
<div>8</div> <div>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</div>	8	No
<div>9</div> <div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?</div>	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				
(1)JOHN F BUTZER MD MEDICAL DIRECTOR	(i) (ii)	379,106 0	30,466 0	0 0	15,000 0	10,021 0	434,593 0	0 0
(2)KENT RIDDLE PRESIDENT	(i) (ii)	374,042 0	30,466 0	0 0	7,500 0	16,707 0	428,715 0	0 0
(3)RANDALL DENEFF VP OF FINANCE	(i) (ii)	186,888 0	10,000 0	0 0	11,813 0	17,522 0	226,223 0	0 0
(4)JEFF GARBER VP OF STRATEGIC INITIATIVES	(i) (ii)	183,358 0	25,897 0	0 0	1,569 0	11,173 0	221,997 0	0 0
(5)BRUCE BRASSER VP OF CLINICAL OPERATIONS	(i) (ii)	157,443 0	7,961 0	0 0	9,924 0	16,608 0	191,936 0	0 0
(6)KEVIN ARNOLD CEO OF SOUTHWEST REHAB	(i) (ii)	139,073 0	6,488 0	0 0	8,734 0	16,608 0	170,903 0	0 0
(7)JACOBUS DONDEERS CHIEF PSYCHOLOGIST	(i) (ii)	126,865 0	6,559 0	0 0	8,005 0	16,692 0	158,121 0	0 0

Part III **Supplemental Information**

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

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

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
MARY FREE BED HOSPITAL & REHABILITATION CENTER

Supplemental Information on Tax Exempt Bonds

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Employer identification number
38-1359265

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A KENT HOSPITAL FINANCE AUTHORITY	38-2350002		10-26-2012	14,000,000	PARITAL FUNDING OF NEW HOSPITAL ADDITION		X	X			X

Part II Proceeds

				A	B	C	D
1	Amount of bonds retired						
2	Amount of bonds legally defeased						
3	Total proceeds of issue			14,000,000			
4	Gross proceeds in reserve funds						
5	Capitalized interest from proceeds			106,137			
6	Proceeds in refunding escrows						
7	Issuance costs from proceeds						
8	Credit enhancement from proceeds						
9	Working capital expenditures from proceeds						
10	Capital expenditures from proceeds						
11	Other spent proceeds						
12	Other unspent proceeds			14,000,000			
13	Year of substantial completion			2014			
				Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?				X		
15	Were the bonds issued as part of an advance refunding issue?				X		
16	Has the final allocation of proceeds been made?				X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?			X			

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 00000%							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 00000%							
6	Total of lines 4 and 5	0 00000%							
7	Does the bond issue meet the private security or payment test?	X							
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?		X						

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V

Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?		X						

Part VI

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

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

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 MARY FREE BED HOSPITAL & REHABILITATION CENTER	Employer identification number 38-1359265
--	--

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION HAS ONE SHAREHOLDER, MARY FREE BED GUILD, AS DICTATED BY THE BY-LAWS
	FORM 990, PART VI, SECTION A, LINE 7A	THE SOLE SHAREHOLDER, MARY FREE BED GUILD, HOLDS 50% OF THE BOARD POSITIONS WHICH EXERCISE THE RIGHT TO ELECT HOSPITAL BOARD MEMBERS
	FORM 990, PART VI, SECTION A, LINE 7B	THE SOLE SHAREHOLDER MUST APPROVE CERTAIN HOSPITAL BOARD TRANSACTIONS SUCH AS REAL ESTATE TRANSACTIONS
	FORM 990, PART VI, SECTION B, LINE 11	THE VP OF FINANCE REVIEWS THE 990 NO REVIEW WAS OR WILL BE CONDUCTED BY THE GOVERNING BODY PRIOR TO FILING AFTER COMPLETION OF THE RETURN, RETURN WILL BE POSTED TO INTERNAL WEBSITE PORTAL FOR ALL BOARD MEMBERS
	FORM 990, PART VI, SECTION B, LINE 12C	CONFLICT OF INTEREST POLICIES ARE UPDATED ANNUALLY BY ALL BOARD MEMBERS, OFFICERS, AND STAFF PROCESS IS ADMINISTERED OUT OF THE EXECUTIVE ADMINISTRATION OFFICE ANY DISCLOSED CONFLICTS OF INTERESTS WOULD BE DISCLOSED TO THE BOARD OF DIRECTORS AND ASSURANCES OBTAINED THAT NO ILLEGAL OR SUBSIDIZED ACTIVITIES ARE OCCURRING ALL DISCLOSURES REVIEWED BY THE HOSPITAL'S COMPLIANCE COMMITTEE IF A CONFLICT OF INTEREST IS EXPOSED, THE INDIVIDUAL WHO IS THE SUBJECT OF THE CONFLICT IS EXCUSED FROM THE MEETING SO THE REST OF THE BOARD MAY DISCUSS THE ISSUE AND TAKE APPROPRIATE ACTION
	FORM 990, PART VI, SECTION B, LINE 15	THE EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES DETERMINES THE COMPENSATION FOR THE HOSPITAL'S PRESIDENT AND MEDICAL DIRECTOR MARKET SURVEY DATA OF COMPARABLE SALARIES IS USED TO ESTABLISH BASE SALARY FORM 990S OF SIMILAR ORGANIZATIONS ARE ALSO USED TO ESTABLISH COMPENSATION FOR THE PRESIDENT AND THE MEDICAL DIRECTOR WRITTEN EMPLOYMENT CONTRACTS EXIST ESTABLISHING THE LEVELS OF COMPENSATION AN INCENTIVE PLAN WITH SPECIFIC MEASURES AND WEIGHTINGS FOR FINANCIAL, QUALITY, CUSTOMER SATISFACTION, AND INDIVIDUAL GOALS IS ALSO IN PLACE FOR THE PRESIDENT AND MEDICAL DIRECTOR THIS PROCESS WAS MOST RECENTLY UNDERTAKEN IN 2012
	FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT AVAILABLE FOR PUBLIC INSPECTION FINANCIAL STATEMENTS ARE SUMMARIZED IN AN ANNUAL REPORT WHICH IS AVAILABLE TO THE PUBLIC
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	PENSION RELATED CHANGES -138,831 DECREASE IN EQUITY JOINT VENTURE -11,342
	FORM 990, PART XII, LINE 2C	THERE HAS BEEN NO CHANGE IN PROCESS FROM PRIOR YEAR

