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DLN: 93493128016524

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)

2012

OMB No 1545-0047

Open to Public Inspection

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

1 FO	i the 20	JIZ Cale		g 07-01-2012 , 2012, and ending 0	00-30-20	113				
_	eck ıf app		C Name of organization WA Foote Memorial Hospital		D Employer identification number					
_ Add	dress char	nge	Doing Business As				38-2027689			
Naı	me chang	je	Allegiance Health							
_	tial return rminated		Number and street (or P O box if n 205 N East Avenue	nail is not delivered to street address) Roor	m/suite		E Telephone number			
– Am	ended re	turn	City or town, state or country, and	ZIP + 4			(517	788-48	300	
– App	plication p	ending	Jackson, MI 49201				G Gross	receipts \$	461,998,828	
			F Name and address of pri	ncıpal officer	Н	(a) Is thi	s a group	return		
			Georgia Fojtasek 205 N East Avenue			affilia	tes?		┌ Yes 🗸 No	
			Jackson, MI 49201		н	(b) Are a	ll affiliate	es includ	led? Tyes TNo	
									see instructions)	
	x-exemp			(insert no) 4947(a)(1) or 527	— "	(c) Grou	p exemp	tion num	ber ►	
W	ebsite:	► wwv	v allegiancehealth org		"	(c)				
C For	m of orga	nızatıon	Corporation Trust Association	on	·	L Year of fo	mation 19	970 M 9	State of legal domicile MI	
Pa	rt I	Sum	mary							
				on or most significant activities and well-being at every stage of life	!					
2										
ankellidilike	_									
ע	2 CH	heck th	is box 🕶 if the organization d	scontinued its operations or dispos	ed of m	ore than 2	5% of its	net ass	ets	
5										
	3 N	umber	of voting members of the goverr	ning body (Part VI, line 1a)			•	3	14	
MOUNINGS &	4 N	umber	of independent voting members	of the governing body (Part VI, line	1b) .		•	4	7	
				calendar year 2012 (Part V, line 2a				5	4,074	
Ì				necessary)			•	6	843	
	1			Part VIII, column (C), line 12 from Form 990-T, line 34				7a	4,742,289	
	D IV	et unre	ated business taxable income i	nom Form 990-1, line 34			r Year	7b 	-33,106 Current Year	
	8	Contril	butions and grants (Part VIII L	ıne 1h)	-	РПО	6,245,	403	3,873,688	
9	1		m service revenue (Part VIII, I			0,245, 399,476,		404,465,728		
Reven	1			n (A), lines 3, 4, and 7d)	•	7,629,400			9,911,659	
Ž				, lines 5, 6d, 8c, 9c, 10c, and 11e)	-		8,143,		8,953,035	
				. (must equal Part VIII, column (A),					-,,	
				<u> </u>		4	21,495,		427,204,110	
				IX, column (A), lines 1-3)	—		581,	_	643,000	
	1			IX, column (A), line 4)				0	0	
88		5-10)		ee benefits (Part IX, column (A), lin	ies	2	16,798,	486	230,033,028	
Expenses	16a	Profes	sional fundraising fees (Part IX	, column (A), line 11e)	🗀			0	0	
홄	ь	Total fur	ndraising expenses (Part IX, column (D	0), line 25) ▶ 0	_ [
ш	17	Other	expenses (Part IX, column (A),	lines 11a-11d, 11f-24e)	[1	.99,907,	478	207,310,272	
	18	Totale	expenses Add lines 13-17 (mu	ıst equal Part IX, column (A), lıne 2!	5)	4	17,286,	964	437,986,300	
	19	Reven	ue less expenses Subtract line	18 from line 12			4,208,	391	-10,782,190	
Fend Balances						Beginning Y	of Curre	ent	End of Year	
T CE	20	Totala	assets (Part X, line 16)		.		72,377,	426	498,210,237	
(E					_		86,171,		292,252,910	
ž Š	1			line 21 from line 20	—		.86,205,		205,957,327	
Pai	rt II	Sign	ature Block							
Inde ny ki	r penalt nowledg	ies of p	perjury, I declare that I have ex	amined this return, including accom mplete Declaration of preparer (othe						
			ture of officer				14-04-30			
Sign		,	ture of officer			Da	ite			
ler	e		gia Fojtasek President & CEO or print name and title							
].	<u> </u>	rint/Type preparer's name	Preparer's signature	Date	CI	ck 🗀 .f	PTIN		
Paid	Ч		nane L Bean				ck ıf employed	D004046	972	
			ırm's name 🕨 Ernst & Young US LLP			Firm	's EIN 🟲 3	4-656559	6	
	parer Only		ırm's address 🕨 41 South High Street			Phoi	ne no (614	1) 224-56	78	
JSE	- Only	'	Columbus, OH 43215				` -			
		1	Columbus, On 43213			ı				

May the IRS discuss this return with the preparer shown above? (see instructions)

✓ Yes 厂No

4d Other program services (Describe in Schedule O) including grants of \$ (Expenses \$) (Revenue \$ Total program service expenses 🕨 4e 355,639,154 Form 990 (2012)

Part IV	Checklist of	Required	Schedules

Par	t 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)? <i>If "Yes,"</i> 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 2	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? <i>If</i> "Yes," complete Schedule D, Part V	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
а	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	11b		No
C	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d		No
е	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		No
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	Yes	
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	Yes	
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?	20h	Vac	

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		Νo
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		Νo
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	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? 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)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b	Yes	
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	Yes	
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	Yes	
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
		Ī		
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	(2012)

Par				_
	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 287		103	110
	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0			
	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable			
	gaming (gambling) winnings to prize winners?	1 c	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			
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	
За	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes	
	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
	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	Yes	
b	If "Yes," enter the name of the foreign country \blacktriangleright^{CJ}			
	See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		Νo
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		Νo
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	_		
c -	De the conservation have a social mass of the transfer that are social to the social transfer than \$100,000, and did the	5c		NI -
	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? If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts	6a		No
	were not tax deductible?	6b		
7	Organizations that may receive deductible contributions under section 170(c).			
	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
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
С	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	<u> </u>		110
•	74 Test, indicate the named of forms of the daring the year 1 1 1 1			
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		Νo
_	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g		
	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.	٣		
	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
10	Section 501(c)(7) organizations. Enter			
	Initiation fees and capital contributions included on Part VIII, line 12 10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
1	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
l2a	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			
L3	Section 501(c)(29) qualified nonprofit health insurance issuers.	1		
	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			
c	Enter the amount of reserves on hand			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		Νo
h	If "Yes " has it filed a Form 720 to report these payments? If "No " provide an explanation in Schedule O	14h		

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.

Se	ection 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			
	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			
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		Νo
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			
а	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
Se	ection B. Policies (This Section B requests information about policies not required by the Internal R	eveni	ie Cod	e)
	() comment of the comment of t	CVCIII	10 000	c.,
			Yes	No
	Did the organization have local chapters, branches, or affiliates?	10a		
10a				No
10a b	Did the organization have local chapters, branches, or affiliates?	10a		No
10a b 11a	Did the organization have local chapters, branches, or affiliates?	10a 10b	Yes	No
10a b 11a b	Did the organization have local chapters, branches, or affiliates?	10a 10b	Yes	No
10a b 11a b 12a b	Did the organization have local chapters, branches, or affiliates?	10a 10b	Yes	No
10a b 11a b 12a b	Did the organization have local chapters, branches, or affiliates?	10a 10b 11a 12a	Yes Yes	No
10a b 11a b 12a b	Did the organization have local chapters, branches, or affiliates?	10a 10b 11a 12a 12b	Yes Yes Yes	No
10a b 11a b 12a b	Did the organization have local chapters, branches, or affiliates? 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	10a 10b 11a 12a 12b	Yes Yes Yes Yes	No
10a b 11a b 12a b c	Did the organization have local chapters, branches, or affiliates?	10a 10b 11a 12a 12b 12c 13	Yes Yes Yes Yes Yes Yes	No
10a b 11a b 12a b c 13 14	Did the organization have local chapters, branches, or affiliates?	10a 10b 11a 12a 12b 12c 13	Yes Yes Yes Yes Yes Yes	No
10a b 11a b 12a b c 13 14	Did the organization have local chapters, branches, or affiliates? 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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?	10a 10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes Yes	No
10a b 11a b 12a b c 13 14	Did the organization have local chapters, branches, or affiliates?	10a 10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes Yes	No
10a b 11a b 12a b c 13 14 15 a b	Did the organization have local chapters, branches, or affiliates? 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	10a 10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes Yes	No
10a b 11a b 12a b c 13 14 15 a b	Did the organization have local chapters, branches, or affiliates?	10a 10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes Yes Yes	No
10a b 11a b 12a b c 13 14 15 a b	Did the organization have local chapters, branches, or affiliates? 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? 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	10a 10b 11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes Yes Yes	No

- 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)
- 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
- State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶Jeanne Wickens 205 N East Avenue Jackson, MI (517) 788-4800

Form 990	(2012	,
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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

	1	1		(C)						
(A) Name and Title	(A) Name and Title Average hours per week (list any hours for related					heck unless officer stee)		(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-	(F) Estimated amount of other compensation from the
	organizations below dotted line)	Individual trustae or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	2,1035 11130,	MISC)	organization and related organizations
See Additional Data Table										
	•	•	•							Form 990 (2012)

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	(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-	(E) Reportable compensation from related organizations (W-	С	(F) Estima nount of ompens from t	other ation he
		for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	2/1099-MISC)	2/1099-MISC)		ganizatio relate rganiza	d
1b	Sub-Total			<u>. </u>	<u>. </u>	<u> </u>		 					
c	Total from continuation sheet			١.				Þ					
d	Total (add lines 1b and 1c) .					•	•	•	8,755,963				936,946
2	Total number of individuals (in \$100,000 of reportable comp						d abov	e) w	ho received more th	an			
												Yes	No
3	Did the organization list any f ood on line 1a? <i>If</i> "Yes," complete 5					key •	emplo	yee, •	or highest compen	sated employee	3	Yes	
4	For any individual listed on lin organization and related organ individual										4	Yes	
5	Did any person listed on line 1									or individual for			
	services rendered to the organ	nization? <i>If "Yes</i>	," compl	ete S	ched	ule 3	itor su	ch pe	erson		5		No
Se	ection B. Independent Co	ntractors											
1	Complete this table for your five	ve highest comp	ensate	d inde	epen	den	t contr	acto	rs that received mo	re 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
Mckesson Technologies Inc PO Box 98347 Chicago IL 60693	Healthcare Consulting	3,578,739
Independent Emergency Physicians PO Box 100 Royal Oak MI 48068	Healthcare Services	3,555,714
GE Healthcare Services PO Box 96483 Chicago IL 60693	Healthcare Consulting	2,913,195
Cogent Healthcare Management Inc PO Box 645037 Cinncinnati OH 45264	Hospitalists	2,800,371
Pulmonary Clinics of southern MI 900 E Micigan Avenue Jackson IL 49201	Healthcare Services	2,707,608
2 Total number of independent contractors (including but not limited to the	se listed above) who received more than	

\$100,000 of compensation from the organization **►**217

Part V		Statement of	o f Revenue ule O contains a respor	see to any question	in thic Part VIII			_
		CHECK II SCHEU	uie O Contains a respon	ise to any question	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512,513,or 514
மை	1a	Federated cam	paigns 1a					
E E	ь	Membership du	ıes 1b					
<u>ور</u>	С	Fundraising ev	ents 1c	-				
∌ં≅	_	_	zations 1d	368,538				
<u>a</u>	d							
ž ž	е	Government grant	s (contributions) 1e	3,505,150				
Contributions, Gifts, Grants and Other Similar Amounts	f	sımılar amounts no				ļ		
重さ	g	Noncash contributi 1a-1f \$	ons included in lines					
듯핕	h	Total. Add line:	s 1 a - 1 f		3,873,688			
				Business Code				
E e	2a	Patient Services		621990	403,977,981	400,913,919	3,064,062	
evel evel	b	SubPart F Income				400,913,919		
产			MD	524298	281,055		281,055	
Š	С	FHC, JCA, and JCI	<u>чк</u>	621910	206,692	206,692		
Program Serwce Revenue	d	_						
Ē	е							
1100 0111	f	All other progra	am service revenue					
Δ	g	Total. Add lines	s 2a-2f		404,465,728			
	3		ome (including dividen		5,440,596			5,440,596
	_		aramounts)	H-	138,404			138,404
	4		stment of tax-exempt bond	`	138,404			138,404
	5	Royalties .	() D I	▶				
	6-	Cross ronts	(ı) Real 1,013,829	(II) Personal				
	6a b	Gross rents Less rental	935,453					
		expenses						
	С	Rental income or (loss)	78,376					
	d	Net rental inco	me or (loss)		78,376			78,376
		_	(ı) Securities	(II) O ther				
	7a	Gross amount from sales of assets other than inventory	38,191,144	780				
	Ь	Less cost or other basis and sales expenses	33,753,805	105,460				
	С	Gaın or (loss)	4,437,339	-104,680				
	d	Net gain or (los	ss)		4,332,659			4,332,659
Other Revenue	8a	Gross income f events (not inc \$ of contributions See Part IV, lin	luding s reported on line 1c)					
Je.	ь	less directer	penses b					
₹	c		(loss) from fundraising	events 🛌				
	9a	Gross income f	from gaming activities ne 19					
			a					
	Ь		penses b (loss) from gamıng actı	vities				
	С 10а	Gross sales of	ı	vicico				
	100	returns and allo						
	ь	Less costofa	oods sold b					
	С		(loss) from sales of inv	entory 🛌				
		Miscellaneou		Business Code				
	11a	Services to Aff	iliates	561000	4,328,931	3,433,473	895,458	
	ь	C a feteria	_	722210	1,703,867			1,703,867
	С	Vendor Rebate	s	621990	715,272	715,272		
	d	All other reven			2,126,589	1,624,875	501,714	
	e	Total. Add lines	s 11a-11d	🕨	0.071.77			
	12		See Instructions .		8,874,659 427,204,110	406,894,231	4,742,289	11,693,902
	1			I	721,204,110	700,007,201	7,174,209	11,093,302

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) マ Check if Schedule O contains a response to any question in this Part IX (D) (B) (C) Do not include amounts reported on lines 6b, (A) Program service Management and Fund raising 7b. 8b. 9b. and 10b of Part VIII. Total expenses expenses general expenses expenses Grants and other assistance to governments and organizations in the United States See Part IV, line 21 643,000 643,000 Grants and other assistance to individuals in the United States See Part IV, line 22 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 Benefits paid to or for members Compensation of current officers, directors, trustees, and 4,834,416 491,645 4,342,771 key employees Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . 493,170 493,170 Other salaries and wages 183,268,610 150,967,940 32,300,670 Pension plan accruals and contributions (include section 401(k) 10,457,488 8,399,397 2,058,091 and 403(b) employer contributions) Other employee benefits 18,047,646 14,495,771 3,551,875 10 12,931,698 10,386,669 2,545,029 11 Fees for services (non-employees) 419,000 419,000 Management 1,465,911 1,177,412 288,499 Legal 400,136 400,136 239,057 239,057 Professional fundraising services See Part IV, line 17 Investment management fees 298,750 298,750 Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on 46,366,103 37,241,001 9,125,102 Schedule O) Advertising and promotion . . 1,741,904 1,399,088 342,816 12 13 Office expenses 21,668,596 17,404,098 4,264,498 11,372,560 9,134,378 2,238,182 14 Information technology . . 15 Royalties . 8,539,631 6,858,985 1,680,646 16 Occupancy **17** 431,763 346,790 84,973 Travel 18 Payments of travel or entertainment expenses for any federal, state, or local public officials 19 Conferences, conventions, and meetings . 431,763 346,790 84,973 20 7,503,237 6,026,559 1,476,678 Payments to affiliates 21 22 Depreciation, depletion, and amortization . 26,363,640 21,175,132 5,188,508 23 1,342,834 1,078,557 264,277 24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O) a Medical Supplies 33,398,135 33,398,135 Drugs 31,462,662 31,462,662 Swap Loss Transaction 6,038,725 6,038,725 **d** Food 2,191,827 2,191,827 e All other expenses 5,634,038 1,013,318 4,620,720 Total functional expenses. Add lines 1 through 24e 25 437,986,300 355,639,154 82,347,146 0 Joint costs. Complete this line only if the organization 26 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

FG	rt X	Check if Schedule O contains a response to any question in th	ıs Paı	rt X			
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing			18,448,875	1	8,560,443
	2	Savings and temporary cash investments			3,009,859	2	1,980,897
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			59,121,532	4	50,532,032
	5	Loans and other receivables from current and former officers, employees, and highest compensated employees. Complete P. Schedule L	art II	of	4,135	5	0
4ssets	6	Loans and other receivables from other disqualified persons (a $4958(f)(1)$), persons described in section $4958(c)(3)(B)$, and and sponsoring organizations of section $501(c)(9)$ voluntary e organizations (see instructions) Complete Part II of Schedule	contr mplo	ibuting employers	· · · · · · · · · · · · · · · · · · ·		115,000
	,	Notes and loans resemble not			2,420,563	7	2,594,211
₹ S	7	Notes and loans receivable, net			6,464,600	8	6,874,186
	8				7,323,770	9	9,480,192
	10a	Prepaid expenses and deferred charges Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	337,931,169	, ,	9	3,400,132
	Ь	Less accumulated depreciation	10b	182,959,803	155,907,043	10c	154,971,366
	11	Investments—publicly traded securities	· · ·	211,566,539	11	249,871,604	
	12	Investments—other securities See Part IV, line 11				12	2 10,01 1,00 1
	13	Investments—program-related See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			8,020,510	15	13,230,306
	16	Total assets. Add lines 1 through 15 (must equal line 34).			472,377,426	16	498,210,237
	17	Accounts payable and accrued expenses			44,981,101	17	53,947,584
	18	Grants payable			11,001,101	18	35,5 11 ,55 1
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			169,609,993	20	169.988.808
	21	Escrow or custodial account liability Complete Part IV of Sch			100,000,000	21	100,000,000
Liabilities	22	Loans and other payables to current and former officers, direct key employees, highest compensated employees, and disqual	ors, t			21	
졅		persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third partie	es .		3,367,990	23	3,367,990
	24	Unsecured notes and loans payable to unrelated third parties			0	24	18,000,000
	25	Other liabilities (including federal income tax, payables to rela and other liabilities not included on lines 17-24) Complete Pa					
		D			68,212,636	25	46,948,528
—	26	Total liabilities. Add lines 17 through 25			286,171,720	26	292,252,910
Fund Balances		lines 27 through 29, and lines 33 and 34.			100 005 705		205 657 65
<u>8</u>	27	Unrestricted net assets			186,205,706	27	205,957,327
ă	28	Temporarily restricted net assets	•	• •		28	
Ē	29	Permanently restricted net assets				29	
or Fu		Organizations that do not follow SFAS 117 (ASC 958), check to complete lines 30 through 34.	ere 🕨	-			
ţŞ	30	Capital stock or trust principal, or current funds				30	
Assets or	31	Paid-in or capital surplus, or land, building or equipment fund				31	
Ą	32	Retained earnings, endowment, accumulated income, or other	funds			32	
Net	33	Total net assets or fund balances			186,205,706	33	205,957,327
	34	Total liabilities and net assets/fund balances	<u></u>		472,377,426	34	498,210,237

Pai	Reconcilliation of Net Assets Check if Schedule O contains a response to any question in this Part XI				৮
1	Total revenue (must equal Part VIII, column (A), line 12)	1		427,2	204,110
2	Total expenses (must equal Part IX, column (A), line 25)	2		437,9	986,300
3	Revenue less expenses Subtract line 2 from line 1	3		-10,7	782,190
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4		186,7	205,706
5	Net unrealized gains (losses) on investments	5		10,7	220,992
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		20,3	312,819
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10		205,9	57,327
Par	t XII Financial Statements and Reporting				
	Check if Schedule O contains a response to any question in this Part XII				. \sqsubset
				Yes	No
1	Accounting method used to prepare the Form 990				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		Νo
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or review a separate basis, consolidated basis, or both	wed on			
	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 sepa basis, consolidated basis, or both	rate			
	Separate basis Consolidated basis Both consolidated and separate basis				
С	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight audit, review, or compilation of its financial statements and selection of an independent accountant?	t of the	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	ו			
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?	е	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the reaudit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equired	3b		

Software ID: Software Version:

EIN: 38-2027689

Name: WA Foote Memorial Hospital

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

Form 990, Part VII - Compensation of Compensated Employees, and Indepen	Officers, Dir ndent Contra	ectors	,Tru	ıste	ees,	, Key	/ En	nployees, Highe	st	
(A) Name and Title	(B) Average hours per week (list any	Positio more unless an dire	than	not one on i r an trus	box s bo d a tee)	, th		(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
	hours for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former			organizations
Georgia Fojtasek President & CEO	55 00 5 00	Х		х				702,224	0	75,587
Aaron Boatın Trustee	2 00 2 00	х						0	0	0
Neeta Delaney Trustee	2 00 1 00	Х						0	0	0
Doug Finch Trustee	2 00 2 00	Х						0	0	0
David Halsey Trustee	4 00 1 00	X						41,258	0	0
Steven Hogwood Trustee	2 00 1 00	x						0	0	0
Nitin Ambani Chief of Staff thru 12/31/12	5 00 1 00	х						37,201	0	0
John Mogerman Chief of Staff as of 01/01/13	5 00 1 00	х						357,948	0	45,969
Steven Rick Trustee	2 00 1 00	х						0	0	0
Tim Levy Vice Chairman	3 00 1 00	х						0	0	0
John Nally Secretary/Treasurer	3 00 1 00	х		х				0	0	0
Harish Rawal Trustee thru 04/01/13	0 00 0 00	x						0	0	0
Larry Schultz Chairman	5 00 1 00	×						0	0	0
Lynn VanWagnen Trustee thru 04/01/13	0 00 0 00	Х						0	0	0
Allan Tompkıns Trustee	3 00 1 00	X						9,747	0	0
Michael Shore Trustee	3 00 1 00	Х						0	0	0
Mohan Kulkarnı Trustee	3 00 1 00	Х						156,452	0	0
Karen Chaprnka SVP & COO	55 00 5 00			х				421,296	0	52,700
Jeanne Wickens SVP & CFO	55 00 5 00			х				433,569	0	65,139
Richard Warren VP & CIO	55 00 5 00			х				281,524	0	67,769
Jacalyn Liebowitz VP Patient Care	55 00 5 00			х				290,563	0	46,533
Kenneth Empey General Counsel	55 00 5 00			х				248,309	0	60,381
Cheryl Lamborn VP Human Resources	55 00 5 00			х				243,634	0	33,533
Anthony Gardner VP Marketing	55 00 1 00			х				173,097	0	31,986
Beth Smith VP Organizational Excellence	55 00 1 00			х				158,224	0	33,131

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

(A) Name and Tıtle	(B) Average hours per week (list		than	not one on i	box s bo d a	,		(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
	any hours for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former			related organizations
Gerald Grannan VP Physician Integrationg & Planning	55 00 1 00			х				181,095	0	28,402
John Hyden Chief Compliance Officer	55 00 5 00			х				125,882	0	17,629
Ray King Chief Medical Officer	55 00 5 00			х				360,955	0	56,904
Ryan Beekman Physician	50 00 0 00					х		1,322,670	0	51,295
Vishal Gupta Physician	50 00 0 00					х		832,452	0	83,098
Tudor Tien Physician	50 00 0 00					х		769,645	0	37,906
Brian Daly Physician	50 00 0 00					х		718,436	0	51,678
Ivan Cubas Physician	50 00 0 00					х		642,543	0	73,080
William Kiel VP Development thru 04/10/12	0 00 0 00						х	247,239	0	24,226

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493128016524

Employer identification number

OMB No. 1545-0047

OMB No 1545-0047

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

Department of the Treasury Internal Revenue Service

Total

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.

