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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

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

C Name of organization
ASPIRUS KEWEENAW HOSPITAL

Doing Business As

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

City or town, state or country, and ZIP + 4
LAURIUM, MI 49913

D Employer identification number
38-1443361

E Telephone number
(906) 337-3100

G Gross receipts $ 41,203,113

F Name and address of principal officer
CHUCK NELSON
205 OSCEOLA STREET
LAURIUM, MI 49913

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW ASPIRUSKEWEENAW ORG

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

L Year of formation 1939

M State of legal domicile MI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
ASPIRUS KEWEENAW HOSPITAL PROVIDES COMPREHENSIVE INPATIENT, OUTPATIENT, EMERGENCY, MEDICAL AND PHYSICIAN CLINIC SERVICES

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	14
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	415
6	Total number of volunteers (estimate if necessary)	**6**	34
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	39,367	48,379
9	Program service revenue (Part VIII, line 2g)	38,368,528	39,922,092
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	235,459	153,578
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	171,134	114,713
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	38,814,488	40,238,762
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
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)	21,850,300	22,886,026
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	14,790,977	15,264,587
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	36,641,277	38,150,613
19	Revenue less expenses Subtract line 18 from line 12	2,173,211	2,088,149

Revenue / Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	26,435,429	29,541,483
21	Total liabilities (Part X, line 26)	8,497,469	9,479,565
22	Net assets or fund balances Subtract line 21 from line 20	17,937,960	20,061,918

Net Assets or Fund Balances

Part II Signature Block

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

Sign Here

****** | 2014-05-13
Signature of officer | Date

CHUCK NELSON CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
TERRI REXRODE CPA MST		2014-05-13		P00096513

Firm's name ▶ WIPFLI LLP — Firm's EIN ▶ 39-0758449

Firm's address ▶ PO BOX 12237
GREEN BAY, WI 543072237 — Phone no (920) 662-0016

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

TO PROVIDE COMPREHENSIVE INPATIENT, OUTPATIENT, EMERGENCY, MEDICAL, AND PHYSICIAN CLINIC SERVICES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

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

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 32,959,376 including grants of $) (Revenue $ 39,805,418)

ASPIRUS KEWEENAW HOSPITAL PROVIDES COMPREHENSIVE INPATIENT, OUTPATIENT, EMERGENCY, MEDICAL, AND PHYSICIAN CLINIC SERVICES

4b (Code) (Expenses $ including grants of $) (Revenue $)

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 32,959,376

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	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	94		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	415		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year **1a** 14			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent **1b** 7			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ CHUCK NELSON 205 OSCEOLA STREET LAURIUM, MI (906) 337-6500

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CHUCK NELSON PRESIDENT/CEO	40 00	X		X				287,120	0	22,890
(2) DANIEL L DALQUIST CHAIRMAN	50	X		X				0	0	0
(3) EDWARD JENICH VICE CHAIRMAN	50	X		X				0	0	0
(4) DAVID H GILBERT MD SECRETARY	50	X		X				0	0	0
(5) DARRELL M LENTZ BOARD MEMBER	50 39 50	X						0	227,171	50,337
(6) RICK L NEVERS BOARD MEMBER	50 39 50	X						0	245,545	61,758
(7) ZUHAIR GHANEM MD BOARD MEMBER	40 00	X						372,048	0	18,576
(8) JERRY W LUOMA MD BOARD MEMBER	20 00	X						114,288	0	13,871
(9) MICHAEL LUOMA MD BOARD MEMBER	40 00	X						222,432	0	20,535
(10) SANDRA HUUKI BOARD MEMBER	50	X						0	0	0
(11) DARRYL PIERCE BOARD MEMBER	50	X						0	0	0
(12) DALE R TAHTINEN BOARD MEMBER	50	X						0	0	0
(13) JOEL TUORINIEMI BOARD MEMBER	50	X						0	0	0
(14) DUANE L ERWIN PRESIDENT/CEO OF ASPIRUS, INC	50 39 50	X						0	807,484	134,626
(15) MICHAEL HAUSWIRTH COO	40 00			X				183,757	0	19,807
(16) SHANE JACQUES CFO	40 00			X				144,567	0	18,592
(17) GRACE TOUSIGNANT CNO	40 00			X				139,871	0	15,735

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) KENNETH PHERSON MD ORTHOPEDIC SURGEON	40 00					X		462,908	0	9,089
(19) BRADLY LAITINEN MD ED PHYSICIAN	40 00					X		363,173	0	23,824
(20) BONNIE HAFEMAN MD PHYSICIAN	40 00					X		315,793	0	15,016
(21) JAMES BLACK MD ED PHYSICIAN	40 00					X		306,838	0	28,586
(22) JOHN NOVOSAD MD ANESTHESIOLOGIST	40 00					X		284,235	0	14,842

1b	**Sub-Total** . . . . . ▶			
c	**Total from continuation sheets to Part VII, Section A** . . . . ▶			
d	**Total (add lines 1b and 1c)** . . . . . ▶	3,197,030	1,280,200	468,084

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 30

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MARK R SHEBUSKI MD PC , 301 W LAKE AVENUE HOUGHTON MI 49931	PROVIDER SERVICES & BUILDING	729,052
HEALTHLAND INC 1600 UTICA AVENUE SOUTH SUITE 300 MINNEAPOLIS MN 55416	SYSTEM SOFTWARE	648,258
WINTHROP INDUSTRIES INC 1110 WAYZATA BLVD 800 MINNTONKA MN 55305	MEDICAL EQUIPMENT PURCHASE	508,649
MEDLINE INDUSTRIES INC ONE MUNDELEIN PLACE MUNDELEIN IL 60060	MEDICAL SUPPLY DISTRIBUTOR	413,661
DLP MARQUETTE GENERAL HOSPITAL 103 POWELL CT BRENTWOOD TN 37027	VARIOUS MEDICAL SERVICES	366,880

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 ▶ 35

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	42,002			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	6,377			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		48,379			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE REVENUE	621990	39,805,418	39,805,418		
	b	CAFETERIA REVENUE	624200	108,723			108,723
	c	VENDING REVENUE	624200	7,951			7,951
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		39,922,092			
	3	Investment income (including dividends, interest, and other similar amounts)		142,826			142,826
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	138,402				
	b	Less rental expenses	64,225				
	c	Rental income or (loss)	74,177				
	d	Net rental income or (loss)		74,177			74,177
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	908,878 / 2,000				
	b	Less cost or other basis and sales expenses	899,036 / 1,090				
	c	Gain or (loss)	9,842 / 910				
	d	Net gain or (loss)		10,752			10,752
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	OTHER REVENUE	999999	40,536			40,536
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		40,536			
	12	**Total revenue.** See Instructions		40,238,762	39,805,418	0	384,965

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				
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	3,403,570	2,569,526	834,044	
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	14,724,720	13,437,862	1,286,858	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	566,576	501,981	64,595	
9 Other employee benefits	2,998,763	2,711,254	287,509	
10 Payroll taxes	1,192,397	1,056,452	135,945	
11 Fees for services (non-employees)				
a Management				
b Legal	73,729		73,729	
c Accounting	57,281		57,281	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	3,549,684	2,992,383	557,301	
12 Advertising and promotion	228,442	12,412	216,030	
13 Office expenses	6,638,670	5,408,137	1,230,533	
14 Information technology				
15 Royalties . .				
16 Occupancy	432,091	432,091		
17 Travel	252,160	170,612	81,548	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	168,801	168,801		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,040,158	941,980	98,178	
23 Insurance	342,180	132,855	209,325	
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 PROVISION FOR BAD DEBTS	2,423,030	2,423,030		
b RECRUITMENT EXPENSE	58,361		58,361	
c				
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	38,150,613	32,959,376	5,191,237	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		650,806	1	1,024,969
	2	Savings and temporary cash investments		6,911,803	2	9,062,674
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		4,563,534	4	4,555,966
	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		499,225	8	431,100
	9	Prepaid expenses and deferred charges		862,639	9	847,336
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 23,039,213			
	b	Less accumulated depreciation	10b 15,935,596	6,419,898	10c	7,103,617
	11	Investments—publicly traded securities		2,946,344	11	3,054,478
	12	Investments—other securities See Part IV, line 11		1,464,183	12	1,412,643
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		91,833	14	91,833
	15	Other assets See Part IV, line 11		2,025,164	15	1,956,867
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		26,435,429	16	29,541,483
Liabilities	17	Accounts payable and accrued expenses		3,479,985	17	3,701,434
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	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		4,121,242	23	3,655,860
	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		896,242	25	2,122,271
	26	**Total liabilities.** Add lines 17 through 25		8,497,469	26	9,479,565
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		17,685,063	27	19,805,016
	28	Temporarily restricted net assets		252,897	28	256,902
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		17,937,960	33	20,061,918
	34	Total liabilities and net assets/fund balances		26,435,429	34	29,541,483

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	40,238,762
2	Total expenses (must equal Part IX, column (A), line 25)	2	38,150,613
3	Revenue less expenses Subtract line 2 from line 1	3	2,088,149
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	17,937,960
5	Net unrealized gains (losses) on investments	5	35,809
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	20,061,918

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	Employer identification number
ASPIRUS KEWEENAW HOSPITAL	38-1443361

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

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

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		7,765
j	Total Add lines 1c through 1i			7,765
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	ORGANIZATION HAS INDIRECT LOBBYING ACTIVITIES THROUGH THE PAYMENT OF HOSPITAL ASSOCIATION DUES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

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

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

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

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table

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

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

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

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

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

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		841,243		841,243
b Buildings		13,810,232	10,466,323	3,343,909
c Leasehold improvements				
d Equipment		7,632,007	5,469,273	2,162,734
e Other		755,731		755,731
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				7,103,617

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

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

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

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

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

(a) Description	(b) Book value
(1) DUE FROM ASPIRUS KEWEENAW ENTERPRISES	986,177
(2) DUE FROM ASPIRUS KEWEENAW FOUNDATION	4,573
(3) NOTE RECEIVABLE	896,750
(4) DUE FROM OTHER ENTITIES	61,747
(5) DUE FROM GRAND VIEW HOSPITAL	7,620
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	1,956,867

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
LONG TERM INSURANCE PAYABLE	1,005,465
DUE TO THIRD-PARTY REIMBURSEMENT	1,116,806
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	2,122,271

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	37,693,622
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	0
3	Subtract line **2e** from line **1**			3	37,693,622
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	2,545,140		
c	Add lines **4a** and **4b**			4c	2,545,140
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	40,238,762

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

1	Total expenses and losses per audited financial statements			1	35,615,454
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	0
3	Subtract line **2e** from line **1**			3	35,615,454
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	2,535,159		
c	Add lines **4a** and **4b**			4c	2,535,159
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	38,150,613