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
MARY FREE BED HOSPITAL & REHABILITATION CENTER

Employer identification number
38-1359265

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) MARY FREE BED GUILD OF GRAND RAPIDS 235 WEALTHY STREET SE GRAND RAPIDS, MI 49503 38-2649369	CHARITABLE HEALTHCARE	MI	501(C)(3)	LINE 7	N/A		No
(2) MARY FREE BED BRACE AND CORSET SHOP 235 WEALTHY STREET SE GRAND RAPIDS, MI 49503 38-2643391	CHARITABLE HEALTHCARE	MI	501(C)(3)	LINE 9	MARY FREE BED GUILD OF GRAND RAPIDS	Yes	
(3) MARY FREE BED FUND 235 WEALTHY STREET SE GRAND RAPIDS, MI 49503 38-2643392	SUPPORTING ORGANIZATION	MI	501(C)(3)	LINE 11A, I	MARY FREE BED GUILD OF GRAND RAPIDS	Yes	
(4) MARY FREE BED MEDICAL GROUP 235 WEALTHY STREET SE GRAND RAPIDS, MI 49503 27-1589392	CHARITABLE HEALTHCARE	MI	501(C)(3)	LINE 11A, I	MARY FREE BED HOPSITAL & REHABILITATION CENTER	Yes	
(5) MARY FREE BED REHABILITATION HOSPITAL FOUNDATION 235 WEALTHY STREET SE GRAND RAPIDS, MI 49503 46-1164285	SUPPORTING ORGANIZATION	MI	501(C)(3)	LINE 11A, I	MARY FREE BED GUILD OF GRAND RAPIDS	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) Disproportionate 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

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

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

Yes

1k

No

1l

No

1m

Yes

1n

No

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) MARY FREE BED FUND	C	376,239	CASH
(2) MARY FREE BED MEDICAL GROUP	O	755,255	ACTUAL COSTS INCURRED
(3) MARY FREE BED BRACE AND CORSET	O	861,804	ACTUAL COSTS INCURRED
(4) MARY FREE BED BRACE AND CORSET	J	159,480	ACTUAL COSTS INCURRED
(5) MARY FREE BED BRACE AND CORSET	M	207,760	ACTUAL COSTS INCURRED

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: 38-1359265

Name: MARY FREE BED HOSPITAL & REHABILITATION 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	
------------	------------------	-------------	--

-->

Mary Free Bed Rehabilitation Hospital

Financial Report
March 31, 2013

Mary Free Bed Rehabilitation Hospital

Contents

Report Letter	I-2
----------------------	------------

Financial Statements

Balance Sheet	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-23

Independent Auditor's Report

To the Board of Directors
Mary Free Bed Rehabilitation Hospital

We have audited the accompanying financial statements of Mary Free Bed Rehabilitation Hospital (the "Hospital"), which comprise the balance sheet as of March 31, 2013, 2012, and 2011 and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Directors
Mary Free Bed Rehabilitation Hospital

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mary Free Bed Rehabilitation Hospital as of March 31, 2013, 2012 and 2011 and the results of its operations, changes in 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

As described in Note I to the financial statements, the Hospital adopted the provisions of Accounting Standards Update 2011-07, *Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities*, during 2013.