2012

Open to Public
Inspection

WA Fo	ote Me	emorial Ho	spital									
									38-20276			
	rt I			blic Charity Sta						<u>istructions</u>		
	rganı		•	te foundation becaus	•			•	•			
1	<u> </u>		-	on of churches, or a				ection 170(E	o)(1)(A)(i).			
2	<u> </u>			in section 170(b)(1			•					
3	<u> </u>			perative hospital se								
4	Г			h organization opera	ted ın conjun	ction with a	hospital desc	cribed in sec	tion 170(b)(1)(A)(iii). E	nter the	
5	Г			ty, and state erated for the benefi	t of a college	or universit	ty owned or o	perated by a	government	al unit desc	ribed in	_
		sect ior	170(b)(1)((A)(iv). (Complete P	art II)							
6	Г			local government o	•	al unit desc	rıbed ın secti	on 170(b)(1	l)(A)(v).			
7	Γ	An org	anization tha	at normally receives	a substantia	al part of its	support from	a governme	ntal unit or fr	om the gen	eral publi	С
	_	describ	oed in sectio	on 170(b)(1)(A)(vi).	(Complete P	art II)		_		_	·	
8	<u></u>		-	described in section			•	-				
9	Г	An org	anızatıon tha	at normally receives	(1) more th	an 331/3% o	f its support	from contrıb	outions, mem	bership fees	, and gro	SS
		receipt	s from activ	ities related to its e	xempt function	ons—subjec	t to certain e	xceptions, a	ınd (2) no mo	re than 331,	/3 % of	
		ıts sup	port from gr	oss investment inco	me and unrel	lated busine	ss taxable ın	come (less	section 511	tax) from bu	isinesses	5
		acquire	ed by the org	ganızatıon after June	30,1975 S	ee section 5	509(a)(2). (C	omplete Par	tIII)			
10	Γ	Anorg	anızatıon org	ganized and operated	d exclusively	to test for p	oublic safety	See section	1 509(a)(4).			
11	ı	one or the box	more public that descri	ganized and operated ly supported organiz bes the type of supp b Type II c	ations descr orting organ	ibed in secti ization and d	ion 509(a)(1) complete line) or section s 11e throu	509(a)(2) So gh 11h	ee section 5	09(a)(3)	.Check
e	Γ	othert		ox, I certify that the on managers and ot								
f		If the c	rganization this box	received a written d						III support	ing organ	ization,
g			ng persons?	2000, has the organi	ization accep	red ally glic	or contribution	on nom any	or the			
				rectly or indirectly o	ontrols, eith	er alone or t	ogether with	persons des	scribed in (ii)		Yes	No
		and (111) below, the	governing body of th	e supported	organization	۱۶			11g	(i)	
		(ii) A f	amıly memb	er of a person descr	ıbed ın (ı) abı	ove?				11g	(ii)	
		(iii) A	35% contro	lled entity of a perso	n described	ın (ı) or (ıı) a	above?			11g	(iii)	
h		Provide	e the followii	ng information about	the supporte	ed organizat	ion(s)				•	
Š	i) Nan suppor ganiz		(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you the organiz in col (i) o suppor	zation of your	(vi) Is the organization in col (i) organized in the US?		mon	mount of netary oport
				instructions))	Yes	No	Yes	No	Yes	No]	

Sch	edule A (Form 990 or 990-EZ) 2012							Page 2
Pa	(Complete only if you o	hecked the bo	x on line 5, 7,	or 8 of Part I o	r if the organiza	ation faile	ed to q	
	Part III. If the organiza ection A. Public Support	tion fails to qu	alify under the	tests listed bel	ow, please com	iplete Pa	rt III.)	
	endar year (or fiscal year beginning					1		
	in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2	312	(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							
6	(f) Public support. Subtract line 5 from							
	line 4							
S	ection B. Total Support							
Cal	endar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 20)12	(f) Total
_	in) ► A mounts from line 4		. ,		. ,	, ,		. ,
7 8	Gross income from interest,							
0	dividends, payments received on							
	securities loans, rents, royalties							
	and income from similar							
9	sources Net income from unrelated							
9	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							
4.0	10)		<u> </u>					
12	Gross receipts from related activitie					12		
13	First five years. If the Form 990 is this box and stop here							ization, check
	ection C. Computation of Pub				<u> </u>	<u> </u>		
14	Public support percentage for 2012			11, column (f))		14		
15	Public support percentage for 2011			, , , , , , ,		15		
	33 1/3% support test—2012. If the o	· ·	•	on line 13 and l	ine 14 is 33 1/20%		chack ti	nie hov
104	and stop here. The organization qua				me 1 1 13 33 1/3/0	or more,	JIICCK CI	► □
b	33 1/3% support test—2011. If the				and line 15 is 33	3 1/3% or n	nore, ch	eck this
	box and stop here. The organization						. 4 4	▶□
1/a	10%-facts-and-circumstances test- is 10% or more, and if the organizat							•
	in Part IV how the organization mee							
	organization				4	r	,	▶ □
b	10%-facts-and-circumstances test-							
	15 is 10% or more, and if the organ Explain in Part IV how the organizat							lv
	supported organization	ion meets the T	acts-ana-cncum:	stances test III	ic organization qu	uiiiiE5 45 i	a public	·y ▶□
18	Private foundation. If the organizat	on did not check	c a box on line 13	, 16a, 16b, 17a,	or 17b, check thi	s box and	see	·
	instructions							▶ ┌

Schedule A (Form 990 or 990-EZ) 2012 Page 3 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 (a) 2008 **(b)** 2009 (c) 2010 (d) 2011 (e) 2012 (f) Total in) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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						
3	furnished by a governmental unit to						
	the organization without charge						
6	Total. Add lines 1 through 5						
	Amounts included on lines 1, 2,						
/a	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						
С	Add lines 7a and 7b						
8	Public support (Subtract line 7c						
	from line 6)						
_Se	ction B. Total Support						
Cale	ndar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
	in) ►	(u) 2000	(6) 2003	(6) 2010	(4) 2011	(6) 2012	(1) 10tai
9	A mounts from line 6						
10a	Gross income from interest,						
	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
	sources						
Ь	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						
11	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)			Librari Corretto con	6.01	E04(-)(2)	
14	First five years. If the Form 990 is for	or the organization	on's first, second	i, thira, fourth, or	ππη tax year as a	1 501(c)(3) org	anization, ►
	check this box and stop here	a Cunnaut Da					<u> </u>
	ction C. Computation of Public			1.2		T I	
15	Public support percentage for 2012			13, column (T))		15	
16	Public support percentage from 2011	L Schedule A, Pa	art III, line 15			16	
Se	ction D. Computation of Inve	stment Inco	me Percenta	ge			
17	Investment income percentage for 20				nn (f))	17	
					. , ,		
18	Investment income percentage from					18	
19a	33 1/3% support tests—2012. If the o						ıd lıne 17 ıs not ▶□

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

Schedule A (Form 990 or 990-EZ) 2012

DLN: 93493128016524

OMB No 1545-0047

Inspection

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

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.

Political Campaign and Lobbying Activities

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** WA Foote Memorial Hospital 38-2027689 Complete if the organization is exempt under section 501(c) or is a section 527 organization. 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). 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 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? 3 Was a correction made? ☐ Yes □ No If "Yes," describe in Part IV Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3). Enter the amount directly expended by the filing organization for section 527 exempt function activities Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b Did the filing organization file Form 1120-POL for this year? 4 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 **(c)** EIN (e) A mount of political (a) Name (b) Address (d) A mount paid from contributions received filing organization's and promptly and funds If none, enter -0directly delivered to a separate political organization If none, enter-0-

e Grassroots ceiling amount (150% of line 2d, column (e))

f Grassroots lobbying expenditures

Sch	nedule C (Form 990 or 990-EZ) 2012					Page 2
Pa	art II-A Complete if the organization	is exempt under	section 501(c)(3) and fil	ed Form 5768	(election
_	under section 501(h)). Check ► if the filing organization belongs to a	an affiliated group (and	lict in Part IV os	ach affiliated are	un mambar's nam	o addross EIN
	expenses, and share of excess lobb	ying expenditures)		_	up member s nam	e, address, LTN
<u>B</u>	Check Frifthe filing organization checked box	x A and "limited contro	ıl" provisions apı	oly		
	Limits on Lobbying E (The term "expenditures" means an		l .)		(a) Filing organization's totals	(b) Affiliated group totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lob	bying)			
b	Total lobbying expenditures to influence a legisla	ative body (direct lobb	yıng)			
c	Total lobbying expenditures (add lines 1a and 1b	o)				
d	O ther exempt purpose expenditures					
е	Total exempt purpose expenditures (add lines 1c	c and 1d)				
f	Lobbying nontaxable amount Enter the amount fo	rom the following table	ın both			
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:			
	Not over \$500,000	20% of the amount on li	ne 1e			
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	000		
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$1,000	0,000		
	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				
	Grassroots nontaxable amount (enter 25% of lin	e 1f)				
_	Subtract line 1g from line 1a If zero or less, ente	•		-		
i	Subtract line 1f from line 1c If zero or less, ente			-		
_	If there is an amount other than zero on either lin		organization file	Form 4720 rep	ortina	1
-	section 4911 tax for this year?					┌ Yes ┌ No
_	4-Voor Av	veraging Period U	Inder Section	F01/b)		
	(Some organizations that made a scolumns below. See the	section 501(h) el	ection do not	have to cor		ne five
	Lobbying Expe	enditures During	4-Year Avera	ging Period		1
	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 nontavable amount					

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					
activ		Yes	No	Amount	
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
а	Volunteers?		No		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes			
C	Media advertisements?		No		
d	Mailings to members, legislators, or the public?		No		
e	Publications, or published or broadcast statements?		Νo		
f	Grants to other organizations for lobbying purposes?		No		
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		286,91	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
i	O ther activities?		No		
j	Total Add lines 1c through 1i			286,91	
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?		•		
Dar	t III-A. Complete if the organization is exempt under section $501(c)(4)$ section	n 501(c)	\(5\ o	r section	

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
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).		
а	Current year	2a	
b	Carryover from last year	2b	
С	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

Dues, assessments and similar amounts from members

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	Health care is a highly-regulated field, requiring frequent and high-level communication with regulators and elected officials. A small investment in lobbying enables us to remain in contact with legislators and government agencies, maximize the resources with which we are entrusted and assure that we provide the best care to our community. Allegiance enlists the services of several lobbying consultants, attorneys and healthcare trade associations. In addition, the hospital employs a corporate accounts specialist. The specialist spends a portion of his time contacting legislators, participating in grass roots advocacy, and other activities closely related to lobbying.

1 1

DLN: 93493128016524

OMB No 1545-0047

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.

Open to Public Inspection

	me of the organization	-	Employer ider	tification number						
WA	Foote Memorial Hospital		38-2027689							
Pa	Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Coorganization answered "Yes" to Form 990, Part IV, line 6. (a) Donor advised funds (b) Funds and other									
	organization answered "Yes" to Form 990	· · · · · · · · · · · · · · · · · · ·	(h) Eunda	and other accounts						
4	Total number at and of year	(a) Donor advised lunds	(b) Funds	and other accounts						
1	Total number at end of year Aggregate contributions to (during year)									
2 3										
3 4	Aggregate grants from (during year) Aggregate value at end of year									
			<u> </u>							
5	Did the organization inform all donors and donor advise funds are the organization's property, subject to the or		ior advised	☐ Yes ☐ No						
6	Did the organization inform all grantees, donors, and dused only for charitable purposes and not for the bene- conferring impermissible private benefit?			┌ Yes ┌ No						
Pa	rt III Conservation Easements. Complete if	the organization answered "Yes" t	o Form 990, Pa	art IV, line 7.						
1 2	Purpose(s) of conservation easements held by the org Preservation of land for public use (e.g., recreation Protection of natural habitat Preservation of open space Complete lines 2a through 2d if the organization held a	or education) Preservation of an Preservation of a G	certified historic	structure						
	easement on the last day of the tax year									
			Held a	it the End of the Year						
а	Total number of conservation easements		2a							
b	Total acreage restricted by conservation easements		2b							
С	Number of conservation easements on a certified histo	, ,	2c							
d	Number of conservation easements included in (c) acc historic structure listed in the National Register	quired after 8/17/06, and not on a	2d							
3	Number of conservation easements modified, transfer	red, released, extinguished, or terminate	ed by the organiz	ation during						
	the tax year ▶									
4	Number of states where property subject to conservat	ion easement is located ►								
5	Does the organization have a written policy regarding enforcement of the conservation easements it holds?	the periodic monitoring, inspection, hand	dling of violation	s, and Yes No						
6	Staff and volunteer hours devoted to monitoring, inspe	cting, and enforcing conservation easer	ments during the	year						
	· · · · · · · · · · · · · · · · · · ·									
7	A mount of expenses incurred in monitoring, inspecting \$\blue{\blue}\$ = \blue{\blue}\$	g, and enforcing conservation easements	s during the year	•						
8	Does each conservation easement reported on line 2 (and section 170(h)(4)(B)(II)?	d) above satisfy the requirements of sec	ction 170(h)(4)(E	³⁾⁽¹⁾						
9	In Part XIII, describe how the organization reports co balance sheet, and include, if applicable, the text of th the organization's accounting for conservation easeme	e footnote to the organization's financial								
Par	Complete if the organization answered "Y		or Other Sim	ilar Assets.						
1a	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar assesservice, provide, in Part XIII, the text of the footnote to	.16 (ASC 958), not to report in its rever ets held for public exhibition, education,	or research in fu							
b	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar assesservice, provide the following amounts relating to thes	ets held for public exhibition, education,								
	(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, histor following amounts required to be reported under SFAS		or financial gain,	<u> </u>						
а	Revenues included in Form 990, Part VIII, line 1	, , , , , , , , , , , , , , , , , , , ,	► \$							
	or or mora death in Form 550, Fait vill, mile i		F ₹.							

b Assets included in Form 990, Part X

Part	Urganizations Maintaining Co	<u>llections of Art</u>	:, HIS	itori	cai ir	<u>eası</u>	ires, or O	tne	<u>r Similar</u>	<u>Asse</u>	ts (co	<u>ntınued)</u>
3	Using the organization's acquisition, access collection items (check all that apply)	ion, and other recor	ds, cl	neck	any of t	he fol	lowing that a	are a	sıgnıfıcant	use of	ıts	
а	Public exhibition		d	Γ	Loan	orexc	hange progi	rams				
b	Scholarly research		e	Γ	Other							
c	Preservation for future generations											
4	Provide a description of the organization's co	ollections and expla	ıın hov	w the	y furthe	rthe	organızatıor	ı's ex	cempt purpo	se in		
5	During the year, did the organization solicit								nılar	_		_
	assets to be sold to raise funds rather than t		-							•	Yes	☐ No
Par	Escrow and Custodial Arrang Part IV, line 9, or reported an an						n answere	d "Y	es" to Fori	n 990),	
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?					tions	or other ass	ets	not	Γ	Yes	┌ No
b	If "Yes," explain the arrangement in Part XII	I and complete the	follov	wing t	able		Г					
								_		Amou	ınt	
с	Beginning balance						-	1c				
d	Additions during the year						-	1d				
е	Distributions during the year							1e				
f	Ending balance							1f				
2a	Did the organization include an amount on Fo	orm 990, Part X, lin	e 21?	•						\sqcap	Yes	┌ No
b	If "Yes," explain the arrangement in Part XII	I Check here If the	expla	anatio	n has b	een p	provided in F	art :	XIII			Γ
Pai	t V Endowment Funds. Complete	f the organizatio										
		(a)Current year	(b)Prior		b (c)	Two years bac	-			Four y	ears back
1a	Beginning of year balance	1,250,833			,124,117		642,72			,176		
b	Contributions	671,894		2	,790,346		2,045,20)7	946	,077		
C	Net investment earnings, gains, and losses				5,025		-5,01	12				
d	Grants or scholarships	370,538		2	,015,249		849,50)2				
e	Other expenditures for facilities				653,406				245	,524		
_	and programs						700 20	<u></u>		, 524		
f	Administrative expenses	1 552 100			0		709,30	—	6.40	720		
g	End of year balance	1,552,189			,250,833	l	1,124,11	L/	642	,729		
2	Provide the estimated percentage of the curi	rent year end balan	ce (lır	ne 1g	, columr	n (a))	held as					
а	Board designated or quasi-endowment 🕨											
b	Permanent endowment ►											
c	Temporarily restricted endowment ► 100	000 %										
	The percentages in lines 2a, 2b, and 2c show	uld equal 100%										
За	Are there endowment funds not in the posses	ssion of the organiz	atıon	that	are held	anda	administere	d for	the			
	organization by								г	- (1)	Yes	No
	(i) unrelated organizations					•		•	-	3a(i)	Vac	No
b	(ii) related organizations							•	[3a(ii) 3b	Yes Yes	
4	Describe in Part XIII the intended uses of the					•		•	[30	165	
	t VI Land, Buildings, and Equipme					0						
ı e	Description of property	one see ronn ss	, 0, 10	(a)	Cost or o	ther	(b)Cost or of		(c) Accumula	ated	(d) Boo	ok value
				bası	s (ınvestn	nent)	basis (othe	r)	depreciatio	n		
1a	and						9,630	.527				9,630,527
	Buildings		_				182,365	•	89,229	,289		3,136,049
	Leasehold improvements		-			- 	102,300	,550	55,225	,_3,		.,
	Equipment		•			+	129,313	1.606	90,801	.549	31	3,512,057
	 						16,621	•	2,928			3,692,733
	I. Add lines 1a through 1e <i>(Column (d) must e</i>	aual Form 990. Part		ımn (B), line	<u> </u> 10(c)						1,971,366
. 5.4		quai i oi iii 000, i ait.	.,	(-,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(-/-,	<i>,</i> • • •	•			10.	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,

Part VIII Investments—Other Securities. See	Form 990, Part X, line 12	2.
(a) Description of security or category	(b) Book value	(c) Method of valuation
(including name of security)		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. Se	e Form 990. Part X. line	13.
(a) Description of investment type	(b) Book value	(c) Method of valuation
(a, Description of investment type	(2) Book value	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, lii		
(a) Descrip	ption	(b) Book value
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15	5.)	
Part X Other Liabilities. See Form 990, Part >		
1 (a) Description of liability	(b) Book value	
Federal income taxes		
	3. 3	
Retirement Plan Liability	35,084,177	
Note Payable	252,057	
Physician Recruitment Loan	283,854	
Tax Abatement Liability	231,630	
Deferred Comp	2,660,775	
Swap Market Value Adjustment	8,436,035	
	0,130,033	
	<u> </u>	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	46,948,528	

Part	XI Reconciliation of R	Revenue per Audited Financia	State	ments	With Revenue	per Re	eturn
1	Total revenue, gains, and oth	er support per audited financial statem	ents .			1	
2	A mounts included on line 1 b	ut not on Form 990, Part VIII, line 12					
a	Net unrealized gains on inves	tments	[2a			
b	Donated services and use of	facilities		2b			
c	Recoveries of prior year grant	s	. [2c			
d	Other (Describe in Part XIII)	[2d			
e	Add lines 2a through 2d .					2e	
3	Subtract line ${f 2e}$ from line ${f 1}$.					3	
4	Amounts included on Form 99	0, Part VIII, line 12, but not on line 1					
a	Investment expenses not inc	luded on Form 990, Part VIII, line 7b		4a			
b	Other (Describe in Part XIII)	. [4b		1	
c	Add lines 4a and 4b					4c	
5	Total revenue Add lines 3 an	d 4c. (This must equal Form 990, Part	I, line 1	2).		5	
Part	XIII Reconciliation of E	xpenses per Audited Financia	al Stat	ement	s With Expense	s per	Return
1	Total expenses and losses pe	r audited financial statements				1	
2	A mounts included on line 1 bi	ut not on Form 990, Part IX, line 25					
а	Donated services and use of t	acılıtıes		2a			
b	Prior year adjustments			2b			
C	Other losses			2c			
d	Other (Describe in Part XIII)		2d		_	
e	Add lines 2a through 2d					2e	
3	Subtract line ${f 2e}$ from line ${f 1}$.					3	
4	Amounts included on Form 99	0, Part IX, line 25, but not on line 1:					
а	Investment expenses not inc	luded on Form 990, Part VIII, line 7b		4a			
b	Other (Describe in Part XIII)		4b			
c	Add lines 4a and 4b					4c	
5	Total expenses Add lines 3 a	nd 4c. (This must equal Form 990, Par	t I, line	18).		5	
Part	XIII Supplemental In	formation					
Part		scriptions required for Part II, lines 3, , lines 2d and 4b, and Part XII, lines 2					
	Identifier	Return Reference			Explana	tion	
	iption of Intended Use of ment Funds	Part V , Line 4	charita	ble hosi	on's endowment func oital programs includ ommunity preventati	ding tre	atment of uninsured

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493128016524

SCHEDULE F (Form 990)

Department of the Treasury

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,

Part IV, line 14b, 15, or 16.

► Attach to Form 990. ► See separate instructions.