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	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, THE ORGANIZATION DETERMINES WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION IF THE TAX POSITION DOES NOT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD, THE BENEFIT OF THAT POSITION IS NOT RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS THE ORGANIZATION'S POLICY IS TO RECOGNIZE INTEREST AND PENALTIES RELATED TO INCOME TAX MATTERS IN INCOME TAX EXPENSE WHEN INCURRED IN 2013 AND 2012, THERE WERE NO PAYMENTS OF INCOME TAX, TAX PENALTIES, OR INTEREST RELATED TO TAX PENALTIES RECORDED BY THE ORGANIZATION IN THE CONSOLIDATED FINANCIAL STATEMENTS THE ORGANIZATION RECORDED NO ASSETS OR LIABILITIES FOR UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS IN 2013 OR 2012 FEDERAL TAX RETURNS FOR THE YEARS ENDED JUNE 30, 2010, AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE APPLICABLE TAXING AUTHORITIES
PART XI, LINE 4B - OTHER ADJUSTMENTS		EXPENSES INCLUDED IN OTHER INCOME ON F/S 176,354 PROVISION FOR BAD DEBT EXPENSE 2,423,030 TEMPORARILY RESTRICTED INCOME 9,981 RENTAL EXPENSES INCLUDED IN REVENUE PER F/S -64,225
PART XII, LINE 4B - OTHER ADJUSTMENTS		EXPENSES INCLUDED IN OTHER INCOME ON F/S 176,354 RENT EXPENSE -64,225 PROVISION FOR BAD DEBT EXPENSE 2,423,030
		SCH D, PART XI, LINE 4B - AMOUNT INCLUDES EXPENSES INCLUDED IN OTHER INCOME ON THE FINANCIAL STATEMENTS, PROVISION FOR BAD DEBT EXPENSE, TEMPORARILY RESTRICTED INCOME, AND RENTAL EXPENSES INCLUDED IN REVENUE ON THE FINANCIAL STATEMENTS SCH D, PART XII, LINE 4B - AMOUNT INCLUDES EXPENSES INCLUDED IN OTHER INCOME ON THE FINANCIAL STATEMENTS, RENT EXPENSES, AND PROVISION FOR BAD DEBT EXPENSE

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			70,613		70,613	0 200 %
b Medicaid (from Worksheet 3, column a)			3,996,559	2,970,866	1,025,693	2 870 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			4,067,172	2,970,866	1,096,306	3 070 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			170,214	1,911	168,303	0 470 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			57,708		57,708	0 160 %
j **Total.** Other Benefits			227,922	1,911	226,011	0 630 %
k **Total.** Add lines 7d and 7j			4,295,094	2,972,777	1,322,317	3 700 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy			7,499		7,499	0 020 %
8 Workforce development						
9 Other						
10 **Total**			7,499		7,499	0 020 %

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

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	1,245,232		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	11,384,498		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	11,588,533		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-204,035		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
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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	ASPIRUS KEWEENAW HOSPITAL 205 OSCEOLA STREET LAURIUM,MI 49913	X	X			X		X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group ASPIRUS KEWEENAW HOSPITAL

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☐ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
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?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**	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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☐ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year?
6

	Name and address	Type of Facility (describe)
1	ASPIRUS KEWEENAW OUTPATIENT THERAPIES 342 HECLA STREET LAURIUM, MI 49913	OUTPATIENT THERAPY
2	ASPIRUS KEWEENAW MEDICAL ARTS 301 LAKESHORE DRIVE HOUGHTON, MI 49931	CLINIC
3	LAURIUM WELLNESS 300 HECLA STREET LAURIUM, MI 49913	CLINIC
4	ASPIRUS KEWEENAW OUTPATIENT THERAPIES 960 RAZORBACK DRIVE SUITE 3 HOUGHTON, MI 49931	OUTPATIENT THERAPY
5	ASPIRUS KEWEENAW LAKE LINDEN CLINIC 110 CALUMET ST LAKE LINDEN, MI 49945	CLINIC
6	ASPIRUS KEWEENAW FASTCARE 9900 MEMORIAL ROAD HOUGHTON, MI 49931	CLINIC
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COST METHOD THAT IS USED ON THE FORM 990 IS BASED ON A COST TO CHARGE RATIO WHICH IS DEVELOPED BASED ON THE HOSPITAL'S TOTAL OPERATING EXPENSES LESS THE PROVISION FOR BAD DEBTS THIS IS THEN DIVIDED BY GROSS PATIENT SERVICES REVENUE
		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 $ 2440693

Identifier	ReturnReference	Explanation
		PART II WHILE THERE IS GROWING AGREEMENT IN THE UNITED STATES ABOUT WHAT CONSTITUTES A NON-PROFITS HOSPITAL'S COMMUNITY BENEFIT AND CHARITY CARE, THESE EFFORTS CONTINUE TO BE A WORK IN PROGRESS ASPIRUS KEWEENAW HOSPITAL, INC , IN ADDITION TO PROVIDING SIGNIFICANT CHARITY CARE AND OTHER COMMUNITY BENEFITS AS DEFINED BY THE IRS, THE ORGANIZATION BELIEVES THAT IT PROVIDES A CRITICALLY IMPORTANT BENEFIT WHICH IS NOT QUANTIFIED ASPIRUS KEWEENAW HOSPITAL, LIKE MOST COMMUNITY HOSPITALS, WAS CREATED AND IS MAINTAINED IN ORDER TO PROVIDE CARE LOCALLY WHICH WITHOUT THE HOSPITAL WOULD NOT BE AVAILABLE LOCALLY IN ADDITION TO INPATIENT HOSPITALIZATIONS, THE ORGANIZATION PROVIDES LOCAL ACCESS TO MANY SERVICES INCLUDING EMERGENCY SERVICES, RESPIRATORY THERAPY, OCCUPATIONAL THERAPY, PHYSICAL THERAPY, FAMILY PRACTICE CLINICS, AND LABORATORY AND PATHOLOGY SERVICES
		PART III, LINE 4 IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE ORGANIZATION ANALYZES PAST RESULTS AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND THE PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS SPECIFICALLY, FOR RECEIVABLES RELATING TO SERVICES PROVIDED TO PATIENTS HAVING THIRD-PARTY COVERAGE, THE ORGANIZATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE ORGANIZATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE HOSPITAL ESTIMATES THAT APPROXIMATELY 35% OF BAD DEBT EXPENSE DURING FY2013 WAS ATTRIBUTED TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY FINANCIAL ASSISTANCE POLICY THAT DID NOT COMPLETE THE APPLICATION PROCESS THE ORGANIZATION BELIEVES THIS SHOULD BE CHARITY CARE BECAUSE IF THE PROPER APPLICATION WOULD HAVE BEEN COMPLETED, THIS AMOUNT WOULD HAVE BEEN APPROPRIATELY RECORDED

Identifier	ReturnReference	Explanation
		PART III, LINE 8 ALLOWABLE MEDICARE COSTS WERE OBTAINED FROM THE ORGANIZATION'S FILED MEDICARE COST REPORT AS SUCH THEY ONLY INCLUDE THE AMOUNTS ALLOWED IN THE FORM 990 INSTRUCTIONS THEREFORE, THEY ONLY INCLUDE A PORTION OF THE GROSS MEDICARE REVENUE OF THE ORGANIZATION AND DO NOT CONSIDER ALL OF THE CONTRACTUAL ADJUSTMENTS FOR SERVICES REIMBURSED BY THE MEDICARE PROGRAM THE MEDICARE REVENUES AMOUNTS LISTED DO NOT INCLUDE PHYSICIAN SERVICES FOR THE COVERAGE OF THE EMERGENCY DEPARTMENT AT THE HOSPITAL AS WELL AS ANESTHESIA PROFESSIONAL SERVICES, REVENUES FOR ANY PATIENTS COVERED UNDER MEDICARE ADVANTAGE PLAN PROGRAMS, PHYSICAL THERAPY SERVICES PROVIDED TO NURSING HOME RESIDENTS, AND A SIGNIFICANT PORTION OF LAB SERVICES PROVIDED TO AREA CLINIC PATIENTS
		PART III, LINE 9B UNDER THE ORGANIZATION'S COLLECTION AND CHARITY CARE POLICIES, ASPIRUS KEWEENAW HOSPITAL MAKES EVERY ATTEMPT TO IDENTIFY AND PROMOTE CHARITY CARE TO PATIENTS INCLUDED IN THE ORGANIZATION'S CHARITY CARE POLICY IT IS NOTED THAT PATIENTS MAY QUALIFY FOR CHARITY CARE EITHER PRIOR TO ADMISSION OR FOLLOWING DISCHARGE ASPIRUS KEWEENAW HOSPITAL WILL PROVIDE MEDICALLY ACUTE SERVICES TO PATIENTS WHO MEET THE CRITERIA OF THE PATIENT FINANCIAL ASSISTANCE PROGRAM WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES FOR QUALIFYING PATIENTS THIS PROGRAM IS PROVIDED FOR PATIENTS WHO ARE UNINSURED, UNDERINSURED, AND/OR MEDICALLY INDIGENT PATIENTS AND THEIR FAMILIES HAVE A RESPONSIBILITY TO HELP THE HOSPITAL QUALIFY THEM FOR THE APPROPRIATE LEVEL OR TYPE OF FINANCIAL ASSISTANCE GIVEN THEIR CIRCUMSTANCES DURING THE PATIENT ACCOUNT COLLECTION PROCESS, SELF-PAY PATIENTS ARE ALSO INFORMED OF THE HOSPITAL'S COLLECTION POLICIES AS WELL AS THE CARITY CARE PROGRAM TO ALLOW PATIENTS THE OPPORTUNITY TO COMPLETE THE APPROPRIATE FORMS AND QUALIFY UNDER THE PROGRAM AN ACCOUNT WILL BE CONSIDERED DELINQUENT IF ADEQUATE AND TIMELY PAYMENTS ARE NOT MADE AND/OR THERE IS A LACK OF COMMUNICATION FROM THE PATIENT/FAMILY 1) 60 DAYS AFTER BALANCE BECOMES THE RESPONSIBILITY OF THE PATIENT/GUARANTOR 2) IF A PATIENT/GUARANTOR REFUSES TO PAY AN ACCOUNT WITHOUT VALID REASON 3) STATEMENTS ARE MAIL-RETURNED AND THE PATIENT/GUARANTOR CANNOT BE LOCATED 4) A PATIENT/GUARANTOR ACCOUNT HISTORY SHOWS THE DEBT IS UNLIKELY TO BE PAID 5) ACCOUNT PAYMENTS ARE INADEQUATE FOR THE BALANCE AND AGE OF ACCOUNT 6) THE PATIENT/GUARANTOR STOPS MAKING SCHEDULED PAYMENTS

Identifier	ReturnReference	Explanation
ASPIRUS KEWEENAW HOSPITAL		PART V, SECTION B, LINE 3 SURVEY BY MAIL AND PARTICIPATION IN REGIONAL HEALTH ASSESSMENTS WITH OTHER HOSPITALS AND AGENCIES
ASPIRUS KEWEENAW HOSPITAL		PART V, SECTION B, LINE 4 WESTERN UPPER PENINSULA HEALTH DEPARTMENT, ASPIRUS GRAND VIEW, ASPIRUS ONTONAGON BARAGA COUNTY MEMORIAL HOSPITAL, PORTAGE HEALTH, COPPER COUNTY MEMORIAL HEALTH SERVICES