Plante & Moran, PLLC

June 12, 2013

Mary Free Bed Rehabilitation Hospital

Balance Sheet

	March 31, 2013	March 31, 2012	March 31, 2011
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,660,260	\$ 4,232,723	\$ 7,644,151
Short-term investments (Note 5)	1,729,943	1,094,873	1,502,816
Patient accounts receivable - Net (Note 4)	9,822,532	8,080,973	6,761,965
Other receivables	3,143,175	2,073,907	1,959,041
Estimated third-party payor settlements (Note 2)	2,822,193	1,051,981	346,759
Prepays and other current assets	875,062	592,351	570,611
Total current assets	21,053,165	17,126,808	18,785,343
Prepaid Pension Cost (Note 10)	-	-	625,936
Property and Equipment - Net (Note 7)	12,120,933	9,743,708	8,745,854
Other Assets			
Investment in joint venture	359,911	185,321	129,004
Assets limited as to use (Note 5)	60,247,938	47,138,242	46,255,767
Other noncurrent assets	199,382	-	-
Total assets	\$ 93,981,329	\$ 74,194,079	\$ 74,541,904
Liabilities and Net Assets			
Current Liabilities			
Current portion of long-term debt (Note 12)	\$ 1,164,738	\$ -	\$ -
Accounts payable	1,690,643	961,006	674,500
Estimated third-party payor settlements (Note 2)	-	154,650	1,844,158
Accrued liabilities (Note 8)	5,830,596	5,695,866	5,330,137
Total current liabilities	8,685,977	6,811,522	7,848,795
Long-term Debt - Net of current portion (Note 12)	12,313,892	-	-
Accrued Pension Cost (Note 10)	1,228,657	2,824,271	-
Net Assets			
Unrestricted	70,428,533	63,445,754	65,823,640
Temporarily restricted	1,324,270	1,112,532	869,469
Total net assets	71,752,803	64,558,286	66,693,109
Total liabilities and net assets	\$ 93,981,329	\$ 74,194,079	\$ 74,541,904

Mary Free Bed Rehabilitation Hospital

Statement of Operations

	Year Ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Unrestricted Revenue, Gains, and Other Support			
Net patient service revenue	\$ 53,805,849	\$ 46,807,559	39,445,661
Provision for bad debts	(161,960)	(475,421)	(505,150)
Net patient service revenue less provision for bad debts	53,643,889	46,332,138	38,940,511
Other operating revenue	11,107,594	8,327,763	7,415,471
Contributions and bequests	666	72,042	76,395
Net assets released from restrictions used in operations	273,624	98,017	156,356
Total unrestricted revenue, gains, and other support	65,025,773	54,829,960	46,588,733
Expenses			
Salaries and benefits	46,005,434	37,674,521	32,625,261
Operating supplies and expenses	1,509,448	1,628,166	1,084,992
Purchased services	7,769,387	6,489,483	5,033,893
Insurance	261,774	260,252	239,033
Utilities	1,127,012	1,207,506	978,744
Food service	603,802	518,720	441,245
Communications	402,064	363,871	353,483
Staff development and education	353,308	291,833	257,539
Depreciation and amortization	1,938,721	1,777,433	1,807,455
Other	2,599,068	1,906,196	1,504,604
Total expenses (Note 14)	62,570,018	52,117,981	44,326,249
Operating Income	2,455,755	2,711,979	2,262,484
Nonoperating Income (Expense)			
Investment income (Note 5)	1,753,853	1,761,987	896,696
Equity in (losses on) earnings on joint venture	(11,342)	(43,439)	46,167
Other income (expense)	404	545	(42,372)
Change in unrealized investment gain (loss) (Note 5)	1,922,940	(637,001)	4,691,694
Total nonoperating income	3,665,855	1,082,092	5,592,185
Excess of Revenue Over Expenses	6,121,610	3,794,071	7,854,669
Transfer from (to) Affiliate (Note 13)	1,000,000	(350,000)	(1,529,854)
Pension-related Changes Other Than Net Periodic Benefit Cost	(138,831)	(5,821,957)	410,643
Increase (Decrease) in Unrestricted Net Assets	\$ 6,982,779	\$ (2,377,886)	\$ 6,735,458

Mary Free Bed Rehabilitation Hospital

Statement of Changes in Net Assets

	Year Ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Unrestricted Net Assets			
Excess of revenue over expenses	\$ 6,121,610	\$ 3,794,071	\$ 7,854,669
Transfer from (to) affiliate	1,000,000	(350,000)	(1,529,854)
Pension-related changes other than net periodic benefit cost	(138,831)	(5,821,957)	410,643
Increase (Decrease) in Unrestricted Net Assets	6,982,779	(2,377,886)	6,735,458
Temporarily Restricted Net Assets			
Restricted contributions	485,362	341,080	167,155
Net assets released from restriction	(273,624)	(98,017)	(156,356)
Increase in Temporarily Restricted Net Assets	211,738	243,063	10,799
Increase (Decrease) in Net Assets	7,194,517	(2,134,823)	6,746,257
Net Assets - Beginning of year	64,558,286	66,693,109	59,946,852
Net Assets - End of year	\$ 71,752,803	\$ 64,558,286	\$ 66,693,109