2012

Open to Public Inspection

Internal Revenue Service

Name of the organization

WA Foote Memorial Hospital

Employer identification number

					30-202/009	
Pa	General Information "Yes" to Form 990, Pa			ne United States. C	omplete if the organiza	ation answered
1	For grantmakers. Does the cassistance, the grantees' eligible the grants or assistance?	gibility for the q	grants or assis	tance, and the select	on criteria used to awa	rd
2	For grantmakers. Describe in the United States.	n Part V the or	ganızatıon's p	rocedures for monitor	ng the use of grant fur	nds outside
3	Activites per Region (The follow	ung Part I, line 3	table can be du	uplicated if additional sp	ace is needed)	
	(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
	Cayman Islands	0	1	Program Services	Self & Malpractice Insurance	3,435,112
3a	Sub-total	0	1			3,435,112
	Total from continuation sheets to Part I Totals (add lines 3a and 3b)	0	0			3 4 3 5 1 1 2
C	TOTAISTAND UNES SA AND SDI			1	1	141511/

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) A mount of cash grant	(f) Manner of cash disbursement	(g) A mount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
2				ted above that are r e or counsel has pro					
3	Enter total nu	mher of other or	nanizations or en	tities					

Schedule F (Form 990) 2012

Part III Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) A mount of cash grant	(e) Manner of cash disbursement	(f) A mount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
		+	1		,		1
		+ +		'	+		+
		+		'	+		+
		+	<u> </u>		 		+
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Part IV Foreign Forms

1	organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)	굣	Yes	Γ	Νo
2	Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organizationmay be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)	Γ	Yes	ন	Νo
3	Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)	⊽	Yes	Г	Νo
4	Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)	Г	Yes	굣	Νo
5	Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)	Г	Yes	굣	No
6	Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).	Г	Yes	<u> </u>	No

Schedule F (Form 990) 2012

Part V	Supplementa	al Information
Part v	Supplementa	ai intormatio

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	ReturnReference	Explanation

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization WA Foote Memorial Hospital

Employer identification number

38-2027689

Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6 a 13 Yes 11" Yes," was it a written policy? If "Yes," was it a written policy? If "The organization had multiple insigntal facilities, indicates which of the following best describes application of the financial assistance policy to its vienous hospital facilities and the financial assistance policy to its vienous hospital facilities and the financial assistance policy than the financial assistance and certain policy? Applied unformly to all hospital facilities Applied unformly to most hospital facilities Applied unformly to all hospital facilities Applied unformly to all hospital facilities Applied unformly to all hospital facilities Applied unformly to most hospital facilities Applied unformly to all hospi	Pa	rt I Financial Assi	stance an	d Certain	Other Community	Benefits at Cost	2021.003					
If Yes, was it a written policy? 1 1 Yes									Yes	No		
2 If the organization had multiple hespital facilities in famination of the following best describes application of the financial assistance policy to its vanious hospital facilities. Applied uniformly to all 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 (FRC) as a factor in determining eligibility for providing free care? 1 100 % 1 50 % F 200 % Other. 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 FPG family income limit for eligibility for providing discounted care? If Yes," indicate which of the following was the femily income limit for eligibility for providing discounted care? If Yes, "indicate which of the following was the family income limit for eligibility for providing discounted care? If Yes," indicate which of the following was the family income limit for eligibility for providing discounted care? If Yes, "indicate which of the following was the family income limit for eligibility for providing discounted care? If Yes," indicate which of the following was the family income limit for eligibility for providing discounted care? If Yes, "indicate which of the following table in the provide for free or discounted care include in the description whether the organization used an esset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care include in the description whether the organization used to the interest number of its patients during the tax year? b If Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5 If Yes is to line Sb, as a result of budget considerations, was the organization unable to provide free or discounted care. 7 If Yes is to line Sb, as a	1a	Did the organization have	a financial as	ssistance po	licy during the tax year?	' If "No," skıp to questı	on 6a	1a	Yes			
financial assistance policy to its vanous hospital facilities Applied uniformly to all hospital facilities Applied uniformly to most facilities Applied uniformly to most facilities Applied uniformly to most facilities Applied to the largest number of the facilities of the power of accounted care? If yes, indicate which of the following applied in determining eligibility for fere or discounted care following the work of the power applied to the largest number of its patients during the tax year A Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? B If Yes, if dit he organization should amounts for fine or discounted care? A Did the or	b	If "Yes," was it a written p	policy?					1b	Yes			
A nawer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization use Federal Poverty Guidelines (Fro) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG femily income limit for eligibility for free care. 1 100%	2						pplication of the					
a Did the organization use Federal Poverty Guidelines (PFC) 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 If 100%		In the organization have a financial assistance policy during the tax year? If "No," skip to question 6a ""Yes," was it a written policy? "The organization had multiple hospital facilities, indicate which of the following best describes application of the nancial assistance policy to its various hospital facilities. Applied uniformly to all hospital facilities. Applied uniformly to most hospital facilities. Generally tailored to individual hospital facilities. Applied uniformly to most hospital facilities. Inswer the following based on the financial assistance eligibility criteria that applied to the largest number of the granization's patients during the tax year. In the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care' rives," indicate which of the following was the FPG family income limit for eligibility for free care' rives, indicate which of the following was the family income limit for eligibility for free care' rives, and the organization use FPG as a factor in determining eligibility for free care' rives, and the organization used factors other than FPG in determining eligibility, describe in Part VI the income based in asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care include in the description whether the organization sed an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care include in the description whether the organization sed an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care include in the description whether the organization sed an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care include in the description whether the organization sed an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or disco										
If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care 100% 150% 200% 0 ther 0 ther 0 there 0	3	_			nce eligibility criteria th	at applied to the larges	t number of the					
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% 300% 400% 0 ther	а						providing <i>free</i> care?	3a	Yes			
which of the following was the family income limit for eligibility for discounted care 38 Yes 200% 250% 300% 350% 400% Other 9%		┌ 100%	200% ┌ 0	ther		%						
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"? 5a. Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b. If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c. If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? 6c. If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? 6c. If "Yes," did the organization prepare a community benefit report during the tax year? 6c. Ves 6d. Yes 6d. Yes 6d. Yes 7. Financial Assistance and Means-Tested Government Programs a Financial Assistance and Certain Other Community Benefit at Cost Financial Assistance and Certain Other Community Benefit expense (a) Direct offsetting revenue (b) Networksheet (c) Percent of Confidence of Community Benefit (c) Percent of Community	1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6 a b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various bospital facilities during the tax year Applied uniformly to all hospital facilities Generally tailored to individual hospital facilities Generally tailored to individual hospital facilities 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 (FFG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FFG family income limit for eligibility for free care 1 100% 150% 200% 000% 000% 000% 0000 0000 0000 0			3b	Yes							
cretran 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? 5a. Did the organization budget amounts for free or discounted care provided inder its financial assistance policy during the tax year? 5b. If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c. Sa. Yes b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c. No. 6a. Did the organization prepare a community benefit report during the tax year? 6a. Yes b If "Yes," did the organization make it available to the public? 6b. Yes Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H. 7 Financial Assistance and Means-Tested Government Programs a Financial Assistance and Means-Tested government Programs ((optonal)) 6c) Costs of other means-tested government programs ((optonal)) 6d obtains a financial Assistance and Means-Tested Government programs ((optonal)) 6d obtains a financial Assistance and Means-Tested government programs ((optonal)) 6d obtains a financial Assistance and Means-Tested government programs ((optonal)) 6d obtains a financial Assistance and Means-Tested government programs ((optonal)) 6d obtains a financial Assistance and Means-Tested government programs ((optonal)) 6d obtains a financial Assistance and Means-Tested government programs ((optonal)) 6d obtains a financial Assistance and ((optonal)) 6d o	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6 a b If "Yes," was it a written policy? 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. Generally tailored to individual hospital facilities. Applied uniformly to most hospital facilities. Applied uniformly facilities.											
provide for free or discounted care to the "medically indigent"? Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? Let "Yes", did the organization's financial assistance expenses exceed the budgeted amount? Let "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? Let "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? Let "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? Let "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? Let "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? Let "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? Let "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? Let "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? Let "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? Let "Yes" to line 5b, as a result of budget care to a patient who was eligible for free or discounted care? Let "Yes" to line 5b, as a result of budget care to budget amount? Let "Yes" to line 5b, as a result of budget care to budget care? Let "Yes" to line 5b, as a result of budget care? Let "Yes" to line 5b, as a result of budget care? Let "Yes" to line 5b, as a result of budget care? Let "Yes" to line 5b, as a result of budget care? Let "Yes" to line of discounted care? Let "Yes" to line 5b, as a result of budget care? Let "Yes" to line 5b, as a result	c	criteria for determining el used an asset test or oth	igibility for fre	ee or discoun	ted care Include in the	description whether the	e organization					
Did the organization budget amounts for free or discounted care provided under its financial assistance policy during that year? b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? c If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? c If "Yes," did the organization budget considerations, was the organization unable to provide free or discounted care? b If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H T Financial Assistance and Means-Tested Government Programs a Financial Assistance and (a) Number of activities or programs (optional) b Medicaid (from Worksheet 3), column a) c Costs of other means-tested government programs (from Worksheet 3) column a) c Costs of other means-tested government programs (from Worksheet 3) column b) d Total Financial Assistance and means-Tested Government programs (from Worksheet 3) column b) d Total Financial Assistance and means-Tested Government programs (from Worksheet 3) d Total Financial Assistance and means-Tested Government programs (from Worksheet 4) d Total Financial Assistance and means-Tested Government programs (from Worksheet 4) f Total Financial Assistance and means-Tested Government programs (from Worksheet 4) f Total Financial Assistance and means-Tested Government programs (from Worksheet 4) f Total Financial Assistance and Means-Tested Government programs (from Worksheet 5) g Subsidier (From Worksheet 7) s Costs of Other Renefits from Worksheet 1) l Cash and in-kind contributions for community benefit operations (from Worksheet 7) l Cash and in-kind contributions for community benefit operations (from Worksheet 8) l Total Christian (From Worksheet 8) l Total Christian (From Worksheet 8) l Total Christian (A) l Total Financial Assistance and (A) l Health professions education (From Worksheet 8) l Cash	4								 			
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care? c If "Yes," did the organization prepare a community benefit report during the tax year? b If "Yes," did the organization make it available to the public? 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 Means-Tested Government Programs a Financial Assistance at cost (from Worksheet 1) b Medical (from Worksheet 3) column a) c Costs of other means-tested government programs (from Worksheet 3) column a) d Total Financial Assistance and Cortain Other Community Benefit expense from Worksheet 3, column b) d Total Financial Assistance and Cortain Other Community Senefit expense from Worksheet 3, column b) d Total Financial Assistance and Cortain Other Community Senefit expense from Worksheet 3, column b) d Total Financial Assistance and Cortain Other Community Senefit expense from Worksheet 3, column b) d Total Financial Assistance and Cortain Other Community Senefit expense from Worksheet 3, column b) d Total Financial Assistance and Cortain Other Community Senefit expense from Worksheet 3, column b) d Total Financial Assistance community benefit servense from Worksheet 3, column b) d Total Financial Assistance g Subsidized health services and community Senefits e Community benefit operations (from Worksheet 5) f Health professions education (from Worksheet 7) f Health professions education (from Worksheet 7) I Cash and in-kind contributions for community benefit (from Worksheet 8) J Total Other Benefits f Health professions education (from Worksheet 8) J Total Other Benefits c Community Senefit (from Worksheet 8) J Total Other Benefits c Community Senefit (from Worksheet 8)	5a	Did the organization budg	et amounts fo	or free or disc								
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	h	·			expenses exceed the h	udgeted amount?						
care to a patient who was eligible for free or discounted care?								3 D	res			
b If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H Financial Assistance and Certain Other Community Benefits at Cost Financial Assistance and Means-Tested Government Programs (optional) A Financial Assistance at cost (from Worksheet 1) Medicad (from Worksheet 3, column a) Costs of other means-tested government programs (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3) Total Costs of other means-tested government programs (from Worksheet 3, column b) Total Financial Assistance at cost (from Worksheet 3) Total Costs of other means-tested government programs (from Worksheet 3) Total Costs of other Expense (a) Persons (c) Total community benefit expense (c) Total community place (c) Total commun	Ĭ	•	_	· · · · · · · · · · · · · · · · · · ·								
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 Financial Assistance at cost (from Worksheet 1)	6a	Did the organization prep	are a commur	nity benefit re	eport during the tax year	·?		6a	Yes			
Financial Assistance and Certain Other Community Benefits at Cost Financial Assistance and Means-Tested Government Programs a Financial Assistance at cost (from Worksheet 1)	b	If "Yes," did the organiza	tion make it a	vailable to th	ne public?			6b	Yes			
Financial Assistance and Means-Tested Government Programs a Financial Assistance at cost (from Worksheet 1)			_	worksheets	provided in the Schedule	e H instructions Do not	submit these					
Means-Tested Sovernment Programs Financial Assistance at cost (from Worksheet 1)					munity Benefits at Co	st						
a Financial Assistance at cost (from Worksheet 1)		Means-Tested	programs	served	1 ` ' 1	` ,						
Medicaid (from Worksheet 3, column a)	а		·		14 063 924	ን6 ጸበን	14 በ37	121	3 2	00 %		
government programs (from Worksheet 3, column b) . d Total Financial Assistance and Means-Tested Government Programs . Other Benefits E Community health improvement services and community benefit operations (from Worksheet 4) 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) J Total. Other Benefits	b	Medicaid (from Worksheet 3,				·						
Total Financial Assistance and Means-Tested Government Programs .	С	government programs (from										
Other Benefits e Community health improvement services and community benefit operations (from Worksheet 4)	d	Total Financial Assistance and Means-Tested			77,041,002	51,252,943	25,788,	059	5 8	80 %		
Improvement services and community benefit operations (from Worksheet 4) 913,532 913,532 0 210 %		-			, ,	, ,-	,,	\top				
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) 1,550,172 1,550,172 0 350 % J Total. Other Benefits 2,463,704 2,463,704 0 560 %	е	improvement services and community benefit operations			913.532		913.	532	0 2	10 %		
(from Worksheet 6) h Research (from Worksheet 7) I I Cash and in-kind contributions for community benefit (from Worksheet 8) 1,550,172 1,550,172 0 350 % J Total. Other Benefits 2,463,704 2,463,704 0 560 %	f	Health professions education										
Cash and in-kind contributions for community benefit (from Worksheet 8) 1,550,172 1,550,172 0 350 % Total. Other Benefits . 2,463,704 2,463,704 0 560 %	,	(from Worksheet 6)						\perp				
contributions for community benefit (from Worksheet 8) 1,550,172 1,550,172 0 350 % J Total. Other Benefits 2,463,704 2,463,704 0 560 %	n I	` '						+				
	•	contributions for community benefit (from Worksheet 8)						_				
	,					51.252.943		_				

	activities during the of the communities i	t serves.		(a) T-1-1		D					
		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total communit building expense	y (d)	Direct of revenu	_	(e) Net community building expense		(f) Pero	
1	Physical improvements and housing										
2	Economic development			31,7	03			31	,703	C	010
3	Community support			628,5	05			628	,505	C	140 9
4	Environmental improvements										
5	Leadership development and training for community members										
6	Coalition building										
7	Community health improvement advocacy										
8	Workforce development										
	Other										
	Total Pale Madia	. 0.0-11	<u> </u>	660,2	.08			660	,208	C	150 9
	t IIII Bad Debt, Medicar on A. Bad Debt Expense	e, & Collec	tion Practice	es						Yes	No
L	Did the organization report bac	d debt expens	e ın accordance	with Heathcare F	ınancıal	Manag	ement	Association		1 1 1 1	NO
	Statement No 15?								1		No
2	Enter the amount of the organi methodology used by the organ				he 	2		42 722 020			
3	Enter the estimated amount of				le to		+	42,733,028			
	patients eligible under the orga	anızatıon's fın	ancıal assıstand	ce policy Explain	ın Part ۱						
	the methodology used by the o any, for including this portion of				tionale,	3		0			
ı	Provide in Part VI the text of t				ments t		 cribes	bad debt expense			
	or the page number on which th							·			
	ion B. Medicare					1					
•	Enter total revenue received fr			•		. 5	+	164,820,786			
,	Enter Medicare allowable cost: Subtract line 6 from line 5 Thi					. 6	+	192,889,175			
3	Describe in Part VI the extent Also describe in Part VI the co Check the box that describes	to which any osting method	shortfall reporte ology or source	ed in line 7 should		ed as o					
	Cost accounting system	r co	st to charge rat	tio Г	Other	-					
ect	ion C. Collection Practices										
)a	Did the organization have a wr	ıtten debt coll	ection policy du	ırıng the tax year?					9a	Yes	
b	If "Yes," did the organization's contain provisions on the colle assistance? Describe in Part \	ection practice	s to be followed	d for patients who	are knov	vn to qu	alify fo	r financial	9b	Yes	
aı	t IV Management Compa								ans—s	ee instruc	tions)
	(a) Name of entity	(I	 Description of pr activity of entity 		profit %	nization' or stock rship %		(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	pr	e) Physi ofit % o ownersh	r stock
1 F	oote Health Center Associates	Entity leases m	edical office space			54 430	%	0 %		45	570 %
2]	ackson Community Medical Records	Entity provides & community d	electronic medical i octors	records to hospital		51 000	%	0 %		49 (000 %
		·									
0											
1											
2											
.3									+		

Part V Facility Information											
Section A. Hospital Facilities		Licensed	General	Children's	Teach	Ortica	Певез	ER-24	ER-other		
(list in order of size from largest to smallest—see instructions) How many hospital facilities did the organization operate during the tax year?		sed hospital	al medical & surgical	en's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	her	O ther (Describe)	Facility reporting group
										o their (Beseinse)	racine, reporting group
1	WA Foote Memorial Hospital 205 NEast Avenue Jackson, MI 49201 www allegiancehealth org	X	х					х			

Schedule H (Form 990) 2012

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)
WA Foote Memorial Hospital

Name of hospital facil	ity or facility	reporting group
------------------------	-----------------	-----------------

FOF	single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)	_		Γ
			Yes	No
	mmunity Health Needs Assessment (Lines 1 through 8c are optional for tax years begining 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)	<u> </u>	1.05	\vdash
а	A definition of the community served by the hospital facility			
ь	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			
е	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	lacktriangledown 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)			
3	Indicate the tax year the hospital facility last conducted a CHNA 20 $\underline{12}$ 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		V	
4	persons the hospital facility consulted	-	Yes	
•	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)			
а	Hospital facility's website			
b	A vailable 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			
а	to date) A doption of an implementation strategy that addresses each of the community health needs identified through the			
•	CHNA			
b	Execution of the implementation strategy			
С	Participation in the development of a community-wide plan			
d	Participation in the execution of a community-wide plan			
е	▼ 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	_	V	1
Ωa	which needs it has not addressed and the reasons why it has not addressed such needs Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as	├	Yes	\vdash
Ja	required by section 501(r)(3)?	8a		Νo
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)						
Fir	nancial 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?					
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?					
	If "Yes," indicate the FPG family income limit for eligibility for free care 200 00000000000%					
	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 350 00000000000000% If "No," explain in Part VI the criteria the hospital facility used					
12	2 Explained the basis for calculating amounts charged to patients?					
	If "Yes," indicate the factors used in determining such amounts (check all that apply)					
а	Income level					
b	Asset level					
С	Medical indigency					
d	Insurance status					
е	Uninsured discount					
f	Medicaid/Medicare					
g	State regulation					
h	Other (describe in Part VI)					
13	Explained the method for applying for financial assistance?					
14	Included measures to publicize the policy within the community served by the hospital facility?		Yes			
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)					
а	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					
е	lacksquare 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)					
	ling and Collections	ı				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial	15	Yes			
16	assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? Check all of the following actions against an individual that were permitted under the hospital facility's policies during		163			
	the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP					
а	Reporting to credit agency					
b	Lawsuits					
C	Liens on residences					
d	Body attachments					
е	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					
а	Reporting to credit agency					
b	<u>-</u>					
c	Liens on residences					
d	Body attachments					
_	C Other similar actions (describe in Part VI)	l		1		

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If "Yes," explain in Part VI

Pa	art 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)			
а	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)			
Ро	licy 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			
а	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)			
Cha	arges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)			
	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			
а	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		N o
	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

Νo

Schedule H	Form 990	2012

6 7

Part V	Facility	Information	(continued
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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 facili	ities did the organization	operate during the tax year?	
Name and address		Type of Facility (describe)	
1	See Additional Data Table		
2			
3			
4			
5			

Schedule H (Form 990) 2012

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 III, 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
- **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.)
- **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
- **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 1₁, 3, 4, 5c, 6₁, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		Part I, Line 6a The Hospital prepares an annual community benefit report, which can be accessed at allegiancehealth org/givingback
		Part I, Line 7 The Hospital used a cost-to-charge ratio to calculate the cost of charity care and Medicaid shortfall Community Health Improvement Services and Cash and In-Kind Contributions are actual amounts

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) Our total expense from Form 990, Part IX, line 25, column (A) was \$437,986,300 This expense is used as the denominator for purposes of calculating Part I, Line 7, column(f) The denominator does not include bad debt expense Bad debt expense is subtracted from net patient services revenue
		Part II The Hospital is involved in numerous community building activities. We believe these activities, such as supporting affordable housing, working in partnership with the local community college to develop skilled nurses and supporting economic development programs directly improve the general health and wellness of the community. Also, staff at every level of the organization are encouraged to serve community groups that promote education, health and economic advocacy for the less fortunate.

Identifier	ReturnReference	Explanation
		Part III, Line 4 Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes its historical experience and identifies trends for each of its major payor sources to estimate the appropriate allowance for uncollectible accounts and the provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party health care coverage, the Hospital analyzes contractually due amounts and provides an allowance for uncollectible accounts and provision for bad debts. For receivables associated with self-pay accounts (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts. The provision for bad debts has been reported as a deduction from net patient service revenue. The amount of bad debt reported in the fiscal year 2013 audited financial statements.
		Part III, Line 8 The organization believes the entire Medicare shortfall reported on Line 7 should be treated as Community Benefit Allegiance Health is nationally recognized by Healthgrades as being in the top five percent nationally for clinical excellence and patient safety. Allegiance Health also benchmarks favorably on overall cost per case and is deemed to be an efficient provider. The organization is subsidizing a government program and sustaining significant losses in providing health care to Medicare receipients. By continuing to treat patients eligible for Medicare, hospitals alleviate the federal government's burden for directly providing medical services.