Identifier	ReturnReference	Explanation
ASPIRUS KEWEENAW HOSPITAL		PART V, SECTION B, LINE 20D THE AMOUNTS CHARGED ARE BASED ON FPL LEVEL THIS IS DISCOUNTED USING AVERAGE AMOUNTS PAID BY COMMERCIALLY INSURED AND MEDICARE PATIENTS
PART V, SECTION B, LINE 5A		THE ORGANIZATION'S COMMUNITY HEALTH NEEDS ASSESSMENT IS MADE AVAILABLE ON THE ORGANIZATION'S WEBSITE THE COMMUNITY HEALTH NEEDS ASSESMENT CAN BE FOUND AT HTTP //ASPIRUSKEWEENAW ORG/INDEX CFM? PID=93&PAGETITLE=COMMUNITY-HEALTH-NEEDS-ASSESSMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE ORGANIZATION MEETS WITH A LOCAL FEDERALLY QUALIFIED HEALTH CENTER TO CONSULT AND DETERMINE HOW TO MEET THE HEALTH CARE NEEDS IN THE ORGANIZATION'S GEOGRAPHICAL AREA IN ADDITION, THE ORGANIZATION ITSELF EVALUATES ITS' OWN SERVICES OFFERED IN THEIR SERVICE AREA AND EVALUATES OTHER SERVICES THAT COULD BE PROVIDED TO BENEFIT THE COMMUNITY SERVED
		PART VI, LINE 3 ASPIRUS KEWEENAW HOSPITAL WILL PROVIDE MEDICALLY ACUTE SERVICES TO PATIENTS WHO MEET THE CRITERIA OF THE PATIENT FINANCIAL ASSISTANCE PROGRAM (PFAP) WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES FOR QUALIFYING PATIENTS THIS PROGRAM IS PROVIDED FOR PATIENTS WHO ARE UNINSURED, UNDERINSURED, AND/OR MEDICALLY INDIGENT PATIENTS AND THEIR FAMILIES HAVE A RESPONSIBILITY TO HELP THE HOSPITAL QUALIFY THEM FOR THE APPROPRIATE LEVEL OR TYPE OF FINANCIAL ASSISTANCE GIVEN THEIR CIRCUMSTANCE A PFAP BROCHURE IS GIVEN TO EACH INPATIENT THE BROCHURE INFORMS PATIENTS OF OUR PATIENT FINANCIAL ASSISTANCE PROGRAM AND HOW TO APPLY WE HAVE SIGNS POSTED IN ALL ASPIRUS KEWEENAW HOSPITAL AND CLINIC LOCATIONS THAT LET THE PATIENT KNOW ABOUT OUR PFAP PROGRAM PFAP BROCHURES ARE DISPLAYED IN PATIENT AREAS OF OUR CLINICS AND HOSPITAL SIGNS ARE POSTED THROUGHOUT AKH TO INFORM THE PATIENT THAT WE PARTICIPATE IN THE MEDICAID PROGRAM A NOTICE REGARDING OUR SLIDING FEE SCALE AND HOW TO APPLY FOR IT, IS POSTED AT ALL PHYSICIAN RECEPTION AREAS ALL BILLERS AND FRONT LINE STAFF DIRECT PATIENT INQUIRIES REGARDING PAYMENT, MEDICAID, AND FINANCIAL ASSISTANCE TO A FINANCIAL COUNSELOR SELF PAY PATIENTS ARE INFORMED OF THE COST OF HIGH DOLLAR PROCEDURES AND OFFERED OPTIONS FOR PAYMENT AND ASSISTANCE PROGRAMS PRIOR TO SCHEDULING THE PROCEDURE AN ASPIRUS KEWEENAW SOCIAL WORKER COUNSELS PATIENTS AND MAKES THEM AWARE OF ALL AVAILABLE COMMUNITY RESOURCES, INCLUDING MEDICAID AND OUR AKH PATIENT FINANCIAL ASSISTANCE PROGRAM SHE ASSISTS THEM IN COMPLETING THE MEDICAID APPLICATION A FINANCIAL COUNSELOR WILL VISIT THE PATIENT IF REQUESTED DURING THE SOCIAL WORKER INTERVIEW WITH THE PATIENT FINANCIAL COUNSELORS SUGGEST OUR PFAP TO ELIGIBLE PATIENTS WHILE MAKING PAYMENT ARRANGEMENTS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 THE ORGANIZATION PROVIDES SERVICES PRIMARILY TO THE ELDERLY AND FRAIL OF NORTHERN HOUGHTON AND KEWEENAW COUNTIES THE LARGEST CITIES IN THESE REGIONS INCLUDE HOUGHTON, HANCOCK, LAURIUM AND CALUMET AS A PERCENTAGE OF TOTAL REVENUE, MEDICARE AND MEDICAID COMPRISE OF 60% AND 11%, RESPECTIVELY FOR THE ORGANIZATION
		PART VI, LINE 5 THE BOARD OF DIRECTOR'S IS COMPRISED OF INDEPENDENT COMMUNITY MEMBERS THE ORGANIZATION PROVIDES, FREE OF CHARGE TO THE LOCAL SCHOOL, AN ATHLETIC TRAINER

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	PART III	PART I, LINE 4B JERRY LUOMA RECEIVED A PAYMENT OF $88,109 FROM A SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLAN DURING THE YEAR

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 38-1443361
Name: ASPIRUS KEWEENAW HOSPITAL

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
CHUCK NELSON	(I)	230,544	56,082	494	9,186	13,704	310,010	0
	(II)	0	0	0	0	0	0	0
DARRELL M LENTZ	(I)	0	0	0	0	0	0	0
	(II)	188,846	36,086	2,239	5,717	44,620	277,508	0
RICK L NEVERS	(I)	0	0	0	0	0	0	0
	(II)	179,118	53,326	13,101	11,107	50,651	307,303	0
ZUHAIR GHANEM MD	(I)	371,832	0	216	3,813	14,763	390,624	0
	(II)	0	0	0	0	0	0	0
MICHAEL LUOMA MD	(I)	138,005	83,959	468	5,629	14,906	242,967	0
	(II)	0	0	0	0	0	0	0
DUANE L ERWIN	(I)	0	0	0	0	0	0	0
	(II)	575,926	216,804	14,754	11,512	123,114	942,110	0
MICHAEL HAUSWIRTH	(I)	149,862	33,666	229	6,103	13,704	203,564	0
	(II)	0	0	0	0	0	0	0
SHANE JACQUES	(I)	121,738	22,718	111	4,936	13,656	163,159	0
	(II)	0	0	0	0	0	0	0
GRACE TOUSIGNANT	(I)	117,067	21,934	870	4,855	10,880	155,606	0
	(II)	0	0	0	0	0	0	0
KENNETH PHERSON MD	(I)	462,368	0	540	4,350	4,739	471,997	0
	(II)	0	0	0	0	0	0	0
BRADLY LAITINEN MD	(I)	362,983	0	190	10,117	13,707	386,997	0
	(II)	0	0	0	0	0	0	0
BONNIE HAFEMAN MD	(I)	160,671	154,910	212	0	15,016	330,809	0
	(II)	0	0	0	0	0	0	0
JAMES BLACK MD	(I)	305,911	0	927	13,779	14,807	335,424	0
	(II)	0	0	0	0	0	0	0
JOHN NOVOSAD MD	(I)	283,203	0	1,032	10,103	4,739	299,077	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

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	VILLAGE OF LAURIUM FINANCE AUTHORITY	38-6007184		03-05-2004	3,546,723	REFUNDING BOND SERIES 1997		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,127,200			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	3,546,723			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
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	3,546,723			
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	1998			

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X						
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	%		%		%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	%		%		%		%	
6	Total of lines 4 and 5	%		%		%		%	
7	Does the bond issue meet the private security or payment test?	X							
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X							
b	Exception to rebate?		X						
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
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 K, PART IV, LINE 7	SCHEDULE K, PART IV, LINE 7	WE ARE ANALYZING AND EVALUATING POLICIES AND PROCEDURES RELATED TO OUR TAX-EXEMPT BONDS AND WILL UPDATE AS APPROPRIATE

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	JERRY LUOMA AND MICHAEL LUOMA ARE FATHER AND SON
	FORM 990, PART VI, SECTION A, LINE 6	ASPIRUS, INC AND KEWEENAW HEALTH FOUNDATION ARE VOTING MEMBERS
	FORM 990, PART VI, SECTION A, LINE 7A	THE BOARD OF DIRECTORS IS COMPRISED OF 3 MEMBERS FROM ASPIRUS, INC AND 11 MEMBERS FROM KEWEENAW HEALTH FOUNDATION
	FORM 990, PART VI, SECTION A, LINE 7B	MAJOR OPERATING DECISION ITEMS UPON APPROVAL BY THE BOARD OF ASPIRUS KEWEENAW HOSPITAL REQ UIRE APPROVAL BY THE ASPIRUS, INC BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION B, LINE 11	THE BOARD OF DIRECTORS HAS DELEGATED THE REVIEW PROCESS OF THE FORM 990 TO THE CFO THE FO RM 990 WILL BE MAILED TO ALL BOARD MEMBERS PRIOR TO FILING
	FORM 990, PART VI, SECTION B, LINE 12C	ANNUALLY, BOARD MEMBERS ARE REQUIRED TO DISCLOSE CONFLICTS TO THE BOARD AN INTERESTED PER SON MUST DISCLOSE THE EXISTENCE AND NATURE OF HIS OR HER FINANCIAL INTEREST TO THE DIRECTO RS AND MEMBERS OF COMMITTEES WITH BOARD DELEGATED POWERS AFTER DISCLOSURE, THE INTERESTED PERSON SHALL LEAVE THE BOARD OR COMMITTEE MEETING WHILE THE FINANCIAL INTEREST IS DISCUSS ED AND VOTED UPON THE REMAINING MEMBERS SHALL DECIDE IF A CONFLICT EXISTS
	FORM 990, PART VI, SECTION B, LINE 15	COMPENSATION IS DETERMINED BY USE OF STATE HOSPITAL ASSOCIATION SURVEY AND SYSTEM SURVEY THE COMPENSATION OF THE CEO IS DETERMINED BY AN EXECUTIVE COMPENSATION COMMITTEE OF THE BO ARD OF DIRECTORS WAGE DETERMINATION FOR OTHER EXECUTIVE POSITIONS, AN ANNUAL WAGE ANALYSI S IS COMPLETED THE ORGANIZATION USES SALARY SURVEYS AND SALARY AGENCIES TO DETERMINE THE WAGE SCALE CONSULTATION ON THE SETTING OF PAY IS PROVIDED TO THE ORGANIZATION BY ASPIRUS, INC HUMAN RESOURCES ANY INCREASES IN EXECUTIVE COMPENSATION IS APPROVED BY THE BOARD WI TH THE ACTUAL AMOUNT OF SALARY INCREASE BASED OFF OF AN ANNUAL EMPLOYEE EVALUATION FOR AL L EXECUTIVES, A BONUS POOL IS ESTABLISHED AND CRITERIA IS DEVELOPED AND DETERMINED AT THE BOARD OF DIRECTORS LEVEL THE BOARD THEN REVIEWS ANNUALLY THE PLAN AND DETERMINES IF A PAY OUT WILL BE PROVIDED ALL COMPENSATION DECISIONS ARE DOCUMENTED THROUGH A COMPENSATION SUB -COMMITTEE OF THE BOARD OF DIRECTORS BY INDIVIDUALS WITHOUT CONFLICT
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION HAS DEEMED THAT ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE THE PROPERTY OF THE ORGANIZATION AND ARE NOT AVAILABLE FOR PUBLI C INSPECTION