Mary Free Bed Rehabilitation Hospital

Statement of Cash Flows

	Year Ended		
	March 31, 2013	March 31, 2012	March 31, 2011
Cash Flows from Operating Activities			
Increase (decrease) in net assets	\$ 7,194,517	\$ (2,134,823)	\$ 6,746,257
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities			
Depreciation and amortization	1,938,721	1,777,433	1,807,455
Net change in unrealized net (gains) losses on investments	(1,922,940)	637,001	(4,691,694)
Net realized (gains) losses on investments	(416,367)	(397,523)	238,979
Loss (gain) on disposal of equipment	2,958	(25,121)	-
Pension-related changes other than net periodic benefit cost	138,831	5,821,964	(410,643)
Capital asset transfer to affiliate	-	-	329,854
Loss (gain) on investment in joint venture	11,342	(56,317)	35,333
Restricted contributions	(485,362)	(341,080)	(167,155)
Provision for bad debts	161,960	475,421	505,150
Changes in assets and liabilities which (used) provided cash			
Accounts receivable	(1,903,519)	(1,794,429)	1,108,719
Other current assets	(282,711)	(21,740)	(78,634)
Third-party payor settlements	(1,924,862)	(2,394,730)	301,114
Other receivables	(1,069,268)	(114,866)	(242,663)
Prepaid pension cost	-	625,936	(625,936)
Accounts payable	729,637	286,506	85,403
Accrued liabilities	134,726	365,729	174,564
Accrued pension cost	(1,734,445)	(2,997,693)	(556,573)
Net cash provided by (used in) operating activities	573,218	(288,332)	4,559,530
Cash Flows from Investing Activities			
Purchase of property and equipment	(4,318,901)	(2,797,189)	(1,246,235)
Proceeds from sale of property and equipment	-	47,023	-
Purchase of investments and assets limited as to use	(3,024,282)	(12,019,080)	(22,729,472)
Proceeds from sale and maturities of investments and assets limited as to use	5,523,178	11,305,070	24,078,678
Capital contribution to joint ventures	(185,932)	-	-
Net cash (used in) provided by investing activities	(2,005,937)	(3,464,176)	102,971
Cash Flows from Financing Activities			
Proceeds from issuance of debt obligations	14,000,000	-	-
Principal payment on long-term debt	(521,370)	-	-
Cash paid for bond financing costs	(89,478)	-	-
Net change in funds held by bond indenture	(14,014,258)	-	-
Restricted contributions	485,362	341,080	167,155
Net cash (used in) provided by financing activities	(139,744)	341,080	167,155
Net (Decrease) Increase in Cash and Cash Equivalents	(1,572,463)	(3,411,428)	4,829,656
Cash and Cash Equivalents - Beginning of year	<u>4,232,723</u>	<u>7,644,151</u>	<u>2,814,495</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 2,660,260</u></u>	<u><u>\$ 4,232,723</u></u>	<u><u>\$ 7,644,151</u></u>

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 1 - Nature of Business and Significant Accounting Policies

Organization and Nature of Operations - The financial statements include the accounts of Mary Free Bed Rehabilitation Hospital, Mary Free Bed Medical Group, and Mary Free Bed Hospital Foundation (collectively, the "Hospital"). Upon consolidation, all intercompany accounts and transactions have been eliminated.

Mary Free Bed Rehabilitation Hospital (the "Hospital"), a wholly owned subsidiary of Mary Free Bed Guild of Grand Rapids, Michigan (the "Guild"), was established to provide physical medicine and rehabilitation services to people with disabilities. The Hospital provides inpatient and outpatient services to patients primarily from western Michigan.

Mary Free Bed Medical Group was established to provide physician services specific to rehabilitation.

Mary Free Bed Hospital Foundation was established to raise funds to support the operations and capital needs of Mary Free Bed Rehabilitation Hospital.

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

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in assets limited as to use. Cash balances held in the bank exceed the federal depository insurance limit. The Hospital's cash is only insured up to the federal depository insurance limit.

Accounts Receivable - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the Hospital's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unpaid claims by certain payors.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

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

For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts in the period they are determined to be uncollectible.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including interest and dividends) is included in excess of revenue over expenses unless the income or loss is restricted by donor or law. All of these assets are set aside for either board or donor designations.

The Hospital invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet. Investments are considered trading securities for financial reporting purposes.