Identifier	ReturnReference	Explanation
		Part III, Line 9b The Hospital does not collect from patients known to qualify for charity care or other financial assistance Patients having difficulty paying their bills are directed to financial counselors. These counselors review the patients information in order to see if they qualify for assistance. In addition, bills sent to patients include a number to call for help
		In providing the required financial information to qualify for charity care
WA Foote Memorial Hospital		Part V, Section B, Line 3 The Health Improvement Organization Coordinating Council, founded by Allegiance Health, is a collaborative of community stakeholders committed to improving the health status of the community through an integrated health improvement infrastructure that addresses Jacksons priority health issues. The HIO Coordinating Council serves as the stakeholder planning committee for Allegiances. Board HIO Committee, Jackson Countys Healthy Community initiative, the United Way of Jackson Countys Community. Solutions Team on Health, and the Health Strand of the Jackson 2020 initiative. The scope of our responsibility includes monitoring community level indicators, identifying specific health priorities and developing community action plans to address common goals In this model, community stakeholders work with public health experts to develop and complete a community health assessment for Jackson County. This assessment provides a data collection mechanism that better aligns efforts among community partners and creates a more strategic framework for local health improvement activities Contributing PartnersAARP of MichiganAllegiance HealthAstraZenecaAWARE, Inc Community Action AgencyCareLinkCatholic Charities of JacksonCenter for Family HealthCommunity MembersFitness Council of JacksonGreat Lakes IndustryJackson Community CollegeJackson Community FoundationJackson County AdministrationJackson County Youth CenterJackson Health NetworkJackson County Health DepartmentJackson County Intermediate School DistrictLifeWaysMarriage MattersMeridian Health PlanMichigan Purchasers Health AlliancePartnership Park Downtown Neighborhood AssociationUnited Way of Jackson CountyYMCA of Jackson CountyYMCA Storer Camps

Identifier	ReturnReference	Explanation
W A Foote Memorial Hospital		Part V , Section B , Line 4 CareLink of Jackson , a Community O wned Specialty Hospital
W A Foote Memorial Hospital		Part V , Section B , Line 14g Financial assistance policy brochures are placed in the ER waiting room

	Part VI, Line 2 Allegiance Health conducts a telephone survey
	every three years in order to gather information on the health
	status of Jackson County Through a statistically valid survey,
	we collect responses from over 1,000 Jackson County
	residents age 18 and older to a 180 guestion survey about their
	health status, insurance coverage, personal health habits and
	health care experiences. The specific steps involve collecting
	and analyzing health information for our County (including
	subpopulations within our County), measuring our health status
	against other communities, the state and the nation, prioritizing
	health issues within the community, creating a system for
	sharing this data with community organizations and residents,
	, , ,
	initiating strategic planning to address these issues through
	collaborative activities, and monitoring impact of health
	initiatives on community health outcomes
	Part VI, Line 3 Uninsured inpatients and observation patients
	are referred to a financial counselor (contracted agent/partner)
	for assistance with Medicaid, SSI, and Allegiance Health
	program applications Many outpatients needing or having
	received hospital services are also referred to the agent/partner
	for assistance ER patients are provided with a packet of
	information at discharge from the department. This packet
	includes information about how assistance may be obtained
	through the local Medicaid office and about how to apply for our
	income structured payment plan and uncompensated care
	programs When patients are billed for balances they owe, we
	solicit them to call the Business Office with any questions or for
	assistance Additionally, a series of letters are sent to patients
	to apprise them of payment and assistance options. Allegiance
	has a printed brochure that is available through Registration
	that includes information regarding Medicaid application
	assistance and our internal programs. The Allegiance Health
	website includes a series of web pages related to transparency,
	quality, pricing, and our financial policies, procedures, and
	programs Uninsured patients needing mental health services
	are screened for eligibility through our partnership with the
	Jackson Community Mental Health Agency, which funds care for
	indigent, dual diagnosis, and Medicaid patients Patients
	seeking substance abuse care are linked with the Mid-South
	Substance Abuse Commission Registration and Business
	Office team members receive direct training on our programs
	and scripting for ensuring information is provided to the patients
	and families with whom our staff interact Education is provided
	to organizational leaders to ensure that team members outside
	of Finance are aware of our programs and where to direct
	hartinate and familias who was a good an other and and the
	patients and families who may need or who are seeking

Explanation

ReturnReference

Identifier

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Allegiance Health population is determined geographically by the boundaries of Jackson County The
		hospital is a tax exempt Health System that serves the collective health needs of the more than 160,000 residents of
		Jackson County The gender distribution of Jackson County residents is 49% female and 51% male. The age distribution of Jackson County is 26% of residents 19 years and under, 18%
		between 20 and 34 years, 29% between 35 and 54 years, 13% between 55 and 64 years, and 14% of residents are 65 years
		and older Racial distribution of Jackson County residents according to the 2011 Census Data is 88 0% as white, 7 9%
		as African American, 0.7% as Asian, 0.4% as American Indian or Alaska Native, and 3.0% as some other race or two or more
		races Of males aged 15 years and over, 33 0% have never married, 50 4% are married, 1 5% are separated, 2 9% are
		widowed, and 12 3% are divorced Of females aged 15 and over, 25 0% have never married, 50 4% are married, 17% are
		separated, 9 8% are widowed, and 13 2% are divorced According to the Bureau of Labor Statistics (2013), Jackson
		County also experiences a high unemployment rate of 8 8% With 69,400 individuals in the civilian labor force, 6,100
		residents are currently unemployed Of those employed, major industries represented include educational services, health
		care, and social assistance (23 9%), manufacturing (18 7%), retail trade (12 1%), professional, scientific, management,
		administrative, and waste management services (7 7%), and arts, entertainment, recreation, accommodation, and food
		services (7 5%) Approximately 47% of Allegiance Hospital patients were covered by Medicare, while 15% were on Medicaid
		and 4% were uninsured During the 2013 fiscal year, Allegiance Health had 9,399 Medicare discharges and 4,238 Medicaid
		discharges from inpatient services Physician practice visits totaled 200,327 during FY 2013, with 126,337 primary care
		visits and 73,990 visits to specialists. Allegiance Health also provides financial and leadership support of primary care
		services for the underserved, regardless of their ability to pay, through the Center for Family Health (CFH), a federally qualified
		health center In fiscal 2013, CFH saw 27,398 patients, which 54% were on Medicaid, 7% were on Medicare and 24% were
		Part VI, Line 5 Allegiance Health is honored to have received
		national recognition in recent years, including the American Hospital Associations 2010 Foster G McGaw Prize for
		excellence in community service, which is presented to only one hospital in the United States each year. This award is the
		ultimate recognition of Allegiance Health's commitment to community health improvement and partnership Allegiance
		Health is a community owned and locally governed integrated health system located in Jackson, Michigan As the sole
		community provider in Jackson County, Allegiance offers a comprehensive range of inpatient and outpatient medical
		services Originally founded in 1918 as a community hospital, Allegiance has grown in response to community demand and over the last decade has made substantial investments
		modernizing its more than 40 healthcare facilities, increasing staff, expanding and renovating its oncology centers, emergency
		department, and surgery facilities, and installing next generation electronic medical records system. Allegiance's modern
		facilities, state of the art technologies, and innovative new services ensure that area residents receive a full range of
		medical services close to home Allegiance's commitment to building a patient centered, physician led community health
		system has resulted in numerous industry awards and national recognition. Recent awards include the Thomson Reuters 100
		Top Hospitals (awarded in 1995,1996,2008,2010,2011), HealthGrades Distinguished Hospital Award for Clinical
		Excellence(awarded in 2008,2010,2011,2012,2013), HealthGrades Patient Safety Excellence Award (awarded in
		2009,2010,2011,2012,2013), HealthGrades Top 100 Hospital Award for 2013, and the CareChex Top 100 Hospital Award for
		2013 The Health Improvement Organization (HIO) was created by Allegiance Health in 2001 to promote a culture of continuous
		health improvement in our community and integrate wellness and prevention throughout our services. The Allegiance Department of Prevention and Community Health provides staff
		and infrastructure to facilitate the coordination of local health
		Improvement activities The HIO Coordinating Council (HIO CC) is a multi-disciplinary stakeholders group led by Allegiance Health with representation from local government, public health,
		health care, health and human service agencies and nonprofits, school districts, health plans, mental health, employers and the
		faith community The HIO CC coordinates efforts across community leaders in health to create unprecedented alignment
		of goals and resources, as well as a strong community platform for advocacy. The work of the HIO CC has culminated in the
		completion of a Community Action Plan including Goals, O bjectives and Strategies to address physical activity,
		nutrition, tobacco, and depression in Jackson County based on assessment and data-driven processes, as well as input from
		over 30 representatives from local health and human service agencies, and over 100 community stakeholders. The
		overarching tactics that the Community Action Plan relies upon include evidence-based activities to Enhance media attention
		and public recognition of healthy lifestyle practicesImprove access to healthy foods and safe, attractive, affordable places
		for activity through supportive policies and physical environment changes Provide social support and services that
		promote consistent screening, referral and supportive relationships for physical activity, nutrition, mental health and
		smoking behavior changeSee Form 990, Schedule O, Program Service Accomplishments for more detail

Identifier	ReturnReference	Explanation
		Part VI, Line 6 The Hospital's sole corporate member is Allegiance Health Services, a 501(c)(3) organization Other affiliates include a Foundation, a Hospice, a Long Term Acute Care Hospital (LTACH), a Volunteer Organization and a Home Health Care company, all 501(c)(3) organizations Additionally, the hospital recently formed a clinically integrated network The Hospital, Hospice, LTACH and Home Health Care organization work together to provide necessary medical services to the Jackson Community The Foundation and the Volunteer Organization work closely with the Parent and the Hospital in raising funds for projects and services that would benefit the overall well-being of the community The most recent campaign is raising funds for a Graduate Medical Education program Previous campaigns successfully raised funds to expand and improve our cancer care service line and provided free medical care to indigent patients. The clinically intergrated network works to improve patient clinical outcomes thru coordinated care and lowering overall health care costs. See Form 990, Schedule O, Program Service Accomplishments for more detail

Software ID: **Software Version:**

EIN: 38-2027689

Name: WA Foote Memorial Hospital

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

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

e and address	Type of Facility (describe)	
Allegiance Hematology Oncology 1100 E Michigan Avenue	Cancer Treatment	
Jackson, MI 49201 Allegiance Vascular Health 300 W Washington Avenue	Cancer Treatment	
Jackson, MI 49201 Allegiance Orthopedics 1201 E Michgan Avenue	Cancer Treatment	
Jackson, MI 49201 Allegiance Gastroenterology 1100 E Michigan Avenue Ste 310 Jackson, MI 49201	Cancer Treatment	
Allegiance General Surgery 300 W Washington Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Hospitalist Service 205 N East Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Express Care 110 N Elm Jackson, MI 49202	Cancer Treatment	
Allegiance Family Medicine - Townsend 400 Hinckley Blvd Jackson, MI 49203	Cancer Treatment	
Allegiance Cardio Surgery 1125 E Michigan Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Family Medicine - Leslie 130 N Sherman Leslie, MI 49251	Cancer Treatment	
Allegiance Intensivist Services 205 N East Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Behavioral Health 205 N East Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Rheumatology 1201 E Michgan Avenue Ste 100 Jackson, MI 49201	Cancer Treatment	
Allegiance Family Medicine - Summit Wood 2585 Spring Arbor Road Jackson, MI 49203	Cancer Treatment	
Allegiance Family Medicine - Spring Arbo 7845 Spring Arbor Road Spring Arbor, MI 49283	Cancer Treatment	
Allegiance EKG 205 N East Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Family Medicine - Mason 810 Hogsback Road Mason, MI 48854	Cancer Treatment	
Allegiance Hearing Center 1111 Teneyck Jackson, MI 49201	Cancer Treatment	
Allegiance Family Medicine - Albion 27931 C Drive North Albion, MI 49224	Cancer Treatment	
Express Care Kıds 110 N Elm Jackson, MI 49202	Cancer Treatment	
Allegiance Neuropsychiatry 205 N East Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Internal Medicine 900 E Michigan Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Family Medicine - Brookyln 153 Wamplers Lake Road Brooklyn, MI 49230	Cancer Treatment	
Allegiance Family Medicine - Grass Lake 12369 E Michigan Avenue Grass Lake, MI 49240	Cancer Treatment	
Allegiance Family Medicine - Cascade Rid 3333 Spring Arbor Road Ste 100 Jackson, MI 49203	Cancer Treatment	
Allegiance Family Medicine - MI CTR 4304 Page Avenue Michigan Center, MI 49254	Cancer Treatment	
Allegiance Senior Health Center 205 N East Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Palliative Care 205 N East Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Neurology 1201 E Michgan Avenue Jackson, MI 49201	Cancer Treatment	
Allegiance Diabetes Center 817 W High Street	Cancer Treatment	

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

Section C. Other Health Care Faci	cilities That Are Not Licensed, Registered, or Si	milarly Recognized as a
Hospital Facility	, -	

(list in order of size, from largest to smallest)

Jackson, MI 49202

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

38

ne and address	Type of Facility (describe)
Allegiance EEG 205 N East Avenue Jackson, MI 49201	Cancer Treatment
Allegiance Occupational Health Urgent Ca One Jackson Square Jackson, MI 49201	Cancer Treatment
Allegiance Family Medicine - North Stree 1401 W North Street Jackson, MI 49202	Cancer Treatment
Allegiance Family Medicine - East Michig 3235 E Michigan Avenue Jackson, MI 49202	Cancer Treatment
Allegiance Family Medicine - Onsted 8958 West M-50 Onsted, MI 49265	Cancer Treatment
Allegiance Family Medicine - Springport 2282 Springport Road Ste B Jackson, MI 49202	Cancer Treatment
Michigan Heart 309 Page Avenue Jackson, MI 49201	Cancer Treatment
Allegiance Digestive Health 4400 Ann Arbor Road	Cancer Treatment

Schedule I (Form 990)

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

OMB No 1545-0047

DLN: 93493128016524

Inspection

Department of the Treasury Internal Revenue Service Name of the organization

WA Foote Memorial Hospital

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

Employer identification number

38-2027689

	er Assistance t	o Governments and receive	Organizations in	the United States			l "Yes" to
(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
1) Center for Family Health 298 Springport Road ackson, MI 49202	38-3251354	501(c)(3)	600,000	0	N/A		The Center for Family Health grant provides operational support fo medically underserve populations
2) Healthlink 05 N East Avenue ackson, MI 49201	38-2756425	501(c)(3)	30,000	0) N/A		The Helping Hands Home Care grant supports respite care for families without the financial means to pay for needed assistance

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

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

Part IV Supplemental Information.

Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	,	Schedule I, Part I, Line 2 The organization sends out an award letter to all grantee recipents. The letter outlines what the funding may be used for and requests a final report detailing the year's activities. Further funding is contingent upon satisfactory completion of this report.

Schedule I (Form 990) 2012

DLN: 93493128016524

OMB No 1545-0047

Schedule J (Form 990)

Internal Revenue Service

Department of the Treasury

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

Compensation Information

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

► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

	me of the organization Foote Memorial Hospital Foote Memorial Hospital	ication number			
WA	38-2027689				
Pa	rt 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				
	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	Yes		
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	Yes		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III				
	▼ Compensation committee				
	✓ Independent compensation consultant ✓ 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	n			
а	Receive a severance payment or change-of-control payment?	4a	Yes		
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes		
С	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		Νo	
	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				
а	The organization?	5a		No	
b	Any related organization?	5b		Νo	
	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				
а	The organization?	6a		No	
b	Any related organization?	6b		Νo	
	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	Yes		
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

If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations

ın Part III

section 53 4958-6(c)?

8

Νo

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)(1)-(111) 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	f W-2 and/or 1099-MI:	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of	(F) Compensation
	(i) Base compensation	(ii) Bonus & ıncentıve compensatıon	(iii) Other reportable compensation	other deferred compensation	benefits	columns (B)(ı)-(D)	reported as deferred in prior Form 990
See Additional Data Table							

Schedule J (Form 990) 2012

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
	Part I, Line 1a	Georgia Fojtasek flew on a charter plane with a delegation of Michigan hospital delegates to a Regional Policy Board meeting. The hospital paid Georgia's proportionate charter flight cost. Allegiance Health provides a country club membership to three executives. The executives are Georgia Fojtasek, Ray King and Karen Chaprinka. Executives reimburse the hospital for any personal use of the club.
	Part I, Line 3	The CEO is accountable for ensuring that Allegiance Health's mission is efficiently carried out with the highest levels of quality, safety and service, while at the same time ensuring that the organization is financially healthy Executive compensation is reviewed annually by the Executive Compensation Committee of the Board of Trustees This committee works with an independent compensation consultant to ensure that Allegiance Health compensation practices are consistent with industry standards and that compensation levels are fair compared to similar healthcare organizations nationally. The compensation consultant benchmarks Allegiance positions against data from multiple published surveys of health care executive compensation in the national health care labor market. Based upon the consultants recommendations, the Executive Compensation Committee makes a recommendation to the Board of Trustees for approval of the executive compensation program. Only independent Trustees vote on this recommendation.
	Part I, Lines 4a-b	The following former executives received severance payments in calendar year 2012 Cheryl Lamborn \$53,681 William Kiel \$143,706 Allegiance Health's officers and highest compensated employees participated in a non-qualified deferred compensation plan. The plan which began in 2005 partially vested for some executives in 2012 Payout of vested amounts resulted in an increase of salary for several executives. The calendar year 2012 contribution and payout amounts are as follows. 457(f) Contributions reported in Schedule J, Part II, column (C) Georgia Fojtasek \$24,480, Karen Chaprinka \$20,849, Jeanne Wickens \$21,897, Ray King \$19,644, Richard Warren \$14,250, Jacalyn Liebowitz \$7,363, Kenneth Empey \$13,111, Anthony Gardner \$9,669, Cheryl Lamborn \$5,077, Gerald Grannan \$9,120, Beth Smith \$8,889, John Hyden \$6,433, Ryan Beekman \$34,560, Vishal Gupta \$60,698, Tudor Tien \$16,680, Brian Daly \$29,491, Ivan Cubas \$49,938 457(f) Payouts reported in Schedule J, Part II, column B(III) Georgia Fojtasek \$46,990, Karen Chaprinka \$45,630, Jeanne Wickens \$39,620, Richard Warren \$27,415, Jacalyn Liebowitz \$28,482, Kenneth Empey \$17,355, William Kiel \$41,438, Ryan Beekman \$321,436, Tudor Tien \$264,482, Brian Daly \$183,899,
	Part I, Line 7	Column B(II) of Part II, Schedule J includes non-fixed payments to certain physicians based on their productivity and other performance metrics

Software ID: Software Version:

EIN: 38-2027689

Name: WA Foote Memorial Hospital

(A) Name	ı	(B) Breakdown o	f W-2 and/or 1099-MIS	SC compensation	(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation	compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
Georgia Fojtasek	(I) (II)		0	77,760	47,841 0	27,746 0	777,811 0	23,480 0
John Mogerman	(I) (II)		310,902 0	1,598	24,863 0	21,106 0	403,917 0	0
Mohan Kulkarnı	(I)		0 0	0	0	0 0	156,452 0	 0 0
Karen Chaprnka	(1) (11)		0	67,557	41,394 0	11,306	473,996 0	4 5,630 0
Jeanne Wickens	(ı) (ıı)		0	57,991	40,831	24,308 0	498,708 0	39,620 0
Rıchard Warren	(I) (II)		0	49,702	47,691 0	20,078	349,293 0	27,415 0
Jacalyn Liebowitz	(1) (11)		0	47,272	21,418	25,115 0	337,096 0	28,482 0
Kenneth Empey	(1) (11)		0	20,559	35,161 0	25,220 0	308,690	17,355 0
Cheryl Lamborn	(I) (II)		0	72,333	17,637 0	15,896 0	277,167 0	0
Anthony Gardner	(1) (11)		0	1,320	22,398	9,588	205,083	0
Beth Smith	(I) (II)		0	3,382	22,191 0	10,940	191,355 0	441
Gerald Grannan	(I) (II)		0	879	24,991 0	3,411 0	209,497	0
Ray King	(ı) (ıı)		0	19,891	33,699 0	23,205	417,859 0	0
Ryan Beekman	(ı) (ıı)		916,203	339,181	36,448 0	14,847 0	1,373,965	284,081 0
Vıshal Gupta	(ı) (ıı)		776,044 0	28,338	61,948 0	21,150 0	915,550 0	0
Tudor Tien	(I) (II)) 8,438) 0		266,168	16,680 0	21,226	807,551 0	235,752
Brian Daly	(I) (II)		428,512	2 220,559	31,318 0	20,360	770,114	177,494 0
Ivan Cubas	(1) (11)		599,966	38,577	51,811 0	21,269	715,623	0
William Kiel	(I) (II)) 51,959) 0	0	195,280	8,739	15,487	271,465	41,438

DLN: 93493128016524

2012

OMB No 1545-0047

Schedule K (Form 990)

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.