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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
ASPIRUS KEWEENAW HOSPITAL

Employer identification number
38-1443361

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
See Additional Data Table							

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) ASPIRUS KEWEENAW ENTERPRISES 205 OSCOLA ST LAURIUM, MI 49913 38-3390273	PHARMACY	MI	ASPIRUS KEWEENAW HOSPITAL	C	53,327	1,518,190	100 000 %		No
(2) ASPIRUS NETWORK INC 3000 WESTHILL DRIVE 202 WAUSAU, WI 54401 39-1931678	HEALTH CARE SERVICES	WI	N/A	C					No
(3) ASPIRUS GRAND VIEW CARING CAREGIVERS N 10561 GRAND VIEW LANE IRONWOOD, MI 49938 38-2902754	PERSONAL NEEDS SERVICES	MI	N/A	C					No

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

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

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

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) ASPIRUS KEWEENAW ENTERPRISES	A	60,711	FMV

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

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

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

Software ID:
Software Version:
EIN: 38-1443361
Name: ASPIRUS KEWEENAW HOSPITAL

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

-->

Aspirus Keweenaw and Subsidiary

Laurium, Michigan

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2013 and 2012

Aspirus Keweenaw and Subsidiary

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2013 and 2012

Table of Contents

WIPFLi LLP

Independent Auditor's Report

Board of Directors
Aspirus Keweenaw
Laurium, Michigan

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Aspirus Keweenaw and Subsidiary, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States, 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

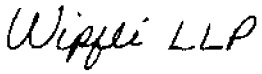
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Aspirus Keweenaw and Subsidiary as of June 30, 2013 and 2012, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.



Wipfli LLP

September 12, 2013
Green Bay, Wisconsin

Aspirus Keweenaw and Subsidiary

Consolidated Balance Sheets

June 30, 2013 and 2012

Assets	2013	2012
Current assets		
Cash and cash equivalents	$ 9,457,547	$ 7,016,989
Short-term investments	1,838,815	1,821,073
Accounts receivable - Net	4,774,901	4,939,583
Inventories	836,399	880,251
Prepaid expenses and other	852,044	872,541
Interest receivable	46,750	51,000
Total current assets	17,806,456	15,581,437
Assets limited as to use	573,250	546,343
Investments	1,410,775	1,351,413
Property and equipment - Net	7,256,999	6,606,889
Note receivable	850,000	850,000
Investment in unconsolidated affiliates	1,412,643	1,464,183
Other assets	763,373	652,023
TOTAL ASSETS	$ 30,073,496	$ 27,052,288

Liabilities and Net Assets	2013	2012
Current liabilities		
Current maturities of long-term debt	$ 426,227	$ 455,139
Current portion of obligations under capital leases	10,876	10,244
Accounts payable	1,229,986	1,119,023
Accrued and other liabilities	1,941,904	1,790,359
Malpractice insurance liability	554,224	640,922
Amounts payable to third-party reimbursement programs	1,116,806	92,534
Total current liabilities	5,280,023	4,108,221
Long-term liabilities		
Long-term debt, less current maturities	3,207,203	3,633,429
Obligations under capital leases, less current portion	11,554	22,430
Malpractice insurance liability, less current portion	1,005,465	896,242
Total long-term liabilities	4,224,222	4,552,101
Total liabilities	9,504,245	8,660,322
Net assets:		
Unrestricted	20,312,349	18,139,069
Temporarily restricted	256,902	252,897
Total net assets	20,569,251	18,391,966
TOTAL LIABILITIES AND NET ASSETS	$ 30,073,496	$ 27,052,288

See accompanying notes to consolidated financial statements.

Aspirus Keweenaw and Subsidiary

Consolidated Statements of Operations

Years Ended June 30, 2013 and 2012

	2013	2012
Revenue		
Patient service revenue (net of contractual adjustments and discounts)	$ 38,457,939	$ 37,114,807
Provision for bad debts	(2,469,700)	(1,793,558)
Net patient service revenue, less provision for bad debts	35,988,239	35,321,249
Retail pharmacy sales - Net of cost of goods sold	3,059,307	2,878,851
Other revenue	144,238	77,489
Total revenue	39,191,784	38,277,589
Operating expenses		
Nursing services	7,091,719	6,832,966
Other professional services	17,274,217	16,905,200
General services	1,837,782	1,715,797
Administrative services	4,700,809	4,912,974
Fringe benefits	5,004,907	4,556,609
Depreciation and amortization	1,075,486	1,038,591
Interest	168,801	200,876
Total operating expenses	37,153,721	36,163,013
Income from operations	2,038,063	2,114,576
Other income (deductions)		
Investment income	198,260	199,032
Contributions	2,363	26,345
Gain on disposal of property and equipment	910	22,880
Change in investments in unconsolidated affiliates	(51,540)	(523,174)
Other	(56,561)	(88,858)
Excess of revenue over expenses	2,131,495	1,750,801
Other changes in net assets		
Change in net unrealized gains and losses on investments other than trading securities	35,809	16,682
Transfer of net assets from Keweenaw Health Foundation	-	1,155,000
Net assets released from restrictions	5,976	25,188
Increase in unrestricted net assets	$ 2,173,280	$ 2,947,671

See accompanying notes to consolidated financial statements.

Aspirus Keweenaw and Subsidiary

Consolidated Statements of Changes in Net Assets

Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted net assets		
Excess of revenue over expenses	$ 2,131,495	$ 1,750,801
Change in net unrealized gains and losses on investments other than trading securities	35,809	16,682
Transfer of net assets from Keweenaw Health Foundation	-	1,155,000
Net assets released from restrictions	5,976	25,188
Increase in unrestricted net assets	2,173,280	2,947,671
Temporarily restricted net assets		
Contributions	4,014	4,197
Investment income	5,967	13,569
Net assets released from restrictions	(5,976)	(25,188)
Increase (decrease) in temporarily restricted net assets	4,005	(7,422)
Change in net assets	2,177,285	2,940,249
Net assets at beginning	18,391,966	15,451,717
Net assets at end	$ 20,569,251	$ 18,391,966

See accompanying notes to consolidated financial statements.

Aspirus Keweenaw and Subsidiary

Consolidated Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities.		
Cash received from patients and third-party payors	$ 43,527,190	$ 43,405,107
Cash paid to employees and suppliers	(38,965,636)	(39,417,667)
Interest and dividends received	177,526	120,746
Interest paid	(168,801)	(200,876)
Other cash received	90,040	14,976
Net cash provided by operating activities	4,660,319	3,922,286
Cash flows from investing activities		
Capital expenditures	(1,723,142)	(517,915)
Proceeds from sale of investments and assets limited as to use	908,878	2,933,540
Purchase of investments and assets limited as to use	(952,096)	(878,711)
Net cash transferred to Keweenaw Health Foundation	-	(845,000)
Proceeds from property and equipment disposals	2,000	24,830
Net cash provided by (used in) investing activities	(1,764,360)	716,744
Cash flows from financing activities		
Payments on line of credit	-	(867,458)
Principal payments on long-term debt and capital lease obligations	(465,382)	(452,450)
Restricted contributions and investment income	9,981	17,766
Net cash used in financing activities	(455,401)	(1,302,142)
Net increase in cash and cash equivalents	2,440,558	3,336,888
Cash and cash equivalents at beginning	7,016,989	3,680,101
Cash and cash equivalents at end	$ 9,457,547	$ 7,016,989

Aspirus Keweenaw and Subsidiary

Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2013 and 2012

	2013	2012
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ 2,177,285	$ 2,940,249
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,075,486	1,038,591
Provision for bad debts	2,469,700	1,793,558
Net realized gain on sale of marketable securities	(24,984)	(69,786)
Gain on disposal of property and equipment	(910)	(22,880)
Transfer of net assets from Keweenaw Health Foundation	-	(1,155,000)
Restricted contributions and investment income	(9,981)	(17,766)
Change in investments in unconsolidated affiliates	51,540	523,174
Change in net unrealized gains and losses on investments other than trading securities	(35,809)	(16,682)
Changes in operating assets and liabilities		
Accounts receivable	(2,305,018)	(2,174,619)
Inventories	43,852	(129,148)
Prepaid expenses and other	(95,290)	(1,021,507)
Interest receivable	4,250	(8,500)
Amounts receivable from third-party reimbursement programs	-	2,104,645
Accounts payable	111,856	49,044
Accrued and other liabilities	174,070	(3,621)
Amounts payable to third-party reimbursement programs	1,024,272	92,534
Total adjustments	2,483,034	982,037
Net cash provided by operating activities	$ 4,660,319	$ 3,922,286

Supplemental schedule of noncash investing and financing activities:

The Hospital had $154,240 and $155,133 of fixed assets in accounts payable as of June 30, 2013 and 2012, respectively.

As of June 30, 2013 and 2012, the Hospital recorded a gross up of insurance receivables and liabilities of $1,083,193 and $1,088,169, respectively, based on actuary calculations as discussed on page 32.

Note 1 Summary of Significant Accounting Policies

The Entities

Aspirus Keweenaw (the "Hospital") is a nonprofit, nonstock corporation that operates a 25-bed acute care facility. The Hospital provides comprehensive inpatient, outpatient, emergency, and physician clinic services. All services are provided to the residents of Houghton and Keweenaw Counties, Michigan, and the surrounding areas.

Aspirus Keweenaw was formed through an affiliation of Aspirus, Inc. ("Aspirus"), a Wisconsin nonprofit corporation, and Keweenaw Memorial Medical Center. As a result of the affiliation, the corporate members of Aspirus Keweenaw are Aspirus and Keweenaw Health Foundation (KHF), a Michigan nonprofit corporation with each member having a 50% ownership interest in the Hospital.

Aspirus Keweenaw Enterprises, Inc. (the "Company") is a for-profit corporation, which provides pharmaceutical, home medical equipment, fitness center, and home respiratory services to residents of Houghton and Keweenaw Counties, Michigan, and the surrounding areas.

Principles of Consolidation

The consolidated financial statements include the accounts of Aspirus Keweenaw and Aspirus Keweenaw Enterprises, Inc., its wholly owned subsidiary, collectively referred to as the Organization. All significant intercompany accounts and transactions have been eliminated in preparing the consolidated financial statements.

Financial Statement Presentation

The Organization follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP.

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates may also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited or restricted.

Accounts Receivable and Credit Policy

Accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Organization bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Organization does not have a policy to charge interest on past due accounts.

Accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and an allowance for doubtful accounts, which reflect management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to accounts receivable. In addition, management provides for probable uncollectible amounts, primarily uninsured patients and amounts patients are personally responsible for, through a reduction of gross revenue and a credit to a valuation allowance.