Assets Limited as to Use - Assets limited as to use include assets designated by the board of directors for future capital improvement, over which the board retains control, and may, at its discretion, subsequently use for other purposes. Assets limited as to use also include assets temporarily restricted or permanently restricted by donors as well as construction funds limited under a debt agreement.

Property and Equipment - Property and equipment amounts are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Costs of maintenance and repairs are charged to expense when incurred.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

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

Classification of Net Assets - Net assets of the Hospital are classified as temporarily restricted or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Hospital's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Temporarily restricted net assets are restricted for rehabilitation programs, medical education, indigent care, property and equipment purchases, and other programs. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Net Patient Service Revenue - The Hospital recognizes patient service revenue associated with services provided to patients who have third-party coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. For the year ended March 31, 2013, patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts) was as follows:

	Third-party Payors	Self-pay	Total All Payors
2013 - Patient service revenue (net of contractual allowances and discounts)	\$ 52,849,035	\$ 956,814	\$ 53,805,849

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

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

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

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

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

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates.

Estimated Malpractice Costs - The provision for estimated medical malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Excess of Revenue Over Expenses - The statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses, consistent with industry practice, include pension-related changes other than net periodic benefit costs and permanent transfers of assets to and from affiliates for other than goods and services.

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

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Hospital and recognize a tax liability if the Hospital has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Hospital and has concluded that as of March 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Hospital is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to March 31, 2010.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

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

New Accounting Pronouncements - During 2011, the Financial Accounting Standards Board (FASB) adopted Accounting Standards Update (ASU) 2011-07, *Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, establishing accounting and disclosures for healthcare entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. The amendments in the ASU change the presentation of the statement of operations and add new disclosures that are not required under current GAAP for entities within the scope of this update. The provision for bad debts associated with patient service revenue for certain entities is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the statement of operations. The ASU is effective for the Hospital for the year ended March 31, 2013 and was retrospectively applied to the years ending March 31, 2012 and 2011.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including June 12, 2013, which is the date the financial statements were available to be issued.

Note 2 - Patient Service Revenue

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

- **Medicare** - Inpatient rehabilitation services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries are reimbursed based on a prospectively determined amount per episode of care and in some cases on a per-unit-of-service basis.
- **Medicaid** - Inpatient rehabilitation services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates per day. Capital costs relating to Medicaid patients are paid on a cost reimbursement method. Outpatient and physician services are reimbursed on an established fee-for-service methodology.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 2 - Patient Service Revenue (Continued)

- **Blue Cross/Blue Shield of Michigan** - Inpatient services are reimbursed at a prospectively determined rate per day. Outpatient services are reimbursed on a fee-for-service and percentage-of-charge basis. Outpatient and physician services are reimbursed on an established fee-for-service methodology.
- **Other Third-party Payors** - The Hospital has also entered into agreements with certain commercial carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement to the Hospital under these agreements is discounts from established charges, prospectively determined rates per discharge, and prospectively determined daily rates. Some outpatient and physician services are reimbursed on an established fee-for-service or percentage of charge methodology.
- **Health Maintenance Organizations** - Services rendered to HMO beneficiaries are paid at predetermined rates or at a percentage of hospital charges.

Cost report settlements result from the adjustment of payments to final reimbursement under the Medicare, Medicaid, Blue Cross/Blue Shield of Michigan, and HMO programs that are subject to audit by fiscal intermediaries. 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 in the near term.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. The Hospital is unable to determine if it will be audited and, if so, the extent of liability for overpayments, if any. If selected for audit, the potential exists for overpayment of claims liability for the Hospital at a future date.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 3 - Community Benefit

In support of its mission, the Hospital provides various health-related services, at a loss, to the indigent and other residents in its service area. The following is a summary of the Hospital's community benefit expense for the years ended March 31, 2013, 2012, and 2011:

	2013	2012	2011
Traditional charity care	\$ 648,000	\$ 694,000	\$ 786,000
Unpaid costs for Medicaid program patients (unaudited)	2,223,000	2,474,000	1,758,000
Unpaid costs for Medicare program patients (unaudited)	2,397,000	1,111,000	1,147,000
Costs of services associated with uncollectible accounts (unaudited)	110,000	244,000	361,000
Total	<u>\$ 5,378,000</u>	<u>\$ 4,523,000</u>	<u>\$ 4,052,000</u>

Traditional Charity Care - Traditional charity care covers services provided to people who cannot afford to pay. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients.

Unpaid Costs for Government Program Patients - The Hospital is a licensed Medicare and Medicaid provider with approximately 46 percent of its patient base qualifying for these programs. At present, the reimbursement rates do not fully cover the cost of provider care to these patients. This represents the estimated "shortfall" created when a facility receives payments below the costs of treating Medicare and Medicaid beneficiaries.