Open to Public **Inspection**

Internal Revenue Service Name of the organization

Department of the Treasury

WA Foote Memorial Hospital

Employer identification number

38-2027689

С

No

Yes

									30	-202/6	09			
Bond Issues														
(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue	price	(1	(f) Descriptio	n of purpose	(g) De	feased	beha	alfof		Pool ncing
									Yes	No	Yes	No	Yes	No
	38-6004845	467148EH1	04-21-2011	65,37	75,000					×		×		Х
	38-6004845	467148DC3	11-02-2010	140,23	38,036		See Part VI - Supplemental Information			х		Х		Х
Proceeds			•											
					4		E	3		С			D	
A mount of bonds retired					72,416	,447	7	72,416,447						
A mount of bonds legally defeased														
Total proceeds of issue					65,375	,000	144,677,411							
Gross proceeds in reserve funds					4,868	,559		4,868,559						
Capitalized interest from proceeds														
Proceeds in refunding escrows														
Issuance costs from proceeds					540	,128	3	840,059						
dit enhancement from prod	ceeds				18	,425 495,263								
rkıng capıtal expenditures	from proceeds													
oital expenditures from pro	ceeds													
ner spent proceeds					64,816	,447	13	36,965,114						
ner unspent proceeds					1,508	,416	5	1,508,416						
ar of substantial completion	n			20	11		20	10						
				Yes	No	•	Yes	No	Yes	l N	lo	Yes		No
re the bonds issued as par	t of a current refund	ing issue?		Х			X							
re the bonds issued as par	t of an advance refu	nding issue?			Х			Х						
the final allocation of pro	ceeds been made?			Х			Х							
Does the organization maintain adequate books and records to support the final allocation of proceeds?				Х			Х							
Private Business U	Jse													
	ty of Jackson Hospital ace Authority Proceeds ount of bonds retired ount of bonds legally defeated proceeds in reserve fur potalized interest from proceeds in refunding escrow unice costs from proceeds and expenditures from proceeds in refunding escrow unice costs from proceeds and expenditures from proceeds in refunding escrow of the cost of the cos	(a) Issuer name (b) Issuer EIN ty of Jackson Hospital ace Authority 38-6004845 Proceeds ount of bonds retired fount of bonds legally defeased fall proceeds in reserve funds for proceeds in refunding escrows for proceeds and expenditures from proceeds from proceeds for a proceeds from proceeds for a proceeds from procee	ty of Jackson Hospital ce Authority 38-6004845 467148EH1 ty of Jackson Hospital ce Authority 38-6004845 467148DC3 Proceeds ount of bonds retired ount of bonds legally defeased all proceeds of issue as proceeds in reserve funds outalized interest from proceeds and inceeds in refunding escrows uance costs from proceeds and enhancement from proceeds and expenditures from proceeds are spent proceeds are spent proceeds are spent proceeds are spent proceeds are of substantial completion re the bonds issued as part of a current refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue? The bonds issued as part of an advance refunding issue?	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date issued ty of Jackson Hospital ace Authority 38-6004845 467148EH1 04-21-2011 ty of Jackson Hospital ace Authority 38-6004845 467148DC3 11-02-2010 Proceeds ount of bonds retired ount of bonds legally defeased all proceeds of issue ass proceeds in reserve funds outalized interest from proceeds ceeds in refunding escrows uance costs from proceeds and enhancement from proceeds fixing capital expenditures from proceeds are respent proceeds are of substantial completion re the bonds issued as part of a current refunding issue? as the organization maintain adequate books and records to support the final accition of proceeds?	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date Issued (e) Issue ty of Jackson Hospital Ice Authority 38-6004845 467148EH1 04-21-2011 65,33 ty of Jackson Hospital Ice Authority 38-6004845 467148DC3 11-02-2010 140,23 Proceeds Ount of bonds retired Ount of bonds legally defeased Ice Authority	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date issued (e) Issue price ty of Jackson Hospital ice Authority 38-6004845 467148EH1 04-21-2011 65,375,000 ty of Jackson Hospital ice Authority 38-6004845 467148DC3 11-02-2010 140,238,036 Proceeds Proceeds A 72,416 ount of bonds retired 65,375 ount of bonds legally defeased 61 proceeds of issue 65,375 ceeds in reserve funds 74,868 outalized interest from proceeds 61 proceeds 61 proceeds 74,868 outalized interest from proceeds 75,508 ceeds in refunding escrows 75,000 uance costs from proceeds 75,508 outal expenditures from proceeds 75,508 outal ex	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date issued (e) Issue price (ty of Jackson Hospital ice Authority 38-6004845 467148EH1 04-21-2011 65,375,000 See Info (b) Issuer EIN (c) CUSIP # (d) Date issued (e) Issue price (f) Gackson Hospital ice Authority 38-6004845 467148DC3 11-02-2010 140,238,036 See Info (f) Proceeds A 72,416,447 (f) Ount of bonds retired (f) From Proceeds (f) Gackson Hospital ice Authority (g) From Proceeds (g) Gackson Hospital ice Authority (g) Gackson Hospital (g) Gackson (g) Gackson Hospital (g) Gackson (g	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date issued (e) Issue price (f) Description ty of Jackson Hospital ice Authority 38-6004845 467148EH1 04-21-2011 65,375,000 Information ty of Jackson Hospital ice Authority 38-6004845 467148DC3 11-02-2010 140,238,036 See Part VI - Su Information The Committee of Information The Committ	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date Issued (e) Issue price (f) Description of purpose ty of Jackson Hospital see Authority 38-6004845 467148EH1 04-21-2011 65,375,000 See Part VI - Supplemental Information ty of Jackson Hospital see Authority 38-6004845 467148DC3 11-02-2010 140,238,036 See Part VI - Supplemental Information Proceeds A B 72,416,447 72,416,447 72,416,447 ount of bonds retired ount of bonds legally defeased all proceeds of Issue Societies in reserve funds 4,868,559 4,868,559 4,868,559 5utalized interest from proceeds ceeds in refunding escrows unance costs from proceeds did enhancement from proceeds rking capital expenditures from proceeds rking capital expenditures from proceeds ere spent proceeds 18,425 495,263 rking capital expenditures from proceeds ref spent proceeds 15,508,416 1,508,4	Cal Issuer name Cal Issuer EIN Cal C	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date issued (e) Issue price (f) Description of purpose (g) Defeased Yes No	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date issued (e) Issue price (f) Description of purpose (b) behaviors to be purpose (e) Issue price (f) Description of purpose (b) behaviors (e) Issue price (f) Description of purpose (f) Description of	California Cal	(a) Issuer name (b) Issuer EIN (c) CUSIP # (d) Date issued (e) Issue price (f) Description of purpose (g) No

property financed by tax-exempt bonds?

financed property?

Was the organization a partner in a partnership, or a member of an LLC, which owned

Are there any lease arrangements that may result in private business use of bond-

No

Χ

В

No

Χ

Χ

Yes

Α

Yes

Yes

D

No

	dule K (Form 990) 2012									Page Z	
Par	Private Business Use (Continued)		1						1		
			Yes	A No	Yes	B No	Yes	C No	Yes	D No	
3a	Are there any management or service contracts that may result in private of bond-financed property?	business use	X	NO	X	NO	res	NO	res	140	
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or counsel to review any management or service contracts relating to the fine property?		Х		Х						
С	Are there any research agreements that may result in private business us financed property?	e of bond-	Х		Х						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or counsel to review any research agreements relating to the financed proper		Х		Х						
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government			0 00000%		0 00000%			%		
5	Enter the percentage of financed property used in a private business use a unrelated trade or business activity carried on by your organization, anoth $501(c)(3)$ organization, or a state or local government			0 00000%		0 00000%		%		%	
6	Total of lines 4 and 5			0 00000%		0 00000%		%		%	
7	Does the bond issue meet the private security or payment test?			Х		Х					
8a	Has there been a sale or disposition of any of the bond financed property t nongovernmental person other than a 501(c)(3) organization since the bounds			х		х					
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or	disposed of		%		%		%		%	
С	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations 1 141-12 and 1 145-2?										
9	Has the organization established written procedures to ensure that all non bonds of the issue are remediated in accordance with the requirements un Regulations sections 1 141-12 and 1 145-2?		×		X						
Par	t IV Arbitrage			1		1		ı	ı		
		А			В		С		D		
		Yes	No	Yes	No	Ye	s	No	Yes	No	
1	Has the Issuer filed Form 8038-T?		Х		Х						
2	If "No" to line 1, did the following apply?										
a	Rebate not due yet?	Х		X							
b	Exception to rebate?		Х		Х						
С	No rebate due?		Х		Х						
	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			Х						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	Х			Х						
b	Name of provider	Royal Bank of Canada									
С	Term of hedge	25 00000	0000000								
d	Was the hedge superintegrated?		Х								
e	Was a hedge terminated?		Х								
				•	-	· · · · · · · · · · · · · · · · · · ·					

	(,								. age 🗷
Pa	rt IV Arbitrage (Continued)								
		Α		В	3	C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		Х		Х				
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?								

Χ

Χ

Has the organization established written procedures to monitor the requirements of section 148? Part V Procedures To Undertake Corrective Action

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?

Α		В		С		D		
Yes	No	Yes	No	Yes	No	Yes	No	
	X		X					

Identifier	Return Reference	Explanation
Part I, Line A, Column (f)	Description of Bond Purpose	Primarily to add marketability to underlying variable rates and refund Bonds. The Bonds refunded are as follows \$36,500,000 County of Jackson Hospital Finance Authority Variable Rate Hospital Revenue Refunding Bonds (Allegiance Health, Jackson, Michigan), Series 2011A were issued to refund the Series 2006A bonds \$28,875,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (Allegiance Health, Jackson, Michigan), Series 2011B were issued to refund the Series 2006B bonds
Part I, Line B, column (f)	Description of Bond Purpose	Primarily to obtain traditional fixed interest on bond debt at a time of low prevailing rates and to reissue and refund bonds. The bonds reissued and refunded are as follows \$29,925,000 County of Jackson Hospital Finance. Authority Hospital Variable Rate Demand Revenue Refunding Bonds (W.A. Foote Memorial Hospital, Jackson, Michigan), Series 2006B-1, reissued for tax purposes on 11/02/2010 \$8,940,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (W.A. Foote Memorial Hospital, Jackson, Michigan) Series 2006B-2, reissued for tax purposes on 11/02/2010 \$47,400,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (W.A. Foote Memorial Hospital, Jackson, Michigan) Series 2006C, reissued for tax purposes on 11/02/2010 \$51,655,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (Allegiance Health, Jackson, Michigan), Series 2010A were issued to refund the Series 2007A

		Authority Hospital Variable Rate Demand Revenue Refunding Bonds (W A Foote Memorial Hospital, Jackson, Michigan), Series 2006B-1, reissued for tax purposes on 11/02/2010 \$8,940,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (W A Foote Memorial Hospital, Jackson, Michigan) Series 2006B-2, reissued for tax purposes on 11/02/2010 \$47,400,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (W A Foote Memorial Hospital, Jackson, Michigan) Series 2006C, reissued for tax purposes on 11/02/2010 \$51,655,000 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds (Allegiance Health, Jackson, Michigan), Series 2010A were issued to refund the Series 2007A and Series 1997A bonds
Part II, Line 3, Column B		The difference of \$4,439,375 between Part I, column (e) and Part II, Line 3 is due to net investment losses and investment income
Part IV , Line 6		No gross proceeds were invested beyond an available temporary period. The box is shown blank due to a software glitch that only allows the answer to be checked yes
Part V	Procedures to Undertake Corrective Action	The organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program. These written procedures were established in fiscal year 2014
		Schedule K (Form 990) 2012

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493128016524

OMB No 1545-0047

Schedule L

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Transactions with Interested Persons

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

Open to Public Inspection

Name of the organization WA Foote Memorial Hospital								mployer identification number					
	·								2027				
			sactions (see										
			ion answered "Ye										
1 (a) N	lame of disqualif	ned pers			p between disq nd organizatioi		(c) Descript	ion of	trans	action	_ _	d) Corre	
			per	3011 41							 `	'es	No
						-					_		
2 Entert	he amount of tax	(incurre	ed by organizatio	n man	nagers or disqu	ıalıfıed persoı	ns during the y	earu	nders	ection			
4958								•	. •	- \$ -			
3 Entert	he amount of tax	k, if any,	on line 2, above	e, reim	bursed by the	organization			•	► \$ _			
Part II	Loans to an	d/or F	rom Interes	ted F	Persons.								
			ation answered '			EZ, Part V, lıı	ne 38a, or Forr	n 990	, Part	IV, line	26, or	ıf the	
			n amount on For				_					1	
(a) Name of interested	1	-	(c) Purpose of loan		Loan to om the	(e)Origina principal	(f) Balance due) In ault?	(h Appro		(i)Wr	
person	Organizaci				nization?	amount	due	by board					
										commi			
				То	From			Yes	No	Yes	No	Yes	No
1) Patrick Vally	Son of John Nally,		Employee Recruitment		X	115,000	0 115,000		No	Yes		Yes	
vally	Secretary/Trea	surer	Loan										
	of Allegiance												
	Health						1						
							+					_	
							+					_	
							1					_	
							†					_	
otal	1		1	▶ \$;		115,000		1		1	٦ .	
Part III	Grants or As	sistan	ce Benefittir	ıg In	terested Pe	ersons.	•			1		1	
			nızatıon answe				IV, line 27.						
	of interested		lationship betwe		(c) A mount of	assistance	(d) Type of a	assist	ance	(e) F	urpose	ofassı	stance
pe	rson		ted person and t organization	he									
			organization	-+									
				_									

Part IV Business Transactions Complete if the organizat			ne 28a, 28b, or 28c.			
(a) Name of Interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?		
				Yes	No	
See Additional Data Table						

Part V Supplemental Information

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

Ident if ier	Return Reference	Explanation
		Cahadula I /Farm 000 at 000 F7) 2012

Schedule L (Form 990 or 990-EZ) 2012

Software ID: Software Version:

EIN: 38-2027689

Name: WA Foote Memorial Hospital

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons (a) Name of interested person (b) Relationship (e) Sharing of (c) A mount of (d) Description of transaction organization's between interested transaction person and the revenues? organization Yes No (1) Amy Schultz Daughter of Larry 184,112 **Employee Wages** Νo Schultz, Chairman of Allegiance Health Son of John Nally, 10,922 | Employee Wages (2) Patrick Nally Nο Secretary/Treasurer of Allegiance Health (3) Sona Ambanı Daughter of Nitin 26,406 Employee Wages Νo Ambanı, Allegiance Health Chief of Staff/Director (4) Jackson Physicians Alliance JCMR Partnership 1,809,462 Reported amount is for Νo payments by Jackson Community Medical Record (JCMR) to Allegiance Health for rent, leased employees, accounting services, information support and other miscellaneous services provided by the hospital Lynn VanWagnen, Director of Allegiance Health, is an officer of Jackson Physicians Alliance (JPA) (JPA) holds a 49% ownership stake in JCMR Allegiance Health holds a 51% JCMR ownership stake (5) VanWagnen Real Estate LLC Leasing Services 11.168 Reported amount is for lease Νo payments Allegiance Health Provider makes to VanWagnen Real Estate LLC for medical diagnostic space VanWagnen Real Estate LLC is owned by Trustee Lynn VanWagnen Leasing Services 404,323 (6) Clark & King Investments LLC Reported amount is for lease payments made by Allegiance Provider Health to Clark & King Investments LLC for a medical office building Ray King an Allegiance Health officer is a partner in Clark & King Investments LLC (7) Jackson Physicians Alliance JCMR Partnership 1,230,252 Reported amount is for Νo payments by Allegiance Health to Jackson Community Medical Record(JCMR) to lease an electronic medical records license Lynn VanWagnen, Director of Allegiance Health, is an officer of Jackson Physicians Alliance (JPA) (JPA) holds a 49% stake in JCMR Allegiance Health holds a 51% ownership stake Medical Services (8) Great Lakes Brain & Spine Institute 315,432 Reported amount is for services Νo Provider provided to Allegiance Health patients by Great Lakes Brain & Spine Institute Harish Rawal an Allegiance Health Trustee is an owner of Great Lakes Brain &

Spine Institute

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493128016524

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.

2012
Open to Public Inspection

Name	of the	organiz	ation
WA Foo	te Men	nonal Hos	pıtal

Employer identification number

38-2027689

Identifier	Return Reference	Explanation			
		The Corporation is organized on a membership basis. The sole corporate member of the Corporation is Allegiance Health Services.			

Identifier	Return Reference	Explanation		
	Form 990, Part VI, Section A, line 7a	The sole Member of the organization may elect and remove, with or without cause, the Corporation's Trustees		

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, Iine 7b	The following powers are reserved for the sole corporate Member of the hospital. Approve any change in the Articles of Incorporation, purposes or philosophy of the Corporation, Approve changes in those provisions of the Corporation's Bylaws which affect the size, composition, and method of selection of the Board of Trustees, or which affect this Article, Approve plans of merger, consolidation or dissolution of the Corporation, Elect and remove, with or without cause, the Corporation's Trustees, upon a simple majority vote of the Directors then serving on the Board of the Member present at a meeting at which a quorum is present, Approve guarantees by the Corporation of the debt of others in excess of maximum limits established by the Member, upon a simple majority vote of the Directors then serving on the Board of the Member present at a meeting at which a quorum is present, Authorize the sale, lease, mortgage or other disposition of all or substantially all of the assets owned, held or leased by or to the Corporation, approve any decision by the Corporation which would have the net effect of diminution of governance control of the Member, and any decision by the Corporation which would have the net effect of diminution in the Corporations governance control over its own subsidiary, and Ratify or reject operating and capital budgets developed by the Board and any non-budgetary expenditures or creations of debt in excess of an amount designated by the Member from time to time, upon a simple majority vote of the Directors then serving on the Board of the Member present at a meeting at which a quorum is present. Authorize the formation or acquisition of new subsidiaries of the Corporation or the sale or other disposition of existing subsidiaries.

Identifier	Return Reference	Explanation		
	Form 990, Part VI, Section B, line 11	Form 990 is reviewed by the organization's Director and VP of Finance, Chief Executive Officer, Chief Financial Officer, General Counsel, Compliance Officer and its public accounting firm Final copies of the return are distributed to the hospital's Board of Trustees before the return is e-filed		

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, Ine 12c	The Board Compliance Committee has ultimate responsibility over the enforcement of the Hospital's Conflict of Interest Policy. When a potential conflict of interest is identified, the Compliance Committee is responsible for review of the conflict of interest for compliance with the policy. Also, General Counsel routinely reviews upcoming Board and Committee meeting agendas to assess potential conflict situations. All employees are responsible to complete a conflict of interest statment. Trustees, directors, and key employees are required to fill out an annual conflict of interest questionnaire. Board Trustees identified as having a conflict of interest are permitted to discuss the potential transaction. They are not allowed to deliberate in the decision or vote on the matter.

Identifier	Return Reference	Explanation		
	Form 990, Part VI, Section B, Iine 15	The organization performs an annual review and assessment of the compensation of the Chief Executive Officer and each of the executives listed in Part VII of the Form 990. This review includes an independent compensation committee and the engagement of an independent compensation consultant. This process is usually undertaken during the Fall. The Compensation Committee, an independent committee of the Board of Trustees, is responsible for the executive compensation program. This committee performs an annual review of the competitiveness, reasonablenes and effectiveness of all executive cash compensation and benefit programs. The committee also leads the Board in evaluating the performance of the Chief Executive Officer and recommends all aspects of the Chief Executive Officer's recommendations regarding the compensation of all other members of executive leadership. The Compensation Committee engages an independent compensation consulting firm to conduct a comprehensive market analysis of total compensation for executive leadership. This firm uses data representing compensation levels and practices from national not-for-profit healthcare markets as Allegiance typically competes in the the national healthcare marketplace for executive talent. National data also provides more comparable information for size and operational characteristics so that comparisons are made to organizations with similar scope and complexity.		

Identifier	Return Reference	Explanation		
	Form 990, Part VI, Section C, line 19	Forms 1023, 990 and 990-T are available upon request Form 990 and the organization's conflict of interest policy are posted on the organization's website		

Identifier	Return Reference	Explanation			
	Section A, Line 1a	Allegiance Health Trustees are not paid to serve on the Board Compensation listed for Dr David Halsey, Dr Nitin Ambani, Dr Allan Tompkins, Dr Mohan Kulkarni, and Dr John Mogerman in Part VII of the Form 990 is pay for on call medical service, medical director fees, employment compensation, and/or committee participation			

Identifier	Return Reference	Explanation			
Other Fees	Form 990, Part IX, line 11g	Professional Other Program service expenses 37,241,001 Management and general expenses 9,125,102 Fundraising expenses 0 Total expenses 46,366,103			

ldentifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Transfer to Parent -532,717 Change in Accounting for Pensions SFAS 158 9,662,793 Change in fair value of interest rate swap 11,182,743

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

DLN: 93493128016524

2012

OMB No 1545-0047

Open to Public Inspection

Employer identification number

38-2027689

SCHEDULE R (Form 990)

Related Organizations and Unrelated Partnerships ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

Department of the Treasury Internal Revenue Service

Name of the organization WA Foote Memorial Hospital

► Attach to Form 990. ► See separate instructions.

(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		
(1) Physicians Choice Network LLC 205 N East Avenue Jackson, MI 49201	Provider Network	MI	7,827	0	WA Foote Memorial Hospital		
(2) Jackson Health Network L3C 205 N East Avenue Jackson, MI 49201 45-3253643	Clinically Integrated Network	MI	-1,248,905	538,067	WA Foote Memorial Hospital		
Part II Identification of Related Tax-Exempt Organizat or more related tax-exempt organizations during the		he organization ai	nswered "Yes" t	o Form 990, Pai	rt IV, line 34 because it	had or	ne
(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 sta (if section 501(c)		(g) Section 512(b (13) controlle entity?	
						Yes	No
See Additional Data Table						$\overline{}$	ı
For Paperwork Reduction Act Notice, see the Instructions for Form 990.	<u>'</u>	Cat No 5013	5 Y	•	Schedule R (Form	1990) 2	012

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

					· <i>,</i>						
(a) Name, address, and EIN of related organization		(c) Legal domicile (state or foreign country)	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	allocat	rtionate ions?	Gene mana part	aging ner?	(k) Percentage ownership
				,			Yes	No	Yes	No	
(1) Jackson Community Medical Records 205 N East Avenue Jackson, MI 49201 37-1502443	Electronic Medical Records		WA Foote Memorial Hospital	Related	-45,301	1,650,036		No		No	51 000 %
(2) Foote Health Center Associates 1100 E Michigan Avenue Jackson, MI 49201 38-3017711	Lessor of Medical Condominiums		WA Foote Memorial Hospital	Related	105,048	1,062,004		No		No	54 430 %
·				· · · · · · · · · · · · · · · · · · ·							

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 (b)(contro entr	n 512 (13) olled
							l	Yes	No
(1) Viking Health System Inc 205 N East Avenue Jackson, MI 49201 38-2756161	Idle Healthcare Administration Corporation	MI	WA Foote Memorial Hospital	C 	_		100 000 %	Yes	
(2) Cascades Insurance Company LTD	Hospital Malpractice Insurance Captive	CJ	WA Foote Memorial Hospital	С	2,083,792	16,647,999	100 000 %	Yes	
205 N East Avenue Jackson, MI 49201 98-1132982									
(3) Cascades Professional Staffing Corporation	Idle Staffing Corporation		WA Foote Memorial Hospital	С			100 000 %	Yes	
205 N East Avenue Jackson, MI 49201 38-3370242		MI							

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule					Yes	No
${f 1}$ During the tax year, did the organization engage in any of the following transactions with one or more rel	ated organizations li	sted 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	Yes	
c Gift, grant, or capital contribution from related organization(s)				1 c	Yes	
d Loans or loan guarantees to or for related organization(s)				1d	Yes	
e Loans or loan guarantees by related organization(s)				1e		No
f Dividends from related organization(s)				1f		No
g Sale of assets to related organization(s)				1 g		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)				11	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		No
• Sharing of paid employees with related organization(s)				10	Yes	
P Reimbursement paid to related organization(s) for expenses				1 p	Yes	
q Reimbursement paid by related organization(s) for expenses				1q		No
r Other transfer of cash or property to related organization(s)				1r	Yes	
s Other transfer of cash or property from related organization(s)				1s		No
2 If the answer to any of the above is "Yes," see the instructions for information on who must complete t	this line, including co	overed relationships	and transaction thresholds			
(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amo	ount II	nvolved	l
ee Additional Data Table						

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

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 re	garding exclu	sion for ce		nent	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)	org	(e) all partners section 501(c)(3) anizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtiona allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
			514)	Yes	No			Yes	No		Yes	No	
												1	

Software ID: Software Version:

EIN: 38-2027689

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

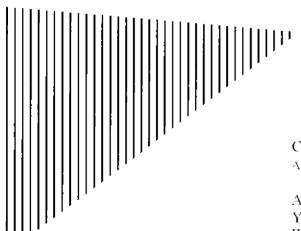
Name: WA Foote Memorial Hospital

Schedule R (Form 990) 2012

Page **5**

Part VII	Supplemental Information	
Lait ATT	Supplemental Information	

Identifier	Return Reference	Explanation	·		
> Form 990, Schedule R, Part	V - Transactions With Related C	Organizations			
	(a) Name of other organization		(b) Transaction type(a-s)	(c) A mount I nvolved	(d) Method of determining amount involved
Foote Health Center Associates			D	1,735,000	FMV
Foote Health Center Associates	Foote Health Center Associates			102,000	FMV
Allegiance Health Services			R	532,717	FMV
Hospice of Jackson dba Allegiance	e Hospice		J	310,536	COST
Hospice of Jackson dba Allegiance	e Hospice		L	880,662	COST
Hospice of Jackson dba Allegiance	e Hospice		0	578,716	FMV
Cascades Insurance Company LT	D		Р	3,117,476	FMV
Cascades Insurance Company LT	D		L	2,410,315	FMV
Jackson Community Medical Reco	ords		А	8,822	FMV
Jackson Community Medical Reco	ords		А	57,558	FMV
Jackson Community Medical Reco	ords		L	1,751,904	FMV
Jackson Community Medical Reco	ords		М	1,230,252	FMV
Jackson Community Medical Reco	ords		D	2,412,889	FMV
Allegiance Health Foundation			С	368,538	FMV
Healthlink			К	630,216	соѕт
Healthlink			D	531,000	FMV
CareLink of Jackson			L	4,966,035	COST
CareLink of Jackson			М	804,727	FMV
CareLink of Jackson			К	143,863	соѕт
CareLink of Jackson			D	328,486	FMV
		'	ı		1



CONSOLIDATED FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION

Allegiance Health and Subsidiaries Years Ended June 30, 2013, 2012, and 2011 With Reports of Independent Auditors

Ernst & Young LLP



Consolidated Financial Statements and Other Supplementary Information

Years Ended June 30, 2013, 2012, and 2011

Contents

Report of Independent Auditors
Consolidated Financial Statements
Consolidated Balance Sheets 3 Consolidated Statements of Operations and Changes in Net Assets 5 Consolidated Statements of Cash Flows 6 Notes to Consolidated Financial Statements 7
Other Supplementary Information
Report of Independent Auditors on Other Supplementary Information



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Report of Independent Auditors

The Board of Trustees W. A. Foote Memorial Hospital d b/a Allegiance Health

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of W. A. Foote Memorial Hospital d'b/a Allegiance Health and Subsidiaries, which comprise the consolidated balance sheets as of June 30, 2013, 2012, and 2011, and the related consolidated statements of operations and 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 conformity with US generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 of material misstatement.