Note 1 Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Credit Policy (Continued)

In evaluating the collectibility of accounts receivable, the Organization analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and the provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to patients having third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Inventories

Inventories of supplies are valued at the lower of cost, determined on the first-in, first-out method, or market.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, assets held by trustees under indenture agreements, and assets restricted by donors for capital improvements or for specific operating purposes.

Note 1 Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Investments are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenue over expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenue over expenses unless the investments are trading securities. Realized gains and losses are determined by specific identification and charged to operations.

The Organization monitors the difference between the cost and fair value of its investments. A decline in market value of an individual investment security below cost that is deemed to be other than temporary results in an impairment, and the Hospital reduces the investment's carrying value to fair value. A new cost basis is established for the investment, and any impairment loss is recorded as a realized loss in investment income.

Fair Value Measurements

The Organization measures fair value of its financial instruments using a three-tier hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 8 to 25 years for land improvements, 20 to 40 years for buildings and improvements, 3 to 20 years for major movable equipment, and 7 to 20 years for fixed equipment. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Note 1 Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation (Continued)

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

Impairment

The Organization reviews its property, equipment, and intangible assets periodically to determine potential impairment by comparing the carrying value of the property, equipment, and identified intangible assets with the estimated future net discounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Organization would recognize an impairment loss at that time. No impairment loss was recognized in 2013 or 2012.

Asset Retirement Obligations

ASC Topic 410-20, *Asset Retirement Obligations,* clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. The Organization has considered ASC Topic 410-20, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. The Organization believes there is an indeterminate settlement date for the asset retirement obligations, because the range of time over which the Organization may settle the obligation is unknown and cannot be estimated. As a result, the Organization cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2013 and 2012.

Note 1 Summary of Significant Accounting Policies (Continued)

Intangible Assets

Intangible assets acquired in a business acquisition are being amortized on a straight-line basis over four years from the date of acquisition.

Investments in Unconsolidated Affiliates

Investments in unconsolidated affiliates are accounted for using the equity or cost method, whichever is applicable.

Net Assets

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources which have been designated for special use by the Board of Directors. Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets are restricted by donors to be maintained by the Organization in perpetuity.

For the periods presented, the Organization had no permanently restricted net assets.

Excess of Revenue Over Expenses

The consolidated statements of operations and changes in net assets include excess of revenue over expenses, which is considered the operating indicator. Changes in unrestricted net assets that are excluded from the operating indicator include unrealized gains and losses on investments other than trading securities, contributions of long-lived assets including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, and transfers to (from) related organizations other than for goods and services.

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Service Revenue - Net of Contractual Adjustments and Discounts

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retrospective adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients who do not qualify for charity care, the Organization 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 Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Retail Pharmacy Sales

Retail pharmacy sales consist of all revenue generated from the retail stores operated by the Company. Revenue is reported at estimated net realizable amounts from customers and third-party payors.

Charity Care

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

The estimated cost of providing care to patients under the Hospital's charity care policy is calculated by multiplying the Hospital's ratio of cost-to-gross charges by the gross uncompensated charges associated with providing charity care.

Note 1 Summary of Significant Accounting Policies (Continued)

Donor-Restricted Contributions

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

Advertising Costs

The Organization expenses advertising costs as incurred.

Unemployment Compensation

The Hospital has elected the reimbursement method to finance the cost of unemployment compensation benefits. Unemployment compensation expense is charged to operating expense when paid or when the amount of the claims can be estimated. The Hospital contributes to a state unemployment trust held by a third party.

Income Taxes

The Hospital is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is also exempt from state income taxes on related income.

The Company is a taxable corporation. Any income tax provision, if required, is not considered material to the consolidated financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

In order to account for any uncertain tax positions, the Organization determines whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements.

The Organization's policy is to recognize interest and any penalties related to income tax matters in income tax expense when incurred. In 2013 and 2012, there were no payments of income tax, tax penalties, or interest related to tax penalties recorded by the Organization in the consolidated financial statements.

The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits in 2013 or 2012. Federal income tax returns for the years ended June 30, 2010 and beyond remain subject to examination by the applicable taxing authorities.

Subsequent Events

Subsequent events have been evaluated through September 12, 2013, which is the date the consolidated financial statements were available to be issued.

Note 2 Reimbursement Arrangements With Third-Party Payors

The Hospital has agreements with third-party payors that provide for reimbursement at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows

- *Medicare* - The Hospital is certified as a critical access hospital with reimbursement based on cost for inpatient, outpatient, and rural health clinic services. Professional services provided by physicians and other clinicians continue to be reimbursed based on prospectively determined fee schedules with the exception of the rural health clinic, which is reimbursed on a cost basis subject to certain limitations.

- *Medicaid* - Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based upon clinical, diagnostic, and other factors. In addition, capital-related costs for inpatient services are reimbursed under a cost methodology. Outpatient services are paid based upon a prospectively determined fee schedule for each type of service. Professional services provided by physicians and other clinicians are reimbursed based upon one of the following methods. a prospectively determined fee schedule or a cost-reimbursement methodology depending on the type of professional services provided.

- *Blue Cross Blue Shield of Michigan ("Blue Cross")* - Inpatient and outpatient services rendered to Blue Cross subscribers are reimbursed on a controlled-charge basis.

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

Note 2 Reimbursement Arrangements With Third-Party Payors (Continued)

- *Accounting for Contractual Arrangements* - The Hospital is reimbursed for cost reimbursable items at an interim rate, and final settlements are determined after audit of the Hospital's related annual cost reports by the respective Medicare, Medicaid, and Blue Cross fiscal intermediaries. Estimated provisions to approximate the full expected settlements after review by the intermediaries are included in the accompanying consolidated financial statements. The Hospital's cost reports have been audited by the Medicare, Medicaid, and Blue Cross fiscal intermediaries through June 30, 2009, June 30, 2009, and June 30, 2011, respectively.

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patients' services. Management believes the Hospital is in substantial compliance with current laws and regulations.

The Centers for Medicare & Medicaid Services (CMS) uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that may have been made to health care providers and not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, CMS makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. As of June 30, 2013, the Hospital has not received notification of any potential significant reimbursement adjustments.

Note 3 Accounts Receivable

Accounts receivable consisted of the following at June 30.

	2013	2012
Accounts receivable - Hospital	$ 6,461,056	$ 6,577,098
Less.		
Contractual adjustments	2,872,137	2,759,244
Allowance for doubtful accounts	782,534	812,000
Net accounts receivable - Hospital	2,806,385	3,005,854
Accounts receivable - Clinics	1,262,510	1,123,061
Less - Contractual adjustments	369,041	361,889
Net accounts receivable - Clinics	893,469	761,172
Accounts receivable - Aspirus Keweenaw Enterprises, Inc.	835,361	923,704
Less - Contractual adjustments	23,103	17,533
Net accounts receivable - Aspirus Keweenaw Enterprises, Inc.	812,258	906,171
Total net accounts receivable	4,512,112	4,673,197
Other receivables	262,789	266,386
Accounts receivable - Net	$ 4,774,901	$ 4,939,583

During 2013, the Hospital's estimate decreased from 12.3% to 12.1% in the allowance for doubtful accounts related to self-pay patients and third-party payors. The minimal change between years is due to the trends experienced in the collection of amounts from self-pay patients and third-party payors. Amounts written off during 2013 and 2012 for self-pay patients and third-party payors were approximately $2,892,000 and $2,231,000, respectively.

Note 4 Charity Care

The estimated cost of providing care to patients under the Hospital's charity care policy of approximately $71,000 and $40,000 in 2013 and 2012, respectively, is calculated by multiplying the Hospital's ratio of cost-to-gross charges by the gross uncompensated charges associated with providing charity care.

Note 5 Investments

Assets Limited as to Use

Assets limited as to use are set forth in the following table. Investments, stated at fair value, consisted of the following at June 30

	2013	2012
Held by trustee under indenture agreement		
Cash and cash equivalents	$ 11,157	$ 11,667
Certificates of deposit	305,191	281,779
Total held by trustee under indenture agreement	316,348	293,446
Temporarily restricted		
Cash and cash equivalents	13,462	16,213
Certificates of deposit	104,749	124,752
Marketable equity securities	138,691	111,932
Total temporarily restricted	256,902	252,897
Total assets limited as to use	$ 573,250	$ 546,343

Note 5 Investments (Continued)

Other Investments

Other investments, stated at fair value, consisted of the following at June 30

	2013	2012
Short-term investments.		
Cash and cash equivalents	$ 456,650	$ 457,338
Certificates of deposit	766,822	760,339
Corporate bonds	182,727	167,556
Government bonds	264,717	299,447
Marketable equity securities	156,472	122,346
Accrued interest and dividends receivable	11,427	14,047
Total short-term investments	$ 1,838,815	$ 1,821,073
Long-term investments		
Corporate bonds	$ 368,990	$ 356,356
Government bonds	538,858	579,330
Municipal bonds	17,033	18,555
Marketable equity securities	485,894	397,172
Total long-term investments	$ 1,410,775	$ 1,351,413

Note 5 Investments (Continued)

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments included the following for the years ended June 30, 2013 and 2012

	2013	2012
Investment income - Unrestricted.		
Interest and dividend income	$ 173,276	$ 129,246
Net realized gain on sale of marketable securities	24,984	69,786
Total investment income - Unrestricted	$ 198,260	$ 199,032
Investment income - Temporarily restricted		
Interest and dividend income	$ 1,238	$ 10,679
Net realized gain on sale of marketable securities	4,729	2,890
Total investment income - Temporarily restricted	$ 5,967	$ 13,569
Other changes in unrestricted net assets - Change in net unrealized gains and losses on investments other than trading securities	$ 35,809	$ 16,682

Management assesses individual investment securities as to whether declines in market value are temporary or other than temporary. In assessing an issuer's financial condition, management evaluates various financial indicators. The length of time and extent to which the fair value of the investment is less than cost and the Hospital's ability and intent to retain the investment to allow for any anticipated recovery of the investment's fair value are key components as to whether management deems declines in fair value as temporary or other than temporary. Unrealized losses on individual investments and any declines in fair value below cost were deemed to be temporary.

Investments, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of certain investments will occur in the near term and such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Note 6 Fair Value Measurements

Following is a description of the valuation methodology used for assets measured at fair value

Cash and cash equivalents are recorded at cost, which approximates fair value. Equity securities are valued at fair value based on quoted market prices determined at the balance sheet date. Corporate, government, international and municipal bonds are based on quotes from pricing vendors based on recent trading activity and other observable market data.

The following tables set forth by level, within the fair value hierarchy, the Hospital's assets as of June 30

	2013			
	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Corporate bonds	$ -	$ 551,717	$ -	$ 551,717
Government bonds	-	803,575	-	803,575
Municipal bonds	-	17,033	-	17,033
Marketable equity securities	781,057	-	-	781,057
Total	$ 781,057	$ 1,372,325	$ -	$ 2,153,382

	2012			
	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Corporate bonds	$ -	$ 523,912	$ -	$ 523,912
Government bonds	-	878,777	-	878,777
Municipal bonds	-	18,555	-	18,555
Marketable equity securities	631,450	-	-	631,450
Total	$ 631,450	$ 1,421,244	$ -	$ 2,052,694

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 7 Property and Equipment

Property and equipment consisted of the following at June 30.