Note 4 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2013	2012	2011
Patient accounts receivable	\$ 18,832,532	\$ 20,079,973	\$ 13,539,965
Less:			
Allowance for uncollectible accounts	(1,360,000)	(1,507,000)	(1,470,000)
Allowance for contractual adjustments	(7,650,000)	(10,492,000)	(5,308,000)
Net patient accounts receivable	<u>\$ 9,822,532</u>	<u>\$ 8,080,973</u>	<u>\$ 6,761,965</u>

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 4 - Patient Accounts Receivable (Continued)

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

	Percent		
	2013	2012	2011
Medicare	22 %	20 %	7 %
Blue Cross/Blue Shield of Michigan	10	11	13
Medicaid	16	28	25
Commercial insurance and HMOs	49	38	50
Self-pay	3	3	5
Total	100 %	100 %	100 %

Note 5 - Investments

The detail of investments is summarized in the following schedule:

	2013	2012	2011
Assets limited as to use and temporarily restricted:			
Construction funds	\$ 14,014,258	\$ -	\$ -
By board of trustees for future capital improvements	44,909,610	46,025,710	45,386,298
By donors for specific purposes	1,324,070	1,112,532	869,469
Total assets limited as to use and temporarily restricted	60,247,938	47,138,242	46,255,767
Short-term investments	1,729,943	1,094,873	1,502,816
Total investments	\$ 61,977,881	\$ 48,233,115	\$ 47,758,583

The Hospital participates in the Guild's pooled investment management program, which is an investment pool of funds originating from the Hospital and other Guild affiliates. At March 31, 2013, 2012, and 2011, \$44,909,610, \$46,025,710, and \$45,386,298, respectively, of the Hospital's assets limited as to use are with this investment pool. All realized and unrealized gains and losses of the Guild's pooled investment management program are allocated to investing affiliate organizations based on each affiliate organization's pro rata share of the total assets of the Guild's pooled investment management program.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 5 - Investments (Continued)

Within the Construction Fund there is cash of \$499,408 which is not included in the fair value note.

	2013	2012	2011
Interest and dividends	\$ 1,337,486	\$ 1,364,464	\$ 1,135,675
Realized gains (losses) on investments	416,367	397,523	(238,979)
Total investment income	1,753,853	1,761,987	896,696
Change in net unrealized gains (losses) on investments	1,922,940	(637,001)	4,691,694
Total	<u>\$ 3,676,793</u>	<u>\$ 1,124,986</u>	<u>\$ 5,588,390</u>

Note 6 - Fair Value Measurements

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

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

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

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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

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

The Hospital's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. During the years ended March 31, 2013, 2012, and 2011, there were no transfers between levels.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 6 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at March 31, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2013
Short-term investments - Money market funds	\$ 1,729,943	\$ -	\$ -	\$ 1,729,943
Assets limited as to use - Money market funds	1,328,919	-	-	1,328,919
Assets limited as to use - Corporate bonds	-	10,735,000	-	10,735,000
Assets limited as to use - Municipal bonds	-	2,775,000	-	2,775,000
Assets limited as to use - Investment in Guild pooled investment management program for future capital improvements	-	44,909,611	-	44,909,611
Total	<u>\$ 3,058,862</u>	<u>\$ 58,419,611</u>	<u>\$ -</u>	<u>\$ 61,478,473</u>

Assets Measured at Fair Value on a Recurring Basis at March 31, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2012
Short-term investments - Money market funds	\$ 1,094,873	\$ -	\$ -	\$ 1,094,873
Assets limited as to use - Money market funds	1,112,532	-	-	1,112,532
Assets limited as to use - Investment in Guild pooled investment management program for future capital improvements	-	46,025,710	-	46,025,710
Total	<u>\$ 2,207,405</u>	<u>\$ 46,025,710</u>	<u>\$ -</u>	<u>\$ 48,233,115</u>

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 6 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at March 31, 2011

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2011
Short-term investments - Money market funds	\$ 1,502,816	\$ -	\$ -	\$ 1,502,816
Assets limited as to use - Money market funds	869,469	-	-	869,469
Assets limited as to use - Investment in Guild pooled investment management program	-	45,386,298	-	45,386,298
Total	<u>\$ 2,372,285</u>	<u>\$ 45,386,298</u>	<u>\$ -</u>	<u>\$ 47,758,583</u>

The fair value of the Guild pooled investment management program, corporate bonds, and municipal bonds were determined primarily based on Level 2 inputs. The Hospital estimates the fair value of these investments based upon the value of investments and the readily determinable fair value of the underlying investments in the funds.