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of W. A. Foote Memorial Hospital d'b'a Allegiance Health and Subsidiaries at June 30, 2013, 2012, and 2011, and the consolidated results of their operations and changes in net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

October 22, 2013

Consolidated Balance Sheets

	2013	June 30 2012	
Assets		<u> </u>	
Current assets			
Cash and eash equivalents Accounts receivable less allowance for uncollectible accounts of approximately \$21,323,000 in 2013, \$19,767,000 in 2012,	S 11,028,395	\$ 22.040.857	\$ 20,200,649
and \$20,287,000 m 2011	42,361,035	46,197,874	44,053,541
Amounts due from third-party payors	1,741,772	6,591,461	3,484,273
Due from affiliates and other receivables	6,177,732	6.353,958	5.061 448
Inventories	6,874,186	o 464 600	6 525 464
Prepaid expenses and other current assets	8.717,806	6 726 320	6 9 [7,636
Lotal current assets	76,900,926	94,375,070	86,243.011
Assets whose use is limited: Board-appropriated investments			
Funded depreciation	240,754,661	202.044.575	205,491,485
Funds held by trustee Cash and investments related to	9,116,943	9,521,964	9,623.161
professional hability insurance	14,803,425	13 740 704	14,983 770
Total assets whose use is limited	264,675,029	225 307 243	230,098,416
Properties.			
Land	9,630,527	9,630,527	9,630,527
Buildings and improvements	195,655,633	191,794 950	189.527.738
Equipment	140,236,899	135,644,626	136,816,385
Construction-in-progress	2,709,725	4.315.929	2,770,440
Allowances for depreciation	(190.111.233)	(181,993,534)	(175,333,522)
Lotal properties	158,121,551	159,392,498	163,411 568
Other assets.			
Unamortized financing costs	2.285,628	2,476,940	2,675.170
Other assets	8,224,746	5,450,597	3,346,473
Other investments	3,604,392	3,256,430	2,569,881
Total other assets	14,114,766	11,183,967	8 591,524
Total assets	<u>\$ 513,812,272</u>	\$ 490 258 778	<u>\$ 488.344.519</u>

		2013		June 30 2012	2011
Liabilities and net assets					
Current habilities.					
Accounts payable and other current					
habilities	\$	38,366,054	8	32.074,972	\$ 31,123,247
Compensation, amounts withheld				·	
and payroll taxes		16,236,319		14 607 320	17,462,913
Short-term debt		20,412,889		2,912,889	2.342.889
Accrued interest payable		508,918		503,011	630,106
Current portion of long-term debi		4,941,446		4.053 546	3,908,641
Total current habilities	_	80,465,626		54,151,738	55,467 796
Noncurrent liabilities:					
Amounts related to professional liability insurance		11,786,863		13,001,128	12,921,239
Retirement plan liability		35,084,177		44.330,986	31,702,583
Other habilities		15,232,341		26,746,629	16 681,690
Long-term debt, less current portion		165,047,362		165,556 447	169,609,992
Total noncurrent habilities		227,150,743		249,635,190	 230,915,504
Total liabilities		307,616,369		303.786,928	286,383,300
Unrestricted net assets		206,195,903		186,471,850	201,961,219

Total liabilities and net assets	\$ 513,812,272	\$ 490.25 <u>8.778</u>	5	488.344.519

See accompanying notes

Consolidated Statements of Operations and Changes in Net Assets

	1 e.	n Ended Jane 30	
	2013	2012	2011
Unrestricted revenue, gaons, and other support			
Not patient service revenue	5 446,566,309 \$	435 150,863 - 8	419 628 087
Less provision for bad debts	42 733,028	36 GR3 284	3 734 533
Net patient service revenue after provision for bad debts	403,833 281	349 007 570	387 893 504
Other regenues	15.743.262	15 727 661	10/359 757
Insurance revenue	819,205	1.031.546	[10(44)93
Total unrestricted revenue, gains, and other support	420,395,748	415 826 736	300 31 ± 354
Expenses			
Romane nursing salames	38,624,694	34 534 313	37 040 232
Other patient case salaries	112,343,246	105 (418 521	97 253 STT
General and administrative services salaries	38 334.288	3n 8n4 314	25 169 005
Professional and purchased services	48,107,913	42 793 582	39 275 538
Supplies and other costs	106.937.803	102 07e 573	99 480 153
Eringe benefits	42,475,190	37 647 336	an 503 du2
Utilities	4,838.244	4 424 764	4 44(1634
Depreciation	26,438,523	25 503_32m	24 883 508
Insurance	2.528,847	4 465 600	0.763.400
Interest	7.586,790	7 736 165	7 229 713
Amerlization	066,595	54% 053	355 LPo
Miscellaneous	4.671 271	4 134 564	3 472 232
Total operating expenses	433,553,404	409 952 311	391 886 230
Operating (loss) income	(13 157,656)	5 874 475	7 431 124
Nonoperating revenue and expenses			
Investment income	10,678,855	8 271 905	5 n93 o17
het unrealized appreciation (depreciation)			
in fair value of investments	10.054,829	15 989 5247	25.314.286
Change in hir value of interest rate swaps	11,182,743	19.256.3537	11 407 357
Loss from termination of interest rate swap	(6.038,725)	=	(12,441,000)
Muccellaneous nonoperating expenses	(419.861)	r614 4063	(204.294)
Health Improvement Organization	(478,376)	(783.578)	+74(1916)
Community Projects Fund	(1,177 942)	(1.190.397)	r1 231 916r
Loss from bond transactions	-	_	11 982 9921
Pevenue gams and other support greater than	 -	-	
(less than) expenses	10,643,867	(3.723.375)	33 210 2nn
Other changes in unrestricted net assets			
Net assets released from restrictions - capital	18,465	1 503 845	5n4 57N
Pension liability adjustments	9,662,793	(12 235 884)	14 851 768
Transfers to Pinent inet	(532,717)	(048/382)	(203,250)
Distribution	(68,355)	(45.570)	
Increase (do rease) in unrestricted net assets	19,724,053	(15,489 3no)	47 923 363
Temporarily restricted net assets			
Contributions	18.465	1 563 845	504 579
Met assets released from restrictions	(18,465)	11.563.840)	(354 579)
Not change in temporarily restricted not assets	\$ \$ *75.7***T		<u>,</u>
Increase (decrease) in not assets	19 724.053	(15.489.359)	47 923 3n3
Net assets at beginning of year	186,471,850	201961219	154 (137 d 5n
Not assets at end of year	S 206 195 903 S	186 471 550 - \$	201 961 219
termination of the second seco		1.00 0 0 0 0 0 0 0 0 0	

See decompanying notes

Consolidated Statements of Cash Flows

			or Ended June 30	
Anna atma activates		2013	2012	2011
Operating activities Increase (decrease) in not asset	5	19,724,053 S	(15.489.359) 8	17.137 7. 3
Adjustments to reconcile increase (decrease) in net assets	3	F741 = 44110.5 5	113 424 3451 P	47.923.363
to not eash provided by operating activities				
Depreciation expense		26,438,523	25 563 326	24 883 508
Amoruzation expense		666,595	548,053	24 865 306 355 17e
Amortization of bond premium		(178,546)	-183 o40)	1134 4031
Pension liability adjustments		(9 662,793)	12 633 554	114 851 7687
Transfers to Parent net		532 717	648 382	
Loss from Lond transactions		59= 1	049,397	703-250
Change in tair value of interest rate as aps		(11,182 743)	9,286 393	1,982,002
Net unrealized (appreciation) depiceration		(11,162 (43)	1,2811 371	(11.407.357)
in fair value of investments		. 10 W. L 010.		
Provision for bad debts		(10,054,829)	5 989 524	/25 354 286)
		42.733.028	35 083 284	ع ا 734 جارد ا د 734 جارد
Loss on sale of property and equipment		104,680	323,249	4 900
(Increase) decrease in eash and investments related				
to prote sional habitity insurance		(1.962,721)	1 343 unn	(1.890 06 ⁷)
t Increase) decrease in				
Accounts receivable		(38.811.0)19)	(38,227,617)	(31 591 783)
Amounts due from third-party payors		4 849,689	(3 [07 [58)	(154-131)
Inventories		(392,213)	n0 864	+132 015)
Other acsets		(1,432,288)	(3,555,141)	(2.845.100)
Increase (decrease) in				
Accounts possible and other current habilities		6,291,082	824 630	n 23n,143
Compensation amounts withheld and payroll taxes		1,628,999	(2 855 593)	13 504 0561
Amounts related to professional trability insurance		(1,214,265)	70.500	434 - (40)
Other habilities		90,346	771 065	2_135 034
Net eash provided by operating activities		29,048,295	341 GGP (IO)	24 778 545
Investing activities				
Property and equipment additions her		(24,161,167)	(21 908 155)	(22,922,358)
^A equisition3		(4,546,816)	=	_
Proceeds from sale of property and equipment		780	10.650	7n8 229
Docre ise (increase) in funds held by trustee		405,021	101 197	(921 829)
Transfers to Parent iner		(532,717)	(648,382)	r703 250)
Increase in funded depreciation		(28.655.257)	(2.542.614)	(20.114.170)
Decrea c in funds held as collateral for intensit rate swaps		· · · · · · · · · · · · · · · · · · ·		1 993 478
Decre ise in loans receivable		_	_	1055 40n
(Increase) decrease in other investments		(347.962)	1080 5491	200.054
Net cash used in in-esting activities		(58 138,118)	v25 673 N53+	130 504 5401
Financing activities				
Proceeds from assuance of long-term debt		5,000,000		119 343 636
Repayment of long-term debt		(4,442,639)	(3.725.000)	r i 14 m/5 000g
Increase in unamortized linancing costs		_	-	(2.928.719)
Proceeds from short-term borrowings		24,100,000	6.854.000	- · - · -
Repayment of short-term borrowings		(6,600,000)	(6.314 (00))	į šūd <u>i</u> orais
Not cash provided by fused in Flinancing activities		18.057.361	(3.155 (00))	1 904 3 7
(Decrease) increase in each and cush equivalents		(11.012.462)	1 840,208	(9.881.678)
Cash and cash equivalents at beginning of year		22,040,857	20 200 6 19	30 082 327
Cash and cash equivalents at end of year	5	FF 028,395 S	22 040 857 - 8	20-20/5649

S caccomponent agnotes

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Notes to Consolidated Financial Statements

June 30, 2013

1. Basis of Organization and Significant Accounting Policies

The accompanying consolidated financial statements include the accounts of W.A. Foote Memorial Hospital d'b'a Allegiance Health (the Hospital); Cascades Insurance Company. Ltd (Cascades). Jackson Community Medical Record, LLC (JCMR). Physicians Choice Network, LLC (PCN, LLC). Physicians Choice Network Inc. (PCN Inc.). Jackson Health Network, L3C; and Foote Health Center Associates (FHCA). The Hospital is a not-for-profit hospital located in Jackson. Michigan, providing health care services primarily to residents of the region. All significant intercompany accounts have been eliminated in consolidation.

In 1987 the members of the Hospital formed Foote Health System (the System or Parent), the Hospital's parent corporation, to support the activities of the Hospital and related organizations by conducting activities to raise funds to further the purpose of each organization. In 2008, the System's name was changed to Allegiance Health Services.

Cascades is a wholly owned offshore captive insurance company that provides professional liability coverage for the Hospital and physicians

The Hospital is a 51% member of JCMR, which was formed to establish an electronic health record (EHR) that could be implemented throughout the community to improve the quality of patient care. JCMR manages the installation and support of software for health care providers throughout Jackson. JCMR is consolidated in the financial statements as a result of the outstanding debt of JCMR being guaranteed by the Hospital

PCN Inc. was a health delivery network of care providers operating in the Jackson area. During 2011, PCN Inc. was merged into the Hospital. Subsequent to this merger, the Hospital formed PCN, LLC to assume the network activities previously handled by PCN Inc. PCN, LLC continues to be included in the accompanying consolidated financial statements as a wholly owned subsidiary of the Hospital.

Jackson Health Network, L3C is a wholly owned limited liability corporation operating as a clinically integrated network.

The Hospital holds a 54.43% partnership interest in FHCA FHCA owns and leases a medical office building to physician practices and the Hospital. FHCA is included in the consolidated financial statements beginning in 2011.

Certain trustees of the Hospital are considered to be related parties by virtue of their normal business relationships and their association with the System.

13/03-1/053/055

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

The accounting principles followed by the Hospital and its subsidiaries and the methods of applying those principles which materially affect the determination of consolidated financial position, results of operations, and cash flows, are summarized as follows.

Cash and Cash Equivalents

The Hospital considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Assets whose use is limited by board designation or other arrangements under trust agreements are excluded from cash and cash equivalents.

Accounts Receivable and Net Patient Service Revenue

Net patient service revenue is reported at the net realizable amount from patients and third-party payors for services rendered, including estimated retroactive adjustments under agreements with third-party payors. Estimated settlements are recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined.

During the years ended June 30, 2013, 2012, and 2011, the Hospital received approximately 70%, 67%, and 70%, respectively, of its net revenue from Medicare and Medicard programs and from contractual arrangements with Blue Cross and Blue Shield of Michigan. A significant portion of the payment for patient care is determined prospectively at fixed price provisions for each diagnosis, and only certain specific expenses are reimbursed at actual cost. Amounts received under these programs are generally less than the established billings of the Hospital with the differences accounted for as contractual adjustments. Revenue received under these third-party agreements is subject to examination and retroactive adjustments. Accordingly the Hospital has determined that there is a reasonable possibility that estimated third-party balances may change in the near term by a material amount. Management believes reasonable provisions have been made in the consolidated financial statements for anticipated adjustments. Prior year settlements recognized in 2013, 2012, and 2011 increased net patient service revenue by approximately \$359,000, \$4,219,000, and \$288,000, respectively.

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable the Hospital analyzes its historical experience and identifies trends for each of its major pavor sources to estimate the appropriate allowance for uncollectible accounts and the provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party health care coverage, the Hospital analyzes contractually due amounts and provides an allowance for uncollectible accounts and provision for bad debts. For receivables associated with self-pay accounts (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts. The provision for bad debts has been reported as a deduction from net patient service revenue

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations is subject to government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. In the normal course of business, the Hospital has received requests for information from governmental agencies covering services provided. Management intends to fully cooperate with the governmental agencies in its request for information and believes that adequate provision has been made for any adjustments that may result from settlements.

Inventories

Inventories, consisting principally of medical supplies, are stated at weighted-average cost

Investments

Investments in mutual and commungled funds, equity securities, and debt securities are measured at fair value in the consolidated balance sheets. Fair values are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities. Donated items are stated at fair value at the date of contribution.

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

The Hospital has designated its entire investment portfolio as trading, with unrealized appreciation (depreciation) in the fair value of investments included in nonoperating revenue and expenses. Investment income (loss), including realized gains and losses on investments, interest, and dividends is also reported in nonoperating revenue and expenses unless the income is restricted by donor or by law. The cost of substantially all securities sold is based on the average cost method.

Board-Appropriated Investments

Unrestricted resources are appropriated by the Hospital Board of frustees for funding depreciation, liability insurance, and other special purposes. Such resources originate from previously accumulated income and certain unrestricted gifts.

Properties

Properties are stated at cost. Provisions for depreciation, based on the economic lives of the properties ranging from 3 to 40 years are computed using the straight-line method. The cost to complete capital spending projects-in-progress at June 30, 2013, is estimated to be approximately \$14.811,000.

Goodwill and Intangible Assets

The carrying value of the Hospital's goodwill is evaluated annually on June 30 of each fiscal year or whenever events or circumstances indicate there may be a possible permanent loss of value. A two-step method is used for determining goodwill impairment. The first step is to identify whether a potential impairment exists by comparing a reporting unit's fair value to its carrying value. If the carrying value of a reporting unit exceeds its fair value, the next step is to measure the amount of impairment loss, if any. Approximately \$529,000 of goodwill impairment was recorded at June 30, 2013.

The Hospital's intangible assets, consisting of patient relationships, non-compete agreements, and trade names and goodwill, have been recorded from acquisitions of medical practices, and initial values have been based on discounted cash flow valuations using assumptions made by management as to future revenues and operating income from the medical practices. The intangible assets are amortized over their useful lives, which is the time frame over which a significant portion of the estimated future cash flows are expected to be realized from the respective intangible assets.

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

Amortization of Financing Costs and Bond Premium

Bond issue costs are deferred and amortized using the effective interest method over the terms of the related bonds. Bond premiums are amortized as a reduction of interest expense using the effective interest method over the terms of the related bonds.

Femporarily Restricted Net Assets

Temporarily restricted net assets are those whose use has been limited by donors for a specific purpose, such as capital additions or research. When a donor restriction expires, such as through expenditure for the restricted purpose, temporarily restricted net assets are reclassified as net assets released from restrictions – operations and are included in unrestricted revenue, gains, and other support, whereas net assets released from restrictions for long-lived assets are reported as an increase in unrestricted net assets

Unrestricted Revenue, Gains, and Other Support

Revenue includes those amounts generated from direct patient care and other revenue related to the operation of the Hospital's facilities, realized gains, losses, and interest income from Board-appropriated investments related to a physician retirement plan; and unrestricted donations

Charity Care and Community Benefit

The Hospital devotes substantial efforts and resources to providing health services to people in its communities who need care but cannot afford it. Consistent with its mission, the Hospital collaborates with other parties to ensure health care as a societal right.

The Hospital provides services to various individuals without payment or at rates substantially less than standard charges. Traditional charity care covers services provided to persons who cannot afford to pay for health care because of inadequate resources and/or who are uninsured or underinsured. If the Hospital determines that a patient qualifies for charity care under the Hospital's uncompensated care policy, then a charge for charity care is recorded equal to the amount of charges recorded. This amount is deducted from total revenue in arriving at net patient service revenue.

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

The Hospital measures the cost of providing charity care based on the direct and indirect costs of services using the ratio of the Hospital's overall cost to gross charges. The cost of charity care based on the direct and indirect cost of providing services to patients qualifying under the Hospital's uncompensated care policy was approximately \$14.266,000, \$13.069.000, and \$11.707.000 for the years ended June 30, 2013, 2012, and 2011, respectively.

Community Projects Fund expenditures include the cost of services for which a patient is not billed or for which a nominal fee is assessed. These services are not expected to be financially self-supporting. Community Projects Fund expenditures include health and immunization fairs, childbirth preparation education, youth safety programs, substance abuse programs, smoking cessation programs, elderly meal programs, bereavement counseling, respite services, cancer screening, pulmonary rehabilitation programs, asthma clinics, school wellness programs, parish nursing programs, primary care clinics providing services to the indigent programs directed at improving women's health, free or low-cost medications, and outreach programs. The Hospital actively collaborates with several community groups and agencies to assist those in need in providing such services.

Health Improvement Organization expenditures include the cost of services of programs for which a patient is not billed or for which a nominal fee has been assessed. These services are not expected to be financially self-supporting. Health Improvement Organization expenditures are used to support a community-based health improvement initiative with a goal to improve the community's overall health status and to reduce health care costs. Programs focus on workplace wellness, youth, adults, seniors, chronic disease, and the uninsured.

Advertising Expense

The Hospital expenses advertising and marketing costs as incurred. The Hospital expensed approximately \$1,742,000, \$1,652,000, and \$1,687,000 in advertising and marketing costs for the years ended June 30, 2013, 2012, and 2011, respectively.

Income Taxes

The Internal Revenue Service has determined that the Hospital is qualified under Section 501(c)(3) of the Internal Revenue Code and is, therefore, not generally subject to income tax.

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

Cascades operates as a for-profit foreign insurance company and is generally not subject to United States income tax. There is presently no taxation imposed on income by the Government of the Cayman Islands.

JCMR is a limited liability company, which is a flow-through entity not subject to federal income tax at the entity level.

PCN. LLC is a Michigan limited liability company that reports its operating income or loss as a branch of the Hospital for inclusion in the computation of federal and state income taxes that may apply to a fiscal year.