	2013	2012
Land and land improvements	$ 1,615,391	$ 1,520,603
Buildings and building improvements	13,344,811	13,286,280
Major movable equipment	7,683,613	7,039,587
Fixed equipment	295,993	298,613
Total property and equipment	22,939,808	22,145,083
Less - Accumulated depreciation	16,438,540	15,576,131
Net depreciated value	6,501,268	6,568,952
Construction in progress	755,731	37,937
Property and equipment - Net	$ 7,256,999	$ 6,606,889

Depreciation expense was $1,071,049 and $1,033,716 for 2013 and 2012, respectively.

Note 8 Other Assets

Other assets consisted of the following at June 30

	2013	2012
Due from related parties	$ 66,320	$ 30,068
Malpractice insurance receivable	593,323	530,122
Other	103,730	91,833
Total other assets	$ 763,373	$ 652,023

Note 9 Investment in Unconsolidated Affiliates

The Organization has a 3.70% interest in Upper Peninsula Managed Care, LLC and Upper Peninsula Health Plan, Inc. (UPHP). The Hospital recognized a decrease in equity in unconsolidated affiliates of $11,402 and $472,197 for the years ended June 30, 2013 and 2012, respectively. The operating result of this investment is included in the accompanying consolidated statements of operations as other income (deductions).

Detail by investment for the years ended June 30, 2013 and 2012, is as follows.

	2013		2012	
	Investments	Change	Investments	Change
UPHP	$ 746,281	$ (11,402)	$ 757,683	$ (472,197)

The following is a summary of UPHP's financial position as of June 30

	Unaudited	
	2013	2012
Assets	$ 34,245,176	$ 34,527,953
Liabilities	$ 14,075,419	$ 14,050,041
Equity	$ 20,169,757	$ 20,477,912

In 2013, the Hospital began recording its investment in UPHP as an investment in unconsolidated affiliates. In order to have the 2013 and 2012 consolidated financial statements be comparable, a decrease in investments of $472,197 has been reclassified in the 2012 consolidated statement of operations from other changes in unrestricted net assets to changes in investments in unconsolidated affiliates with no overall change in total unrestricted net assets as of June 30, 2012.

Note 9 Investment in Unconsolidated Affiliates (Continued)

The Hospital and Portage Health (an unrelated tax-exempt organization) own equally, as a joint venture, Mercy Ambulance, Inc. (the "Joint Venture"), a nonprofit corporation. The Joint Venture acquired Mercy Ambulance, Inc., which provides ambulance services to residents of the communities served by the Hospital and Portage Health. The Hospital's investment of $216,362 and $256,500 as of June 30, 2013 and 2012, respectively, is reported as other assets in the accompanying consolidated balance sheets. This investment is accounted for using the equity method based on the Hospital's ownership in the venture.

On May 1, 2009, the Hospital acquired an equity ownership interest in Aspirus VNA Home Health, Inc. (AVNA), a Wisconsin nonprofit corporation. AVNA provides health care services to individuals, their families, the ill, or disabled for the purpose of preventing disease and promoting, maintaining, or restoring health and minimizing the effects of illness and disability under the supervision of the patient's physician. The Hospital's investment of $450,000 as of June 30, 2013 and 2012, is reported as other assets in the accompanying consolidated balance sheets. The Hospital has a 16.81% interest in AVNA and records this investment using the cost method.

Detail by investment for the years ended June 30 is as follows.

	2013		2012	
	Investments	Change	Investments	Change
Joint Venture	$ 216,362	$ (40,138)	$ 256,500	$ (50,977)
AVNA	450,000	-	450,000	-
Totals	$ 666,362	$ (40,138)	$ 706,500	$ (50,977)

Note 10 Line of Credit

The Hospital has a line of credit in the amount of $1,000,000 and $2,000,000 at June 30, 2013 and 2012, respectively. As of June 30, 2013 and 2012, $0 was borrowed against the line of credit. The line of credit in effect at June 30, 2013, bears interest at prime plus 3.250%. The minimum interest rate on the line of credit is 3.250%. The line of credit in effect at June 30, 2012, bears interest at prime (4.125%) with a maximum interest rate of 6.250% and a minimum interest rate of 4.125%.

Note 11 Long-Term Debt

Long-term debt consisted of the following at June 30

	2013	2012
5.0% FmHA mortgage note, dated July 31, 1975, payable at $6,314 per month including interest, secured by property and equipment, due June 30, 2015	$ 26,019	$ 98,508
5.0% FmHA mortgage note, dated December 15, 1993, payable at $14,784 per month including interest, secured by property and equipment, due November 15, 2018	535,249	681,893
4.15% construction bonds payable, dated March 5, 2004, the bonds require payments of $21,309 per month including interest, secured by real estate, due March 5, 2024	2,249,898	2,412,639
4.15% bank mortgage note, dated December 30, 2009, payable at $4,912 per month including interest with a final balloon payment due December 31, 2014	703,191	732,297
Bank mortgage note at prime with 4.25% floor, dated December 20, 2010, payable at $4,194 per month including interest, due December 20, 2015	119,073	163,231
Totals	3,633,430	4,088,568
Less - Current maturities	426,227	455,139
Long-term portion	$ 3,207,203	$ 3,633,429

Note 11 Long-Term Debt (Continued)

Under the terms of the notes payable with Farmers Home Administration (FmHA), the Hospital is required to maintain reserves for repairing or replacing any damage to the facility. The reserves totaling $316,348 and $293,446 at June 30, 2013 and 2012, respectively, exceeded the minimum reserves required by FmHA and are included as part of assets limited as to use in the accompanying consolidated financial statements.

The bond agreement contains certain restrictive and financial covenants including compliance with specific governmental regulations and providing audited financial statements within the stated time frame.

The carrying value of long-term debt approximates fair value of these liabilities.

Scheduled payments of principal on long-term debt at June 30, 2013, including current maturities, are summarized as follows.

2014	$	426,227
2015		1,061,098
2016		380,330
2017		241,258
2018		200,154
Thereafter		1,324,363
Total	$	3,633,430

Note 12 Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at June 30

	2013	2012
Purchase of equipment	$ 194,882	$ 189,331
Diabetic education program	5,020	3,566
Elder care	57,000	60,000
Total temporarily restricted net assets	$ 256,902	$ 252,897

Note 13 Patient Service Revenue (Net of Contractual Adjustments and Discounts)

Patient service revenue (net of contractual adjustments and discounts) consisted of the following for the years ended June 30

	2013	2012
Gross patient service revenue - Hospital.		
Inpatient services	$ 12,245,631	$ 12,809,461
Outpatient services	50,406,790	49,119,128
Total gross patient service revenue	62,652,421	61,928,589
Less - Contractual adjustments and discounts	24,784,368	25,432,494
Patient service revenue (net of contractual adjustments and discounts) - Hospital	37,868,053	36,496,095
Patient service revenue (net of contractual adjustments and discounts) - Company	589,886	618,712
Patient service revenue (net of contractual adjustments and discounts)	$ 38,457,939	$ 37,114,807

The Hospital's mix of gross revenue from patients and third-party payors is as follows:

	2013	2012
Medicare	54%	53%
Medicaid	12%	11%
Blue Cross	22%	22%
Other commercial payors	8%	10%
Patients	4%	4%
Totals	100%	100%

Note 13 Patient Service Revenue (Net of Contractual Adjustments and Discounts) (Continued)

Patient service revenue (net of contractual adjustments and discounts) recognized from these major payor sources is as follows

	2013	2012
Medicare, Medicaid, health maintenance organization plans, and other third-party payors	$ 35,978,740	$ 34,880,714
Uninsured patients	2,479,199	2,234,093
Patient service revenue (net of contractual adjustments and discounts)	$ 38,457,939	$ 37,114,807

Note 14 Deferred Compensation

The Hospital sponsors a deferred compensation plan under Section 457(f) of the Code. The plan is intended primarily for certain key employees to defer compensation until retirement. Investments in mutual funds designated for deferred compensation under this plan are recorded as assets limited as to use, and the respective liabilities are recorded as long-term liabilities in the accompanying consolidated balance sheets.

Note 15 Malpractice Insurance

The Hospital's professional liability insurance for claim losses of less than $1 million per claim and $3 million per year covers professional liability claims reported during a policy year ("claims made" coverage). The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through June 2014. In addition, the Hospital has a $2 million umbrella policy for professional and general liability extending through the same period.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Hospital. The possibility exists of claims arising from services provided to patients through June 30, 2013, which have not yet been asserted.

Note 15 Malpractice Insurance (Continued)

The malpractice insurance receivables and liabilities are reflected in the consolidated balance sheets as follows as of June 30

	2013	2012
Receivables		
Prepaid expenses and other	$ 489,870	$ 558,047
Other assets	593,323	530,122
Total receivables	$ 1,083,193	$ 1,088,169
Liabilities.		
Malpractice insurance liability - Current	$ 554,224	$ 640,922
Malpractice insurance liability - Long-term	1,005,465	896,242
Total liabilities	$ 1,559,689	$ 1,537,164

The Hospital also maintains umbrella coverage for claims in excess of the professional liability limits to a maximum of $5,000,000 per occurrence and $5,000,000 aggregate per year.

Note 16 Retirement Plan

The Hospital sponsors a contributory defined contribution retirement plan covering substantially all of its employees. The Hospital contributes 2% of participant employees' gross base wages. In addition, the Hospital will match each participant's contribution up to a maximum of 2% of covered earnings. Total retirement expense for the years ended June 30, 2013 and 2012, was approximately $567,000 and $633,000, respectively.

Note 17 Self-Funded Health, Optical, and Dental Insurance

The Organization sponsors self-funded health, optical, and dental insurance covering substantially all of its employees and their dependents, of which some services are provided by the Hospital. The health, optical, and dental insurance expense is based upon actual claims paid, administration fees, and provisions for unpaid and unreported claims at year-end. Health, optical, and dental insurance expense was approximately $2,958,000 and $2,491,000 for the years ended June 30, 2013 and 2012, respectively.

A liability of approximately $124,000 and $141,000 for unpaid and unasserted claims at June 30, 2013 and 2012, respectively, was included in accrued and other liabilities in the accompanying consolidated balance sheets. Management believes this liability is sufficient to cover estimated claims including claims incurred but not yet reported.

Note 18 Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist principally of accounts receivable and cash deposits in excess of insured limits in financial institutions.

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients. The majority of the Hospital's patients are from Houghton and Keweenaw Counties, Michigan, and the surrounding areas. The mix of receivables from patients and third-party payors was as follows at June 30

	2013	2012
Medicare	40%	35%
Medicaid	16%	15%
Other third-party payors	20%	23%
Patients	24%	27%
Totals	100%	100%

Note 18 Concentration of Credit Risk (Continued)

The Organization maintains depository relationships with area financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Depository accounts at these institutions are insured by the FDIC up to $250,000. At June 30, 2013, the Organization exceeded FDIC-insured limits by approximately $10,829,000. In addition, other investments held by financial institutions are uninsured.