Note 7 - Property and Equipment

The cost of property, plant, and equipment and depreciable lives are summarized as follows:

	2013	2012	2011	Depreciable Life - Years
Land improvements	\$ 1,529,343	\$ 1,534,793	\$ 1,572,668	10-40
Buildings	13,996,216	14,214,884	15,790,545	10-40
Equipment	13,521,282	12,344,256	12,952,117	3-10
Construction in progress	3,886,716	1,552,199	69,393	-
Total cost	32,933,557	29,646,132	30,384,723	
Accumulated depreciation	<u>(20,812,624)</u>	<u>(19,902,424)</u>	<u>(21,638,869)</u>	
Net property and equipment	<u>\$ 12,120,933</u>	<u>\$ 9,743,708</u>	<u>\$ 8,745,854</u>	

Depreciation and amortization expense on property and equipment totaled \$1,938,721, \$1,777,433, and \$1,807,455 in 2013, 2012, and 2011, respectively.

At March 31, 2013, construction in progress consists primarily of costs for an electronic health records information system and a building construction project. At March 31, 2013, remaining capital commitments on contracts related to construction in progress approximated \$12,760,000.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 8 - Accrued Liabilities

The details of accrued liabilities are given below:

	2013	2012	2011
Payroll and related costs	\$ 2,887,314	\$ 2,748,835	\$ 2,986,532
Compensated absences	1,989,083	1,749,529	1,500,260
Other	954,199	1,197,502	843,345
Total accrued liabilities	<u>\$ 5,830,596</u>	<u>\$ 5,695,866</u>	<u>\$ 5,330,137</u>

Note 9 - Workers' Compensation, Professional Liability, and Health Insurance

The Hospital is self-insured for workers' compensation and a portion of employee medical and dental claims. Insurance coverage has been obtained for claims in excess of a specific amount for each type of coverage. Insurance accruals, included in other accrued liabilities in the accompanying balance sheet, represent the potential loss based upon an estimate provided by the Hospital's claims administrator and an estimate of the cost of claims that have occurred but have not been reported through the balance sheet date.

The Hospital's professional liability insurance policy is a claims-made policy. Should this policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. However, the Hospital has an option to purchase insurance at rates in effect at the time the option is exercised, which would cover such claims.

Note 10 - Defined Benefit Pension Plan

The Hospital has a defined benefit pension plan covering substantially all employees of the Hospital and Mary Free Bed Brace and Corset Shop (the "Brace Shop"). The benefits are based on years of service and an employee's compensation as defined by the plan. The Hospital annually accrues and funds pension costs relating to its employees. Effective June 30, 2010, the plan was amended to close the plan to new members and cease the accrual of benefits.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 10 - Defined Benefit Pension Plan (Continued)

The following table sets forth the funded status and amounts recognized in the Hospital's balance sheet for the defined benefit plan:

	2013	2012	2011
Projected benefit obligation for services rendered to date	\$ 42,252,673	\$ 39,378,052	\$ 32,598,591
Plan assets at fair market value	41,024,016	36,553,781	33,224,527
(Underfunded) overfunded status	\$ (1,228,657)	\$ (2,824,271)	\$ 625,936
(Accrued) prepaid pension cost	\$ (1,228,657)	\$ (2,824,271)	\$ 625,936
Net periodic pension (income) cost	\$ (234,445)	\$ (371,757)	\$ 311,607
Employer contribution	\$ 1,500,000	\$ 2,000,000	\$ 1,500,000
Benefits paid	\$ 829,880	\$ 822,384	\$ 616,911
	2013	2012	2011
Actuarial assumptions used to determine benefit obligations at March 31 - Weighted average discount rate	4.50 %	4.75 %	5.75 %
Actuarial assumptions used to determine net periodic benefit cost for the year ended March 31:			
Weighted average discount rate	4.75 %	5.75 %	6.50 %
Increase in future compensation levels	- %	- %	3.50 %
Expected rate of return on plan assets	6.50 %	7.00 %	7.00 %

The investment policy objectives, as established by the board of directors, include (1) meeting and funding the liabilities of the defined benefit pension plan, (2) providing long-term growth of principal without undue risk through capital appreciation, income, and contributions, and (3) achieving consistent long-term capital appreciation and income.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 10 - Defined Benefit Pension Plan (Continued)

Plan Assets - The Hospital's pension plan weighted average asset allocation at March 31, 2013, 2012, and 2011, by asset category, is as follows:

	Percent		
	2013	2012	2011
Common stocks	35 %	32 %	26 %
Debt securities	64	65	74
Other	1	3	-
Total	100 %	100 %	100 %

Contributions - The Hospital does not expect to contribute to the plan in 2013.