Jackson Health Network. LC3 is a Michigan limited liability company that reports its operating income or loss as a branch of the Hospital for inclusion in the computation of federal and state income taxes that may apply to a fiscal year

Performance Indicator

The performance indicator is revenue, gains, and other support greater than (less than) expenses. Changes in unrestricted net assets that are excluded from the performance indicator primarily include pension adjustments, net assets released from restrictions for property acquisitions, and transfers to and from the Parent.

Operating and Nonoperating Activities

The Hospital's primary mission is to meet the health care needs in its market area through a broad range of general and specialized health care services, including inpatient acute care outpatient services and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Other activities that result in gains or losses peripheral to the Hospital's primary mission are considered to be nonoperating, including the Community Projects Fund, the Health Improvement Organization, and investment activity

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

Contingencies

The Hospital performs assessments of its contingencies on an ongoing basis to evaluate the appropriateness of its liabilities and disclosure for such contingencies. Liabilities are established for estimated loss contingencies when it is determined that a loss is probable and the amount of the probable loss can be reasonably estimated. Once established, the carrying amount of a contingent liability is adjusted upon the occurrence of a recognizable event when facts and circumstances change that alter the previous assumptions with respect to the likelihood or the amount of loss. In the opinion of management, the outcome of such contingencies will not materially affect the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions are designed to increase the use of EHR technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in calendar year 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

The Hospital accounts for HTECH incentive payments using the grant accounting model. Under this accounting policy. EHR incentive payments are recognized ratably as revenue during the period the Hospital demonstrates that it has complied with the meaningful use criteria over the applicable compliance and cost report period. The Hospital recognized revenue from Medicaid incentive payments beginning in the year ended June 20, 2012, when it adopted certified EHR technology. Revenue from these incentive payments of approximately \$3,505,000 and \$4,278,000 was recorded during the years ended June 30, 2013 and 2012, respectively, and is included in total unrestricted revenue, gains, and other support in the accompanying consolidated statements of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit Additionally, the Hospital's compliance with the meaningful use criteria is subject to audit by the federal government.

Recently Adopted Accounting Standards

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04. Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. G.44P and IFRSs, to improve and align fair value measurements and disclosure requirements and to ensure that "fair value" has a consistent meaning in both U.S. GAAP and International Financial Reporting Standards (IFRSs). The amended guidance changes several aspects of the fair value measurement guidance in Accounting Standards Codification (ASC) 820. Fan Value Measurement, including the following provisions, application of the concepts of the highest and best use and valuation premise, introduction of an option to measure groups of offsetting assets and habilities on a net basis, incorporation of certain premiums and discounts in fan value measurements, and measurement of the fair value of certain instruments classified in unrestricted net assets. In addition, the amended guidance includes several new fair value disclosure requirements, including, among other things, information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of Level 3 measurements' sensitivity to changes in unobservable inputs. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. The Hospital adopted this guidance beginning for the year ended June 30, 2013, without significant effect on its fair value reporting or disclosures.

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Notes to Consolidated Financial Statements (continued)

1. Basis of Organization and Significant Accounting Policies (continued)

In September 2011, the FASB issued ASU 2011-08, Testing Goodwill for Impairment. The objective of this ASU is to simplify how entities test goodwill for impairment. The amendments allow entities to assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test per ASC 350, Intangibles – Goodwill and Other. The more-likely-than-not threshold is defined as having a likelihood of more than 50%. The amendments in this ASU are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Hospital adopted this guidance beginning the year ended June 30, 2013, in testing the amount of goodwill impairment of an acquired medical practice as disclosed in Note 9

2. Investments

Investment returns are summarized as follows:

		Y	ear	Ended June,	30	
	_	2013		2012		2011
Interest and dividends Net realized gains Change in net unrealized gains	S	5,758,525 5,205,123 10,054,829	\$	5,103,486 3,180,351 (5,989,524)	\$	5,121,869 954,593 25,354,286
Total investment return	S	21,018,477	\$	2.294,313	\$	31,430,748
Included in operating revenue Included in nonoperating revenue and	\$	284,793	\$	11,932	\$	382.845
expenses		20,733,684		2,282,381		31.047.903
Total investment return	\$	21,018,477	S	2.294.313	\$	31.430.748

Notes to Consolidated Financial Statements (continued)

2. Investments (continued)

Investments consist of the following amounts

		2013		June 30 2012		2011
Board-appropriated investments and funds held by trustee:						
Cash and cash equivalents	\$	2,114,976	\$	3,734,044	\$	9,937,799
Mutual funds – equities		121,720,691		104,553,483		104,090,934
Mutual funds – fixed income		38,881,328		40,242,171		51,458,832
Mutual funds – other		38,268,287		20,225,276		10.751.831
Common collective trust		43,994,752		37.968.262		38 797,872
U S, government securities		4,891,570		4 843,303		66,626
Equity securities			_		_	10,752
	S	249,871,604	\$	211,566,539	\$	215,114,646
Funds related to professional hability insurance						
Mutual funds – cash equivalents	\$	1,336,456	Š	1.399,746	\$	1,948,036
Mutual funds – equities		4,344,058		3.935.006		3,569,781
Mutual funds – fixed income		9,122,911		8,405 952		9.465 953
	$\underline{\underline{S}}$	14,803,425	\$	13,740,704	\$	14.983.770

3. Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments. At June 30, 2013 and 2012, the carrying value and fair value of the Hospital's long-term debt, estimated by discounted cash flow analyses using the current borrowing rate for similar types of borrowing arrangements and adjusted for credit, were approximately \$169,989,000 and \$169,610,000 compared to approximately \$171,540,000 and \$178,830,000, respectively. The fair value of the Hospital's long-term debt approximated carrying value at June 30, 2011. The fair value of long-term debt using discounted cash flow analysis by independent market analysis generally falls within Level 2 of the fair value hierarchy.

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Financial Instruments (continued)

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The Hospital follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date. Investments classified in this level generally include exchange-traded equity securities, futures, pooled short-term investment funds, and exchange-traded mutual funds

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Investments classified in this level generally include fixed income securities, including government obligations, asset-backed securities, and certificates of deposit

Level 3 – Inputs that are unobservable for the asset or liability. Investments classified in this level generally include certain fixed income securities.

In instances where the determination of the fair value measurement is based upon inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level of input that is significant to the fair value measurement in its entirety. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Financial Instruments (continued)

As of June 30, 2013, 2012, and 2011, the Level 2 and Level 3 assets and liabilities listed in the fair value hierarchy tables below use the following valuation techniques and inputs.

Cash equivalents – Short-term investments designated as Level 2 investments primarily consist of commercial paper, whose fair value is based on amortized cost. Significant unobservable inputs include security cost, maturity, and credit rating. Fair value for Level 3 represents the Hospital's ownership interest in the net asset value of a cash equivalent fund, which approximates fair value.

United States government securities – The fair value of investments in U.S. government, state, and municipal securities is primarily determined using techniques consistent with the moome approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads

Common/collective trusts – The fair value of investments in common/collective trusts is primarily determined using the calculated net asset value. The values for underlying investments are determined based on amortized cost, which approximates market value, or based on quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars.

Derivatives – The fair value of derivative contracts is primarily determined using techniques consistent with the market approach. Derivative contracts include interest rate swaps. Significant observable inputs to valuation models include interest rates, treasury yields, volatilities, credit spreads, maturity, and recovery rates

The types of instruments valued based on quoted prices that are not active, broker or dealer quotations, or alternative putting sources with reasonable levels of price transparency include most municipal and provincial obligations, investment-grade and high-yield corporate bonds, and mortgage securities. Such instruments are generally classified within Level 2 of the fair value hierarchy.

Notes to Consolidated Financial Statements (continued)

3. Fair Value of Financial Instruments (continued)

The following tables summarize the Hospital's assets and liabilities measured at fair value on a recurring basis as of June 30, 2013, 2012, and 2011, aggregated by the level in the fair value hierarchy noted below.

Fair Value Measurement at June 30, 2013, Using

			$\overline{\Delta}$	Dan	_			
			-	ioted Prices in		c .		
				ctive Markets		Significant		
			- 1	for Identical		Other		Significant
				Assets and		Observable	U	nobservable
				Liabilities		Inputs		Inputs
		Fair Value		(Level 1)		(Level 2)	_	(Level <u>3)</u>
Assets								
Cash and cash equivalents	S	14,479,827	\$	14,477,550	S	2,277	S	
Mutual funds – equities		126.064.749		126,064,749				_
Mutual funds - fixed income		48,004,239		48,004,239		_		_
Mutual funds – other		38.268.287		38,268,287		_		_
Common collective trusts		43,994,752		_		43,994,752		_
U.S. government securities		4.891,570		_		4,891,570		_
Total investments	<u>-</u> S	275,703.424	5	226,814,825	S	48,888,599	-5	
	_				-			
Liabilities								
Derivative instrument	\$	8,436,036	S	_	S	8,436,036	5	
Derivative instrument	===	0,450,050				0,450,050		
			_				• 4	5045 II
			_			rement at Jun	e 50	, 2012, Using
				ioted Prices in		~		
				ctive Markets		Significant		
			f	or Identical		Other		Stanificant
								Significant
				Assets and		Observable		nobservable
				Liabilities		Inputs		nobservable Inputs
		Fair Value		•				nobservable
Assets				Liabilities		Inputs		nobservable Inputs
Assets Cash and cash equivalents	\$	Fair Value 27,174,647	<u> </u>	Liabilities	<u> </u>	Inputs		nobservable Inputs
	\$		S	Liabilities (Level 1)	S	Inputs (Level 2)		nobservable Inputs (Level 3)
Cash and eash equivalents	\$	27,174,647	\$	Liabilities (Level 1) 26,019,453	<u> </u>	Inputs (Level 2)		nobservable Inputs (Level 3)
Cash and cash equivalents Mutual funds – equities	\$	27,174,647 108,488,489	s	Ltabilities (Level 1) 26,019,453 108,488 489	<u> </u>	Inputs (Level 2)		nobservable Inputs (Level 3)
Cash and cash equivalents Mutual funds – equities Mutual funds – fixed income	\$	27,174,647 108,488,489 48 648 123	\$	Liabilities (Level 1) 26,019,453 108,488 489 48,648,123	<u> </u>	Inputs (Level 2)		nobservable Inputs (Level 3)
Cash and eash equivalents Mutual funds – equities Mutual funds – fixed income Mutual funds – other	\$	27,174,647 108,488,489 48,648,123 20,225,276	S	Liabilities (Level 1) 26,019,453 108,488 489 48,648,123	\$	Inputs (Level 2) 2,277 - -		nobservable Inputs (Level 3)
Cash and cash equivalents Mutual funds – equities Mutual funds – fixed income Mutual funds – other Common/collective trusts	\$	27,174,647 108,488,489 48,648,123 20,225,276 37,968,262	s s	Liabilities (Level 1) 26,019,453 108,488 489 48,648,123	<u> </u>	2,277 - - 37,968,262		nobservable Inputs (Level 3)
Cash and cash equivalents Mutual funds – equities Mutual funds – fixed meome Mutual funds – other Common/collective trusts U.S. government securities	\$	27,174,647 108,488,489 48,648,123 20,225,276 37,968,262 4,843,303		26,019,453 108,488 489 48,648,123 20,225,276		2,277 - - 37,968,262 4,843,303	\$	nobservable Inputs (Level 3) 1.152 917 - - - -
Cash and cash equivalents Mutual funds – equities Mutual funds – fixed meome Mutual funds – other Common/collective trusts U.S. government securities	\$	27,174,647 108,488,489 48,648,123 20,225,276 37,968,262 4,843,303		26,019,453 108,488 489 48,648,123 20,225,276		2,277 - - 37,968,262 4,843,303	\$	nobservable Inputs (Level 3) 1.152 917 - - - -
Cash and cash equivalents Mutual funds – equities Mutual funds – fixed income Mutual funds – other Common/collective trusts U.S. government securities Total investments	\$	27,174,647 108,488,489 48,648,123 20,225,276 37,968,262 4,843,303		26,019,453 108,488 489 48 648,123 20,225,276 ————————————————————————————————————		2,277 - - 37,968,262 4,843,303	\$	nobservable Inputs (Level 3) 1.152 917 - - - -

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Notes to Consolidated Financial Statements (continued)

3. Fair Value of Financial Instruments (continued)

			Qı A	air Value Me; noted Prices in ctive Markets for Identical Assets and Liabilities		Significant nobservable Inputs		
		Fair Value		(Level 1)		Inputs (Level 2)		(Level 3)
Assets								
Cash and eash equivalents	S	32,086,484	\$	32.019.161	5	2 277	S	65,046
Mutual funds – equities		107,660,715		107,660,715		-		_
Mutual funds – fixed income		60,924,785		60,924,785		_		_
Mutual funds – other		10.751.831		10.751.831		_		_
Common collective trusts		38 797,872		_		38,797,872		_
U.S. government securities		66,626		_		66,626		_
Equity securities		10.752		10.752		_		_
Total investments	5	250,299 065	\$	211,367,244	S	38.866.775	\$	65.046
Liabilities								
Derivative instrument	ų.	10,332,386	S		·	10,332,386	e.	
Derivative institution	<u>_</u>	10.552,586	٥		\$	10,352,380	<u> </u>	

The following table summarizes the transaction activity for Level 3 assets for the years ended tune 30, 2013, 2012, and 2011

		Year Ended June 30						
	2()13	2012	2011				
Beginning balance Acquisitions Dispositions	1,4	(52,917 S (30,468 (83,385)	65,046 13,027,892 (11,940,021)	\$ 1.605,786 20,436,758 (21,977,498)				
Ending balance	S		1.152.917	\$ 65,046				

The Hospital's financial instruments that are exposed to concentrations of credit risk consist primarily of cash equivalents, mutual and commingled investment funds, investment securities, derivative financial instruments, and accounts receivable. The Hospital's short-term investments are placed with a wide array of financial institutions with high credit ratings. A diversified investment policy limits exposure to credit risk and concentrations of credit risk. Similar standards of creditworthness are applied to the counterparties in derivative instruments.

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt

Debt, plus unamortized premium, consists of the following obligations:

		2013		June 30 2012		2011
County of Jackson Hospital Linance Authority Variable Rate Hospital Revenue Refunding Bonds Series						
2011A – bearing interest at 10 ⁻⁹ 6 as of June 30, 2013. County of Jackson Hospital Finance Authority Variable.	S	36,500,000	\$	36 500 000	\$	36 500 000
Rate Hospital Revenue Refunding Bonds Series 2011B - bearing interest at 1.126% as of June 30. 2013 County of Jackson Hospital Finance Authority Hospital Revenue Refunding Bonds Series 2010A - serial bonds bearing fixed interest rates between 4.0% and 5.3% as		28,875,000		28 875,000		28 875 000
of June 30, 2013 County of Jackson Hospital Finance Authority Hospital		42,855,000		46.380,000		49,905,000
Revenue Refunding Bonds Senes 2006B-2 – serial bonds bearing fixed interest rates between 2 25% and 5.0% as of fine 30–2013 refunded Variable Rate Demand 2006B bonds of same series through conversion in 2011 County of Jackson Hospital Finance Authority Hospital		8,645,000		8 745 ()00		8 845 000
Revenue Refunding Bonds Series 2006C – serial bonds bearing fixed interest rates between 2 25% and 5 0% as of June 30 2013, refunded Variable Rate Demand Bonds of same series through conversion in 2011		46,850,000		47 100,000		47 200 000
Note payable to bank with repayment in equal monthly installments of \$62,697, including interest of 1,48% through July 2019.		4.432.000				1 1
Unamortized bond premium, less accumulated amortization of approximately \$387,000, \$308,000, and \$124,000 at June 30, 2013, 2012, and 2011.		4,422,000				
respectively		1,831,000		2,010,000		2.194.000
		169,988,000		169 610 000		173.519,000
Less current portion and bond premium credit		4.941.000		4.054 000		3,909,000
	3	165.047,000	S	165,556 000	3	198 9 10 000

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

The Hospital is the sole member of the Allegiance Health Obligated Group (the Obligated Group) responsible for repayment of debt. The debt of the Obligated Group shown above is secured by a pledge of gross revenues of the Hospital.

In 2011, the Hospital completed two refinancing transactions that restructured outstanding bond debt as to interest rate modes, bank-supporting credit facilities, and interest exchange agreements assigned to convert variable rate debt to a fixed rate. The debt restructuring resulted in the refunding of prior bond issues and termination of interest exchange agreements associated with extinguished variable rate debt

The November 2010 bond refinancing occurred primarily to obtain traditional fixed interest on bond debt at a time of low prevailing rates and to fulfill a bond covenant requirement that the Hospital achieve at least 60% fixed rate debt mix by November 2011. Bond debt identified above as Series 2010A, 2006C, and 2006B-2 was issued or converted to fixed interest rates, and in the process, the Series 1997A, 2007 \, 2006C (variable rate debt with assigned interest exchange agreement), and a portion of Series 2006B (straight variable rate debt) Bonds were refunded and recorded as an extinguishment of debt. The new bonds were issued at a premium of \$2.318,000, which is being amortized as a credit to interest expense over the respective lives of the related debt. As a result of this refinancing, the Hospital recorded a loss from bond transactions of approximately \$1,085,000 related to unamortized financing costs in the consolidated statement of operations and changes in net assets. Payments of approximately \$12,441,000 to terminate interest exchange agreements were also reported as a realized loss in the consolidated statement of operations and changes in net assets.

The April 2011 debt refinancing occurred primarily to add marketability to underlying variable rates as a result of obtaining credit support from a Bank Letter of Credit that replaced a Standby Bond Purchase Agreement (2011A Bonds) and through direct bank purchase of newly issued 2011B Bonds. As a result of this second refinancing, the 2006A and 2006B Bond issues were refunded and recorded as an extinguishment. As a result of this refinancing, the Hospital recorded a loss from bond transactions of approximately \$898,000 in the consolidated statement of operations and changes in net assets.

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

In April 2011, the Hospital issued \$36,500,000 County of Jackson Hospital Finance Authority Revenue Refunding Variable Rate Series 2011A to refund the Series 2006A Bonds in the principal amount of \$38,000,000 A Bank Letter of Credit facility, which expires July 1, 2016, has been obtained for credit support for the 2011A Bonds. The Series 2011A Bonds require annual principal and interest payments of approximately \$1.4 million through 2027, \$5.7 million in 2028, and between \$1.3 million and \$9.7 million from 2029 to 2036. Proceeds of a \$1,900,000 debt service reserve fund partially refunded the 2006A Bond issue and provided cash for issuance costs of the 2011A Bonds. An interest rate exchange agreement from the 2006A Bonds was assigned to the principal amount of the 2011A Bonds for exchange of interest from a variable to a fixed rate.

In April 2011, the Hospital issued \$28.875,000 County of Jackson Hospital Finance Authority Revenue Refunding Variable Rate Series 2011B to refund the Series 2006B Bonds in the principal amount of \$29.925,000. A direct bank purchase of 2011B Bonds maturing April 2016, occurred for refunding the 2006B Bonds. The Series 2011B Bonds require annual principal and interest payments of approximately \$1.2 million through 2021, \$1.1 million in 2022, \$1.0 million from 2023 to 2024, \$0.9 million from 2025 to 2026, \$2.3 million from 2027 to 2028, and from \$6.7 million to \$7.5 million from 2029 to 2032. Proceeds of a \$1,229,000 debt reserve fund partially refunded the 2006B Bond issue and provided eash for issuance costs of the 2011B Bonds. An interest rate exchange agreement was assigned to the principal amount of the 2011B Bonds for exchange of interest from a variable to a fixed rate that was later terminated at a realized loss of approximately \$6,039,000 in the year ended June 30, 2013. The 2011B Bonds earry a variable interest rate as of June 30, 2013.

In November 2010, the Hospital issued \$51,655,000 County of Jackson Hospital Finance Authority Revenue Refunding Bond Series 2010A to refund the Series 2007A and Series 1997A Bonds in the principal amounts of \$20,675,000 (includes \$8,475,000 of bonds held by and therefore repaid to the Hospital) and \$23,370,000, respectively. The 2010A Bonds were issued serially at fixed interest rates ranging between 2.0% to 5.3%. The Series 2010A Bonds require annual principal and interest payments of approximately \$5.6 million to \$5.8 million from 2013 to 2017, \$1.6 million to \$1.8 million from 2018 to 2025, \$1.2 million to \$2.6 million from 2026 to 2036, and \$11.0 million in 2037. Proceeds from the Series 2010A Bonds were used to pay off an outstanding interest exchange agreement in the amount of approximately \$9,166,000, resulting in a realized loss, and for funding issuance costs and a debt service reserve fund.

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

In November 2010, the Hospital completed a reoffering of Series 2006B-2 Bonds and Series 2006C Bonds at fixed interest rates in the amount of \$8,940,000 and \$47,400,000, respectively. The reoffering is treated as a refunding of variable interest rate bonds of the same issue and is accounted for as an extinguishment of debt. The Series 2006B and Series 2006C Bonds were reissued serially at fixed interest rates ranging between 2.0% and 5.0%. The Series 2006B-2 and 2006C Bonds require annual principal and interest payments of approximately \$2.9 million to \$3.1 million from 2013 to 2017, \$6.9 million to \$7.1 million from 2018 to 2025, \$8.5 million in 2026, and \$5.7 million in 2027. Proceeds from the 2010A Bonds were available to pay off a portion of an interest exchange agreement in the amount of approximately \$3,275,000, resulting in a realized loss, and for funding issuance costs and a debt service reserve fund

The Hospital held \$8,475,000 of issued County of Jackson Hospital Finance Authority Hospital Revenue Bonds (W. A. Foote Memorial Hospital, Jackson, Michigan) Series 2007A Bonds as treasury bonds for possible remarketing and reported them in the consolidated balance sheet as a reduction of the outstanding principal of the 2007A Bond issue as of June 30, 2011. These bonds were redeemed in fiscal 2012 at pai value plus interest.

The Hospital has been required to maintain certain financial ratios under the terms of the Master Indenture. Supplemental Indentures, Lines of Credit, Letter of Credit, and Standby Bond Purchase Agreements. The Hospital was in compliance with required covenants for the years ended June 30, 2013, 2012, and 2011. The Hospital's Supplemental Indentures and Bank Agreements require quarterly measurement of the debt service coverage ratio and capitalization ratio and semiannual testing of the days cash on hand requirement.

In 2011 the Hospital terminated three Standby Bond Purchase Agreements that supported the County of Jackson Hospital Finance Authority Variable Rate Demand Hospital Revenue Bonds Series 2006A and the County of Jackson Hospital Finance Authority Variable Rate Demand Hospital Revenue Refunding Bonds Series 2006B and 2006C. The Standby Bond Purchase Agreements were available to the Hospital if the holders of the obligations tendered such obligations for purchase and the obligations were not remarketed

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

Principal maturities of long-term debt for the next five years are approximately \$4,712,000 in 2014, \$4,883,000 in 2015, \$5,048,000 in 2016, \$5,239,000 in 2017, and \$5,465,000 in 2018.