Note 19 Organization Affiliation

Effective July 1, 2008, Keweenaw Memorial Medical Center became Aspirus Keweenaw through the affiliation of Aspirus and KHF. Aspirus and KHF both hold a 50% membership interest in the Hospital. Aspirus contributed an initial investment amount of $6,900,000 for its share of membership interest. Of this amount, $1,000,000 was temporarily restricted for transfer from the Hospital to KHF upon determination by the Internal Revenue Service that KHF is exempt from taxation under Section 501(c)(3). During fiscal 2011, the Hospital recorded a transfer of net assets in the amount of $2,000,000 to KHF. As of June 30, 2011, this amount was not physically transferred, thus was recorded as an amount due to KHF in the accompanying consolidated financial statements. This transfer reduced both unrestricted and temporarily restricted net assets in the amount of $1,000,000. During 2012, the Hospital determined that only $1,000,000 should have been transferred to KHF, thus reported a transfer from KHF to the Hospital in the accompanying consolidated statements of changes in net assets to properly reflect the net transfer to KHF from the Hospital reported in 2012.

Note 20 Note Receivable

A promissory note in the amount of $850,000 was issued by the Hospital to the purchaser of Northridge Pines in 2010. The terms of the note include interest-only to be accrued but not paid for one year followed by five years of interest-only payments. At maturity, the accrued interest from year one and the remaining principal balance are due. The note bears an interest rate of 6% and matures on August 25, 2016. There was $46,750 and $51,000 of interest accrued on the note as of June 30, 2013 and 2012, respectively.

Note 21 Leases

The Hospital has entered into various operating lease agreements for certain medical equipment with unrelated organizations under both short-term arrangements and noncancelable operating leases.

The Hospital also leases certain equipment under lease agreements classified as capital leases.

Minimum future rental payments under capital lease and operating lease agreements with initial or remaining terms in excess of one year consisted of the following

	Capital Leases	Operating Leases
2014	$ 11,927	$ 502,952
2015	11,927	424,001
2016	-	363,237
2017	-	55,850
Total minimum lease payments	23,854	$ 1,346,040
Amounts representing interest	1,424	
Present value of net minimum lease payments	22,430	
Less - Current portion	10,876	
Long-term obligations under capital leases	$ 11,554	

Cost of equipment under capital lease obligations, which is included in equipment, was $51,411 at June 30, 2013 and 2012. Accumulated amortization for equipment under capital lease obligations was $19,585 and $12,241 at June 30, 2013 and 2012, respectively.

Note 22 Related Parties

The Hospital had the following related-party transactions with organizations under common control of Aspirus for the years ended June 30, 2013 and 2012

Keweenaw Health Foundation

The Hospital provided various operational support and services to Keweenaw Health Foundation totaling $92,905 and $82,397 in 2013 and 2012, respectively. The Foundation reimburses the Hospital for these expenses throughout the year.

Aspirus, Inc.

The Hospital purchased management and support services from Aspirus, totaling $87,960 and $53,274 in 2013 and 2012, respectively. The Hospital provided human resources and rent of cardiology clinic space to Aspirus totaling $76,200 and $100,194 in 2013 and 2012, respectively.

Aspirus Ontonagon Hospital, Inc.

The Hospital provided management and ancillary department services to Aspirus Ontonagon Hospital, Inc., totaling $388,470 and $363,794 in 2013 and 2012, respectively.

Aspirus Grand View

The Hospital provided management and oncology services to Aspirus Grand View, totaling $155,912 and $0 in 2013 and 2012, respectively.

Note 22 Related Parties (Continued)

Aspirus Wausau Hospital, Inc.

The Hospital purchased management and support services from Aspirus Wausau Hospital, Inc., totaling approximately $214,042 and $217,390 in 2013 and 2012, respectively.

From time to time, the Hospital may enter into various business transactions with members of the Boards of Directors, members of various board committees, or organizations that employ board and/or committee members. Transactions are provided at fair value and follow the Hospital's conflict of interest policies.

The amounts due from related parties included in other assets totaled $78,217 and $30,068 as of June 30, 2013 and 2012, respectively. The amounts due to related parties totaled $2,252 and $43,249 as of June 30, 2013 and 2012, respectively.

Note 23 Commitments

As of June 30, 2013, the Hospital had executed various commitments for property and equipment totaling $1,632,000. At June 30, 2013, $520,763 has been incurred on the various projects. The remaining expenditures will occur during 2014. The entire project is anticipated to be financed with existing cash and investments.

Note 24 Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to conform to the 2013 classifications.

Supplementary Information

WIPFLi LLP

Independent Auditor's Report on Supplementary Information

Board of Directors
Aspirus Keweenaw
Laurium, Michigan

We have audited the consolidated financial statements of Aspirus Keweenaw and Subsidiary as of and for the years ended June 30, 2013 and 2012, and our report thereon dated September 12, 2013, which expressed an unqualified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information appearing on pages 39 through 48 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Wipfli LLP

Wipfli LLP

September 12, 2013
Green Bay, Wisconsin

Aspirus Keweenaw and Subsidiary

Consolidating Balance Sheet

June 30, 2013

Assets	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Current assets				
Cash and cash equivalents	$ 9,319,281	$ 138,266	$ -	$ 9,457,547
Short-term investments	1,838,815	-	-	1,838,815
Accounts receivable - Net	3,962,643	812,258	-	4,774,901
Inventories	431,100	405,299	-	836,399
Prepaid expenses and other	847,336	4,708	-	852,044
Interest receivable	46,750	-	-	46,750
Total current assets	16,445,925	1,360,531	-	17,806,456
Assets limited as to use	573,250	-	-	573,250
Investments	1,410,775	-	-	1,410,775
Property and equipment - Net	7,103,617	153,382	-	7,256,999
Due from affiliate	986,177	-	(986,177)	-
Note receivable	850,000	-	-	850,000
Investment in unconsolidated affiliates	1,412,643	-	-	1,412,643
Other assets	759,096	4,277	-	763,373
TOTAL ASSETS	$ 29,541,483	$ 1,518,190	$ (986,177)	$ 30,073,496

Liabilities and Net Assets	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Current liabilities				
Current maturities of long-term debt	$ 426,227	$ -	$ -	$ 426,227
Current portion of obligations under capital leases	10,876	-	-	10,876
Accounts payable	1,224,706	5,280	-	1,229,986
Payable to affiliate	-	986,177	(986,177)	-
Accrued and other liabilities	1,922,504	19,400	-	1,941,904
Malpractice insurance liability	554,224	-	-	554,224
Amounts payable to third-party reimbursement programs	1,116,806	-	-	1,116,806
Total current liabilities	5,255,343	1,010,857	(986,177)	5,280,023
Long-term liabilities				
Long-term debt, less current maturities	3,207,203	-	-	3,207,203
Obligations under capital leases, less current portion	11,554	-	-	11,554
Malpractice insurance liability, less current portion	1,005,465	-	-	1,005,465
Total long-term liabilities	4,224,222	-	-	4,224,222
Total liabilities	9,479,565	1,010,857	(986,177)	9,504,245
Net assets				
Unrestricted	19,805,016	507,333	-	20,312,349
Temporarily restricted	256,902	-	-	256,902
Total net assets	20,061,918	507,333	-	20,569,251
TOTAL LIABILITIES AND NET ASSETS	$ 29,541,483	$ 1,518,190	$ (986,177)	$ 30,073,496

Aspirus Keweenaw and Subsidiary

Consolidating Balance Sheet

June 30, 2012

Assets	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Current assets				
Cash and cash equivalents	$ 6,790,124	$ 226,865	$ -	$ 7,016,989
Short-term investments	1,821,073	-	-	1,821,073
Accounts receivable - Net	4,033,412	906,171	-	4,939,583
Inventories	499,225	381,026	-	880,251
Prepaid expenses and other	862,639	9,902	-	872,541
Interest receivable	51,000	-	-	51,000
Total current assets	14,057,473	1,523,964	-	15,581,437
Assets limited as to use	546,343	-	-	546,343
Investments	1,351,413	-	-	1,351,413
Property and equipment - Net	6,419,898	186,991	-	6,606,889
Due from affiliate	1,186,630	-	(1,186,630)	-
Note receivable	850,000	-	-	850,000
Investment in unconsolidated affiliates	1,464,183	-	-	1,464,183
Other assets	652,023	-	-	652,023
TOTAL ASSETS	$ 26,527,963	$ 1,710,955	$ (1,186,630)	$ 27,052,288

Liabilities and Net Assets	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Current liabilities				
Current maturities of long-term debt	$ 455,139	$ -	$ -	$ 455,139
Current portion of obligations under capital leases	10,244	-	-	10,244
Accounts payable	1,065,654	53,369	-	1,119,023
Payable to affiliate	-	1,186,630	(1,186,630)	-
Accrued and other liabilities	1,773,409	16,950	-	1,790,359
Malpractice insurance liability	640,922	-	-	640,922
Amounts payable to third-party reimbursement programs	92,534	-	-	92,534
Total current liabilities	4,037,902	1,256,949	(1,186,630)	4,108,221
Long-term liabilities				
Long-term debt, less current maturities	3,633,429	-	-	3,633,429
Obligations under capital leases, less current portion	22,430	-	-	22,430
Malpractice insurance liability, less current portion	896,242	-	-	896,242
Total long-term liabilities	4,552,101	-	-	4,552,101
Total liabilities	8,590,003	1,256,949	(1,186,630)	8,660,322
Net assets				
Unrestricted	17,685,063	454,006	-	18,139,069
Temporarily restricted	252,897	-	-	252,897
Total net assets	17,937,960	454,006	-	18,391,966
TOTAL LIABILITIES AND NET ASSETS	$ 26,527,963	$ 1,710,955	$ (1,186,630)	$ 27,052,288

Aspirus Keweenaw and Subsidiary

Consolidating Statement of Operations

Year Ended June 30, 2013

	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Revenue				
Patient service revenue (net of contractual adjustments and discounts)	$ 37,868,053	$ 589,886	$ -	$ 38,457,939
Provision for bad debts	(2,423,030)	(46,670)	-	(2,469,700)
Net patient service revenue, less provision for bad debts	35,445,023	543,216	-	35,988,239
Retail pharmacy sales - Net of cost of goods sold	-	1,002,887	2,056,420	3,059,307
Other revenue	2,156,186	145,719	(2,157,667)	144,238
Total revenue	37,601,209	1,691,822	(101,247)	39,191,784
Operating expenses				
Nursing services	7,091,719	-	-	7,091,719
Other professional services	16,093,913	1,281,551	(101,247)	17,274,217
General services	1,837,782	-	-	1,837,782
Administrative services	4,629,738	71,071	-	4,700,809
Fringe benefits	4,751,623	253,284	-	5,004,907
Depreciation and amortization	1,041,878	33,608	-	1,075,486
Interest	168,801	-	-	168,801
Total operating expenses	35,615,454	1,639,514	(101,247)	37,153,721
Income from operations	1,985,755	52,308	-	2,038,063
Other income (deductions)				
Investment income	198,241	19	-	198,260
Contributions	2,363	-	-	2,363
Gain on disposal of property and equipment	910	-	-	910
Change in investments in unconsolidated affiliates	(51,540)	-	-	(51,540)
Other	(57,561)	1,000	-	(56,561)
Excess of revenue over expenses	$ 2,078,168	$ 53,327	$ -	$ 2,131,495