Estimated Future Benefit Payments - Benefits expected to be paid by the plan during the ensuing five years and thereafter are approximately as follows:

2014	\$ 1,191,566
2015	1,321,305
2016	1,456,569
2017	1,607,218
2018	1,739,004
2019-2023	10,551,230

The fair values of the Hospital's pension plan assets for the years ended March 31, 2013, 2012, and 2011, by major asset categories, are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2013
Common stocks - Domestic	\$ 13,940,541	\$ -	\$ -	\$ 13,940,541
Common stocks - Foreign	545,336			545,336
Fixed-income fund	-	26,192,417	-	26,192,417
Cash and short-term investments	345,722	-	-	345,722
Total	\$ 14,831,599	\$ 26,192,417	\$ -	\$ 41,024,016

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 10 - Defined Benefit Pension Plan (Continued)

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2012
Common stocks - Domestic	\$ 11,329,260	\$ -	\$ -	\$ 11,329,260
Common stocks - Foreign	341,118	-	-	341,118
Fixed-income fund	-	23,622,971	-	23,622,971
Cash and short-term investments	1,260,432	-	-	1,260,432
Total	<u>\$ 12,930,810</u>	<u>\$ 23,622,971</u>	<u>\$ -</u>	<u>\$ 36,553,781</u>

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at March 31, 2011
Common stocks - Domestic	\$ 8,140,812	\$ -	\$ -	\$ 8,140,812
Common stocks - Foreign	430,711	-	-	430,711
Fixed-income fund	-	24,500,202	-	24,500,202
Cash and short-term investments	152,802	-	-	152,802
Total	<u>\$ 8,724,325</u>	<u>\$ 24,500,202</u>	<u>\$ -</u>	<u>\$ 33,224,527</u>

The above tables present information about the pension plan assets measured at fair value and the valuation techniques used by the Hospital to determine those fair values.

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

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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

The Hospital's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. During the years ended March 31, 2013, 2012, and 2011, there were no transfers between levels.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 11 - Defined Contribution Pension Plan

During fiscal year 2011, the Hospital started a defined contribution plan for employees who meet certain requirements as to age and length of service. Contributions to the plan are discretionary and are determined by the board of directors each year. Each employee's interest is vested as specified in the plan. Pension expense included in the statement of operations was approximately \$1,636,000, \$1,542,000, and \$357,000 in 2013, 2012, and 2011, respectively.

Note 12 - Long-term Debt

Long-term debt at March 31, 2013 is as follows:

Kent Hospital Finance Authority Revenue Bonds - Series 2012	\$ 13,478,630
Less current portion	<u>1,164,738</u>
Long-term portion	<u>\$ 12,313,892</u>

Kent Hospital Finance Authority bond payable, Series 2012, consists of Hospital Revenue Bonds issued by Kent Hospital Finance Authority to Mary Free Bed Rehabilitation Hospital. The bonds consist of fixed rate term bonds due in monthly installments through November 1, 2022 of \$130,708, at a fixed interest rate of 2.30 percent. The bonds are secured by the gross revenue of the Hospital.

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

Minimum principal payments on long-term debt to maturity as of March 31, 2013 are as follows:

2014	\$ 1,164,738
2015	1,298,918
2016	1,329,110
2017	1,360,004
2018	1,391,616
Thereafter	<u>6,934,244</u>
Total	<u>\$ 13,478,630</u>

Note 13 - Related Party Transactions

The Hospital provided space to Mary Free Bed Brace and Corset Shop, another wholly owned subsidiary of the Guild, at a charge of approximately \$159,500 during fiscal years 2013, 2012, and 2011. In addition, the Hospital charged the Brace Shop approximately \$862,000, \$921,000, and \$912,000 for the years ended March 31, 2013, 2012, and 2011, respectively, for inclusion of the Brace Shop's employees in the Hospital's pension plan, certain other fringe benefits, liability insurance, and management services.

Mary Free Bed Rehabilitation Hospital

Notes to Financial Statements March 31, 2013, 2012, and 2011

Note 13 - Related Party Transactions (Continued)

During fiscal years 2013, 2012, and 2011, the Hospital made net cash transfers to Mary Free Bed Fund totaling \$0, \$350,000, and \$1,200,000, respectively. The Hospital made capital asset transfers to Mary Free Bed Fund totaling \$0, \$0, and \$724,168 for the years ended March 31, 2013, 2012, and 2011, respectively. The Hospital received asset transfers from Mary Free Bed Fund totaling \$1,000,000, \$0, and \$394,314 for the years ended March 31, 2013, 2012, and 2011, respectively.

Note 14 - Functional Expenses

The Hospital is a physical medicine and rehabilitation facility that provides inpatient and outpatient healthcare services to patients in western Michigan. Estimated allocated expenses related to providing these services for the years ended March 31, 2013, 2012, and 2011 are as follows:

	2013	2012	2011
Healthcare services	\$ 52,569,058	\$ 45,383,325	\$ 38,846,009
General and administrative	10,000,960	6,734,656	5,480,240
Total	<u>\$ 62,570,018</u>	<u>\$ 52,117,981</u>	<u>\$ 44,326,249</u>