In 2013 and 2012, the Hospital obtained \$10 million and \$20 million, respectively, in committed lines of credit to provide total borrowing availability of \$30 million for working capital and capital spending purposes at .85% to 1.00% over the specified London Interbank Offered Rate (LIBOR). The new lines of credit replaced a \$6 million demand line of credit that provided for borrowing at 2.75% interest over the 30-day LIBOR. Facility fees of 0.10% and 0.25% per annum are applied to the unused committed amount over the principal balance outstanding. At June 30, 2013, amounts outstanding on the lines of credit totaled \$18 million with rates ranging from 1.045% to 1.193%. There is \$12 million in available borrowing capacity remaining on these lines of credit. There were no borrowings outstanding at June 30, 2012 and 2011. The lines of credit expire in February or April 2014. The Hospital was required to maintain a compensating balance of \$6 million during the period of use for the \$6 million line of credit. No compensating balance arrangements are in place at June 30, 2013.

In 2011, JCMR renewed its \$3.5 million bank demand master revolving note that provides for available borrowing at the rate of 0.5% below the prime rate of interest that shall not be less than the sum of daily adjusting LIBOR plus 2.5%. Borrowings are secured by all assets of JCMR. The outstanding loan balance and interest rate of this note at June 30, 2013, 2012, and 2011, was approximately \$2.413.000 (2.75%), \$2.913.000 (2.75%), and \$2.343.000 (2.75%), respectively.

In connection with the Series 2011A Bond issue, the Hospital has an interest rate exchange agreement that converts the interest on debt of \$36,500,000 from variable to a fixed rate. The estimated fair value of the agreement as of June 30, 2013, 2012, and 2011, was a liability of approximately \$8,436,000, \$19,618,000, and \$10,332,000 respectively, which is reported in other noncurrent liabilities in the consolidated balance sheets. The change in value is reported in nonoperating revenue and expenses in the consolidated statement of operations and changes in net assets. A partial termination of the interest rate exchange agreement occurred during the year ended. June 30, 2013, that reduced the prior year notional amount from approximately \$67,925,000 primarily for the portion assigned to the 2011B Bonds.

Notes to Consolidated Financial Statements (continued)

4. Long-Term Debt (continued)

The Hospital entered into an interest rate exchange agreement associated with the Series 2007A Bond issue to convert the interest on debt of \$45,000,000 from a variable rate to a fixed rate. This agreement was terminated in November 2010 at a loss realized from final payment of approximately \$9,166,000. The realized loss is included in nonoperating revenue and expenses in the consolidated statement of operations and changes in net assets.

The interest rate exchange agreement associated with the Series 2007A Bond issue required the Hospital in 2010 to collateralize its liability position above a \$2,500,000 threshold amount, as specified in the interest exchange agreement that considers the investment rating assigned to the Hospital by a major credit rating agency. At June 30, 2010, the Hospital posted collateral of \$4,993,000 in the normal course of business. The collateral requirement was no longer required subsequent to November 2010 due to the refunding of the Series 2007A Bond issue.

The Hospital paid interest of approximately \$7.587,000, \$7.736,000, and \$7.230,000 during the years ended June 30, 2013, 2012, and 2011, respectively. Total interest capitalized during the years ended June 30, 2013, 2012, and 2011, was approximately \$212,000, \$125,000, and \$155,000 respectively.

5. Retirement Plan

The Hospital has a noncontributory defined benefit plan (the Plan) that covers substantially all employees. The Plan requires the Hospital to make annual contributions sufficient to meet the minimum funding standards of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the Internal Revenue Code of 1986. No plan assets are expected to be returned to the Hospital during the fiscal year ended June 30, 2014

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Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

ASC 715. Compensation – Retirement Benefits, requires plan sponsors of defined benefit pension plans to recognize the funded status of their postretirement benefit plans in the statement of financial position, measure the fair value of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position, and provide additional disclosures. The adjustment to unrestricted net assets represents the net unrecognized actuarial losses and unrecognized prior service credit. These amounts will be subsequently recognized as net periodic pension cost. Furthermore, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic pension cost in the same periods will be recognized as a component of unrestricted net assets. Those amounts will be subsequently recognized as a component of net periodic pension cost on the same basis as the amounts recognized in unrestricted net assets.

The following table sets forth a reconciliation of the changes in the Hospital's retirement benefit obligation and the fair value of plan assets for the years ended June 30 2013 2012, and 2011, and a statement of the funded status as of June 30, 2013, 2012, and 2011

	2013	June 30 2012	2011
Change in benefit obligation	2015	2012	
Projected benefit obligation at beginning of year	V (122 077 355)	C .130 217 703	£ (120 700 £03)
	\$ (153,977,255)		
Service cost	(8,793,593)	(9,167,903)	(8 825.169)
Interest cost	(6,362,731)	(6.734,688)	(6.307.383)
Actuarial gain (loss)	3,684,932	(6.748,994)	190,327
Benefits paid	9,605,502	7.192.112	7,134,025
Projected benefit obligation at end of year	(155.843.145)	(153,977.255)	(138,517,782)
Change in plan assets			
Fair value of plan assets at beginning of year	109.646,269	106 815,199	84 140 611
Actual return (loss) on plan assets	10,218,201	(451,818)	17,058 613
Employer contributions	10,500,000	10 475 000	12 750 000
Benefits paid	(9,605,502)	<u>(</u> 7,193 112)	(7,134,025)
Fuir value of plan assets at end of year	120.758,968	109,646,269	106 815,199
Refirement plan hability (funded status)	\$ (35,084,177)	\$ (44,330,986)	\$ (31.702.583)

The accumulated benefit obligation was approximately \$147,435,000, \$144,161,000, and \$128,919,000 at June 30, 2013, 2012, and 2011, respectively

Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

Included in unrestricted net assets at June 30, 2013, 2012, and 2011, are the following amounts that have not yet been recognized in net periodic benefit cost:

				June 30	
		2013		2012	2011
Unrecognized prior service cost Unrecognized net loss	s	2,006,406 35,729,293	\$	2.470.765 44.927.727	\$ 2,935,124 31,827,484
Net amount recognized	S	37,735,699	Ŝ	47.398,492	\$ 34.762,608

Changes in plan assets and obligations recognized in unrestricted net assets during the years ended June 30, 2013, 2012, and 2011, include.

	Year Ended June 30						
		2013	2012	2011			
Current year (income) loss Amortization of net actuarial loss	S	(6,319,758) \$ (2,878,676)		\$ (11,214,716) (3,164,167)			
Amortization of prior service credit		(464,359)	(464,359)	(472.885)			
	\$	(9,662,793) \$	12.635.884	\$ (14,851,768)			

The assumptions used to determine the benefit obligation are as follows

	June 30			
	2013	2012	2011	
Discount rate Rate of compensation increase Cash balance interest credit rate	4.60% 3.00% 4.50%	4 30% 5 3.00% 6 4.50% 6	5.05% 4.00% 4.75%	

Beginning at June 30, 2012, and thereafter, the Hospital changed its method of determining the discount rate used to measure the benefit obligation. The Hospital changed from using an industry yield curve to a Hospital hypothetical bond portfolio

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Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

Components of net periodic pension cost are as follows:

	Year Ended June 30						
		2013		2012		2011	
Service cost	S	8,793,593	\$	9,167,903	\$	8,825,169	
Interest cost		6,362,731		6.734 688		6,307,383	
Expected return on plan assets		(7,583,375)		(7,638.052)		(6.034.224)	
Amortization of prior service cost		464,359		464,359		472.885	
Amortization of net actuarial loss		2,878,676		1.738.621		3,164,167	
Net periodic pension cost	\$	10,915,984	\$	10,467,519	\$	12.735.380	

The prior service cost included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended June 30, 2014, is approximately \$464,000. The net actuarial loss included in unrestricted net assets and expected to be recognized in net periodic pension cost during the year ended June 30, 2014, is approximately \$1,966,000.

The assumptions used to determine net periodic pension cost are set forth below

	Year Ended June 30		
	2013	2012	2011
Discount rate	4.30%	5 ()5° o	5.00° o
Rate of compensation increase	3.00%	4.00° $_{0}$	3 50° o
Cash balance interest rate credit Expected long-term rate of return on	4.50%	4 75° o	4.75° o
plan assets	7.00%	7 25° a	7 25%

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Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

Asset Allocation

The asset allocation for the Hospital's pension plan at the end of fiscal 2013, 2012, and 2011, and the target allocation for fiscal 2013, by asset category, are as follows:

	Target Allocation	Percentage of Plan Assets June 30				
Asset Category	2013	2013	2012	2011		
Equity investments	52%	53%	55° o	55° o		
Fixed income investments	33	32	33	35		
Other investments	15	15	12	10		
Total	100° o	100%	100° a	100° o		

The following tables summarize the Hospital's pension assets measured at fair value on a recurring basis as of June 30, 2013, 2012, and 2011 aggregated by the level in the fair value hierarchy within which those measurements are determined as disclosed in Note 3. Fair value methodologies for Level 1 and Level 2 are consistent with the inputs described in Note 3. Fair value for Level 3 represents the Hospital's ownership interest in the net asset value of a cash equivalent fund, which approximates fair value.

	Fair Value Measurement at June 30, 2013, Using), 2013, Using		
	Fair Value		Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)				Significant Unobservable Inputs (Level 3)	
Assets								
Cash equivalents	S	123,889	S	_	\$	1,472	\$	122,417
Mutual funds – equities		64.190.068		64,190,068		_		_
Mutual funds - fixed income		12,193,120		12,193,120		-		_
Mutual funds – other		17,855,501		17,855,501		_		_
Common collective trust		26.396,390				26,396,390		_
Total investments	S	120,758,968	S	94,238,689	S	26,397,862	S	122,417

Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

			Fair Value Measurement at June 30, 2012, Using), 2012, Using	
	Fair Value		Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)			Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
Assets						-			
Cash equivalents	ક	689,897	\$	_	\$	1.472	\$	688.425	
Mutual funds – equities		60,024,724		60.024 724		_		_	
Mutual funds - fixed income		17.076.259		17 076 259		_		_	
Mutual funds – other		13 253,502		13.253,502		-		_	
Common/collective trust		18,601,887				18,601,887			
Fotal investments	5	109.646 269	\$	90,354,485	\$	18.603.359	S	688,425	

	Fair Value Measurement at June 30, 2011.), 2011. Using		
	Fair V alue		Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)			Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)	
Assets									
Cash equivalents	\$	590,453	5	-	S	1.472	5	588 981	
Mutual funds – equities		58,918,953		58 918.953		_		_	
Mutual funds - fixed income		19 126.459		19,126,459		_		_	
Mutual funds – other		10,624,726		10,624,726		_		_	
Common collective trust		17.554.608		-		17.554,608		_	
Total investments	\$	106 815.199	\$	88,670,138	5	17,556,080	Š	588,981	

Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

The following table summarizes the transaction activity for Level 3 assets for the years ended June 30, 2013, 2012, and 2011:

	Year Ended June 30					
		2013		2012		2011
Beginning balance Acquisitions Dispositions		688,425 15,966,960 16,532,968)	\$	588,981 14,862,927 (14,763,483)	Ş	1.007.683 14.079.998 (14.498.700)
Ending balance	\$	122,417	\$	688,425	\$	588,981

Investment Strategy

The Plan's asset allocation and investment strategy are designed to earn superior returns on plan assets consistent with a reasonable and prudent level of risk. Investments are diversified across classes and fund styles to achieve investment return objectives and minimize the risk of large losses. The Hospital uses mutual funds and common/collective trusts specializing in the investment categories of its asset allocation model and regularly monitors funds to respective performance benchmarks to achieve its investment strategy.

Expected Rate of Return

The expected long-term rate of return on plan assets is based on historical and projected rates of return for current and planned asset categories in the Plan's investment portfolio. Assumed projected rates of return for each asset category were selected after analyzing historical experience and future expectations of the returns and volatility for assets of that category using benchmark rates. Based on the target asset allocation among the asset categories, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets

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Notes to Consolidated Financial Statements (continued)

5. Retirement Plan (continued)

Expected Cash Flows

Information about the expected cash flows for the pension plan follows:

Expected 2014 employer contributions	\$ 12 000 000
Expected benefit payments:	
2014	12,638,260
2015	12,589,031
2016	13,323,483
2017	13,446,333
2018	13.152.116
2019-2023	65,064,935

6. Professional Liability Insurance

The Hospital's professional flability exposure is covered through a self-insurance program that serves as primary coverage for such risks. Coverage is provided through a modified claims-made policy provided by Cascades. Under the terms of the policy, Cascades pays on behalf of the Hospital all professional liability claims incurred and reported after January 1976. The Hospital has also obtained excess professional liability insurance coverage on a claims-made basis through the MHA Insurance Company and Caymich Insurance Company. Ltd., an offshore captive insurance company domiciled in the Cayman Islands that provides pooled-risk coverage to its 13 members (all Michigan hospitals and health systems).

In addition to the Hospital, Cascades also insures employed medical staff under similar modified claims-made policies. The coverage provided is modified in that employees who leave the Hospital remain covered for claims arising from their employment at the Hospital.

Cascades' policies provide that a retrospective premium can be assessed at any time. An annual report is prepared by independent actuaries to monitor the adequacy of premiums and reserves. The policy covers all claims arising within the year, notified within seven days of the end of the policy year, or included on a potential claims report within that period

Notes to Consolidated Financial Statements (continued)

6. Professional Liability Insurance (continued)

Estimated liabilities for known incidents that may result in the assertion of additional claims and other claims that may be asserted arising from services provided to patients during the period are based upon projections by a consulting actuary. The loss reserves are discounted using a discount rate of 4% at June 30, 2013 and 2012, and 5% at June 30, 2011. While it is possible that settlement of asserted claims and claims that may be asserted in the future could result in liabilities in excess of amounts for which the Hospital has provided, management believes that the excess liabilities, if any, would not materially affect the consolidated financial position of the Hospital at June 30, 2013.

7. Net Patient Service Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts

Patient service revenue consists of:

	Year Ended June 30					
		2013		2012		2011
Charges at established rates:						<u> </u>
Routine services	S	108,464,208	\$	110,933,659	\$	104,829,368
Ancillary services:						
Inpatient		462,767,945		438,754.503		429,962,451
Outpatient		874,624,142		817.257.112		682,957,476
		1,445,856,295		1.366.945,274		1,217,749,295
Deductions:						
Charity care		(48,618,064)		(44,510,410)		(37.222.215)
Contractual and other adjustments		(950,671,922)		(887,284,001)		(760.898.993)
Net patient service revenue		446,566.309		435,150,863		419,628,087
Provision for bad debts		(42,733,028)		(36,083,284)		(31.734.583)
Net patient service revenue after						
provision for bad debts		403,833,281	%	399,067,579	\$	387.893 504

Notes to Consolidated Financial Statements (continued)

7. Net Patient Service Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts (continued)

Accounts receivable consist of the following:

	2013	June 30 2012	2011
Gross patient accounts receivable Allowance for contractual adjustments Allowance for charity care Allowance for uncollectible accounts	\$ 198,148,965 \$ (121,671,149) (12,793,404) (21,323,377)	6 183,846,925 (106,819,264) (11,063,254) (19,766,533)	\$ 174,226.548 (100.145,075) (9.741.317) (20.286,615)
Net accounts receivable	S 42,361,035 \$	46,197,874	\$ 44.053,541

The Hospital's allowance for uncollectible accounts for self-pay patients amounted to 85% of self-pay accounts receivable at June 30, 2013, 2012 and 2011. Self-pay write-offs in 2013 increased to approximately \$42,700,000 in 2013 from \$36,100,000 in 2012 and \$30,624,000 in 2011.

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

	June 30			
	2013	2012	2011	
Medicare	37%	31%	29° o	
Medicaid	12	1-1	13	
Patients	23	24	23	
Blue Cross	12	1,3	12	
Commercial and other payors	16	18	23	
	100%	o°001	100%	

Notes to Consolidated Financial Statements (continued)

7. Net Patient Service Revenue, Accounts Receivable, and Allowance for Uncollectible Accounts (continued)

Major payor sources of net patient service revenue that the Hospital classifies for managing its business are as follows for the years ended June 30, 2013, 2012, and 2011

	Y	Year Ended June 30					
	2013	2012	2011				
Medicare	\$ 163,848,425	\$ 148 478,637	\$ 146,375,424				
Medicaid	41,502,527	39,525,023	38,612,314				
Blue Cross	105,289,006	101.594,431	92,421,631				
Commercial	95,531,255	104,829,956	106.215.816				
Patient	40,395,096	40.722.816	36,002,902				
	\$ 446,566,309	\$ 435.150.863	\$ 419.628.087				

8. Acquisitions of Medical Practices

In December 2012, the Hospital acquired the assets of a digestive health practice having business operations in the Jackson. Michigan, service area deemed integral to the Hospital's mission for delivery of patient services in the Jackson community. The Hospital paid cash of approximately \$4,850,000 for the practice, which was accounted for as an acquisition. Medical equipment, furnishings, and intangible assets acquired are being depreciated or amortized over the useful lives of the assets ranging from two to seven years.

In August 2011, the Hospital acquired the assets of a cardiovascular practice and a family medical practice having business operations in the Jackson. Michigan, service area deemed integral to the Hospital's mission for delivery of patient services in the Jackson community. The Hospital paid cash of approximately \$3,000,000 for the practices, which was accounted for as an acquisition. Medical equipment, furnishings, and intangible assets acquired are being depreciated or amortized over the useful lives of the assets ranging from 3 to 10 years. At the acquisition date, the Hospital also entered into a 10-year professional services agreement with the seller to engage the services of physicians, administrative, and office personnel as independent contractors of the cardiovascular practice. The professional services agreement can be terminated by either party without cause after completion of 5 contract years.

Notes to Consolidated Financial Statements (continued)

9. Intangible Assets and Goodwill

The Hospital includes intangible assets and goodwill in other assets in the consolidated balance sheets. Intangible assets have a net carrying value of approximately \$2.558,000, \$1,813,000, and \$628,000 at June 30, 2013, 2012, and 2011, respectively. Goodwill has a carrying value of approximately \$2,477,000, \$599,000, and \$70,000 at June 30, 2013, 2012, and 2011, respectively.

The weighted-average amortization period for the intangible assets is 6.7 years, 5.8 years for patient relationships, 7.0 years for non-compete agreements, and 10.0 years for trade names. Goodwill is subjected to an annual impairment test related to its carrying value. All of the Hospital's intangible assets and goodwill were acquired as part of acquisitions of medical practices. Goodwill allocated from the acquisition of the cardiovascular practice was determined to have been impaired due to a decline in projected cash flows and resulted in a charge to operations in the amount of \$529,000 for the year ended June 30, 2013.

The amortization expense for intangible assets was approximately \$475,000, \$350,000, and \$157,000 for the years ended June 30, 2013, 2012, and 2011, respectively

10. Lease Commitments

The Hospital has operating leases for certain of its premises that at inception had noncancelable terms of more than one year. At June 30, 2013, the estimated future minimum lease payments under these operating leases were as follows:

2014	\$	6.046,619
2015		4.398.623
2016		4,074,466
2017		3,202,357
2018		2,249,848
Thereafter		1.721.515
Total	\$_	21.693,428

Notes to Consolidated Financial Statements (continued)

10. Lease Commitments (continued)

Rent expense incurred for operating leases for premises and equipment for the years ended June 30, 2013, 2012, and 2011, amounted to approximately \$7.047,000, \$6,157,000, and \$5,222,000, respectively.

11. Related-Party Transactions

The Hospital is the majority partner in FHCA. The partnership owns the top two floors of a three-story medical office building, with the Hospital owning the first floor. The Hospital has a 6% fixed rate mortgage loan to the partnership with an outstanding balance at June 30, 2013, 2012, and 2011, of approximately \$1,735,000, \$1,889,000, and \$2,024,000, respectively. The Hospital recognized interest income of approximately \$102,000, \$117,000, and \$125,000 related to the loan in 2013, 2012, and 2011, respectively. The loan is payable in annual installments, and the fair value approximates the recorded amount at June 30, 2013.

12. Income Taxes

The Hospital prepares an annual federal tax filing (Form 990-T) that contains a schedule of unrelated business income that is subject to federal income tax. As of June 30, 2013–2012, and 2011, the Hospital has net operating loss carryforwards attributable primarily to PCN Inc. of approximately \$6,944,000, \$6,700,000 and \$6,500,000, respectively, that are available to offset future taxable income. These net operating losses expire in various amounts beginning 2018 through 2032. The Hospital has recognized a valuation allowance against this deferred tax asset due to the uncertainty related to the realization of such amounts.

13. Functional Expenses

The Hospital provides general health care services to residents within its geographic locations, including medical/surgical, pediatric, behavioral health, critical, and emergency care. Expenses relating to providing these services are as follows.

	Year Ended June 30					
	2013	2012	2011			
Health care services	\$ 342,012,663	\$ 323,396,359	S 308,927.612			
General and administrative	91,540.741	86,555,952	82,958,618			
	S 433,553,404	S 409,952,311	\$ 391.886.230			

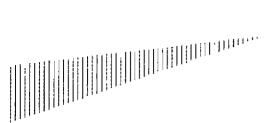
Notes to Consolidated Financial Statements (continued)

14. Subsequent Events

The Hospital evaluates subsequent events, which are events that occur after the consolidated balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the consolidated balance sheet date. For the year ended June 30, 2013, the Hospital evaluated the effect of subsequent events through October 22, 2013, representing the date on which the consolidated financial statements were issued.

1303-[053685]

Other Supplementary Information





Ernst & Young ELP One Fernack Square CST Wood yard Alliane Stall 1000 Durch Michigan 4-22e 5495 (all +1 013 028 7000 Fax +1 313 028 7013 West 574 00

Report of Independent Auditors on Other Supplementary Information

The Board of Trustees
W. A. Foote Memorial Hospital
d b/a Allegiance Health

We have audited the consolidated financial statements of W. A. Foote Memorial Hospital d/b/a Allegiance Health and Subsidiaries as of and for the years ended June 30, 2013, 2012, and 2011, and have issued our report thereon dated October 22, 2013. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The consolidating balance sheet and consolidating statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the 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.

October 22, 2013

1303-1053685

Ernet + Young LLP

Consolidating Balance Sheet

June 30, 2013

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Consolidating Balance Sheet (continued)

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Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2013

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Ein fild reand is a global learner in east, innite, tax the weathin and advisor, serving.
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