Aspirus Keweenaw and Subsidiary

Consolidating Statement of Operations

Year Ended June 30, 2012

	Aspirus Keweenaw	Aspirus Keweenaw Enterprises, Inc.	Eliminations	Total
Revenue				
Patient service revenue (net of contractual adjustments and discounts)	$ 36,496,095	$ 618,712	$ -	$ 37,114,807
Provision for bad debts	(1,753,859)	(39,699)	-	(1,793,558)
Net patient service revenue, less provision for bad debts	34,742,236	579,013	-	35,321,249
Retail pharmacy sales - Net of cost of goods sold	-	934,935	1,943,916	2,878,851
Other revenue	1,975,555	147,097	(2,045,163)	77,489
Total revenue	36,717,791	1,661,045	(101,247)	38,277,589
Operating expenses				
Nursing services	6,832,966	-	-	6,832,966
Other professional services	15,776,253	1,230,194	(101,247)	16,905,200
General services	1,715,797	-	-	1,715,797
Administrative services	4,859,777	53,197	-	4,912,974
Fringe benefits	4,332,409	224,200	-	4,556,609
Depreciation and amortization	1,001,845	36,746	-	1,038,591
Interest	200,876	-	-	200,876
Total operating expenses	34,719,923	1,544,337	(101,247)	36,163,013
Income from operations	1,997,868	116,708	-	2,114,576
Other income (deductions)				
Investment income	199,010	22	-	199,032
Contributions	26,345	-	-	26,345
Gain on disposal of property and equipment	22,880	-	-	22,880
Change in investments in unconsolidated affiliates	(523,174)	-	-	(523,174)
Other	(90,658)	1,800	-	(88,858)
Excess of revenue over expenses	$ 1,632,271	$ 118,530	$ -	$ 1,750,801

Aspirus Keweenaw and Subsidiary

Detail Statements of Patient Service Revenue - Hospital

Years Ended June 30, 2013 and 2012

	2013		
	Inpatient	Outpatient	Total
Patient service revenue			
Routine services			
Daily patient services	$ 3,258,326	$ 1,016,864	$ 4,275,190
Labor and delivery	56,668	-	56,668
Nursery	115,756	-	115,756
Operating and recovery room	970,208	3,738,821	4,709,029
Ambulatory surgery	-	319,692	319,692
Orthopedic	-	1,489,705	1,489,705
Endoscopy	39,567	650,176	689,743
Central services and supply	583,506	972,769	1,556,275
Emergency room	155,843	2,083,948	2,239,791
Total routine services	5,179,874	10,271,975	15,451,849
Ancillary services			
Laboratory and pathology	1,877,934	6,833,786	8,711,720
Radiology (includes ultrasound and nuclear medicine)	831,163	5,076,464	5,907,627
EEG, EKG, and stress testing	54,560	276,997	331,557
MRI and CT scan	412,473	4,087,075	4,499,548
Anesthesiology	441,143	1,198,593	1,639,736
Pharmacy and IV therapy	1,949,730	9,019,814	10,969,544
Respiratory therapy	1,146,407	360,669	1,507,076
Occupational therapy	31,832	403,200	435,032
Physical therapy	215,349	2,233,329	2,448,678
Speech therapy	21,323	89,595	110,918
Diabetes education	-	20,768	20,768
Professional surgery services	-	1,246,249	1,246,249
Family practice clinics	-	5,185,348	5,185,348
Emergency physicians	73,636	1,417,987	1,491,623
Chemotherapy and injection services	10,207	1,188,328	1,198,535
Wellness Center	-	1,271,894	1,271,894
FastCare	-	224,719	224,719
Total ancillary services	7,065,757	40,134,815	47,200,572
Total patient service revenue	$ 12,245,631	$ 50,406,790	$ 62,652,421

	2012		
	Inpatient	Outpatient	Total
$	3,462,191	$ 988,020	$ 4,450,211
	53,220	-	53,220
	121,010	-	121,010
	696,710	4,057,664	4,754,374
	-	527,998	527,998
	-	1,493,430	1,493,430
	47,969	974,621	1,022,590
	338,093	1,047,878	1,385,971
	142,517	2,069,192	2,211,709
	4,861,710	11,158,803	16,020,513
	2,400,758	6,723,757	9,124,515
	818,516	5,307,135	6,125,651
	71,888	363,856	435,744
	563,380	4,075,732	4,639,112
	302,716	1,446,992	1,749,708
	2,153,610	6,496,328	8,649,938
	1,286,125	369,780	1,655,905
	26,164	281,242	307,406
	240,735	2,328,969	2,569,704
	16,677	74,632	91,309
	-	20,905	20,905
	-	1,648,014	1,648,014
	-	5,887,048	5,887,048
	66,157	1,364,172	1,430,329
	1,025	788,769	789,794
	-	556,770	556,770
	-	226,224	226,224
	7,947,751	37,960,325	45,908,076
$	12,809,461	$ 49,119,128	$ 61,928,589

Aspirus Keweenaw and Subsidiary

Detail Statements of Deductions From Patient Service Revenue - Hospital

Years Ended June 30, 2013 and 2012

	2013	2012
Deductions from patient service revenue:		
Contractual adjustments		
Medicare	$ 12,644,518	$ 13,321,924
Medicaid	8,095,550	7,492,101
Other discounts and adjustments	4,044,300	4,618,469
Total deductions from patient service revenue	$ 24,784,368	$ 25,432,494

Aspirus Keweenaw and Subsidiary

Detail Statements of Other Revenue - Hospital

Years Ended June 30, 2013 and 2012

	2013	2012
Medical transcripts	$ 9,519	$ 7,350
Vending machines	7,951	8,360
Cafeteria meals	113,542	112,516
Miscellaneous	2,025,174	1,847,329
Total other revenue	$ 2,156,186	$ 1,975,555

Aspirus Keweenaw and Subsidiary

Detail Statements of Expenses - Hospital

Years Ended June 30, 2013 and 2012

	Salaries and Wages		Supplies and Other		Totals	
	2013	2012	2013	2012	2013	2012
Nursing services						
Daily patient services	$ 2,305,412	$ 2,338,491	$ 288,096	$ 274,801	$ 2,593,508	$ 2,613,292
Labor and delivery	-	-	922	342	922	342
Nursery	32,423	28,580	12,845	12,467	45,268	41,047
Operating and recovery room	372,214	334,573	160,504	185,547	532,718	520,120
Ambulatory surgery	236,873	235,097	22,907	21,936	259,780	257,033
Orthopedic	900,712	604,479	113,373	370,730	1,014,085	975,209
Endoscopy	25,295	28,541	37,380	45,636	62,675	74,177
Central services and supply	-	-	727,269	645,872	727,269	645,872
Emergency room	1,392,832	1,560,960	462,662	144,914	1,855,494	1,705,874
Total nursing services	5,265,761	5,130,721	1,825,958	1,702,245	7,091,719	6,832,966
Other professional services						
Laboratory and pathology	998,353	974,836	1,036,739	1,132,466	2,035,092	2,107,302
Radiology (includes ultrasound and nuclear medicine)	960,154	945,512	584,390	662,405	1,544,544	1,607,917
EEG, EKG, and stress testing	-	-	7,370	9,249	7,370	9,249
MRI and CT scan	-	-	460,883	760,579	460,883	760,579
Anesthesiology	443,832	458,679	210,471	172,055	654,303	630,734
Pharmacy and IV therapy	328,988	314,823	1,555,089	1,183,030	1,884,077	1,497,853
Respiratory therapy	220,976	192,502	34,718	35,542	255,694	228,044

Aspirus Keweenaw and Subsidiary

Detail Statements of Expenses - Hospital (Continued)

Years Ended June 30, 2013 and 2012

	Salaries and Wages		Supplies and Other		Totals	
	2013	2012	2013	2012	2013	2012
Other professional services. (Continued)						
Occupational therapy	$ 88,166	$ 67,957	$ 65,581	$ 58,697	$ 153,747	$ 126,654
Physical therapy	659,219	696,570	137,483	152,482	796,702	849,052
Speech therapy	66,333	68,183	16,106	16,395	82,439	84,578
Social services	111,488	106,429	2,647	1,209	114,135	107,638
Medical records	392,774	380,616	142,027	161,293	534,801	541,909
Family practice clinics	3,604,053	3,650,302	1,431,184	1,614,904	5,035,237	5,265,206
Chemotherapy and injection services	520,000	349,157	68,192	56,924	588,192	406,081
Professional surgery services	513,279	744,241	357,157	88,302	870,436	832,543
Diabetes education	3,150	3,085	60,456	68,116	63,606	71,201
Wellness Center	577,127	277,066	165,130	97,045	742,257	374,111
FastCare	182,474	187,669	87,924	87,933	270,398	275,602
Total other professional services	9,670,366	9,417,627	6,423,547	6,358,626	16,093,913	15,776,253
General services						
Dietary	299,983	287,490	215,674	200,348	515,657	487,838
Plant operation	220,569	205,119	524,572	488,502	745,141	693,621
Housekeeping	324,665	311,615	30,234	29,230	354,899	340,845
Laundry and linen	-	-	65,847	65,914	65,847	65,914
Receiving and stores	102,123	96,926	54,115	30,653	156,238	127,579
Total general services	947,340	901,150	890,442	814,647	1,837,782	1,715,797

Aspirus Keweenaw and Subsidiary

Detail Statements of Expenses - Hospital (Continued)

Years Ended June 30, 2013 and 2012

	Salaries and Wages		Supplies and Other		Totals	
	2013	2012	2013	2012	2013	2012
Administrative services.						
Fiscal services	$ 838,956	$ 786,352	$ 1,645,806	$ 2,011,249	$ 2,484,762	$ 2,797,601
Marketing and public relations	18,821	22,178	336,636	305,391	355,457	327,569
Foundation/development	28,452	27,466	3,232	3,151	31,684	30,617
Human resources	130,841	127,562	308,232	220,100	439,073	347,662
Community education	42,069	38,444	5,756	6,800	47,825	45,244
Accounting	146,156	136,058	31,569	43,925	177,725	179,983
Admitting	281,407	289,769	17,419	25,526	298,826	315,295
Business office	408,322	393,097	146,771	160,268	555,093	553,365
Data processing	148,971	148,248	90,322	114,193	239,293	262,441
Total administrative services	2,043,995	1,969,174	2,585,743	2,890,603	4,629,738	4,859,777
Fringe benefits	-	-	4,751,623	4,332,409	4,751,623	4,332,409
Depreciation and amortization	-	-	1,041,878	1,001,845	1,041,878	1,001,845
Interest	-	-	168,801	200,876	168,801	200,876
Total expenses	$ 17,927,462	$ 17,418,672	$ 17,687,992	$ 17,301,251	$ 35,615,454	$ 34,719,923