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

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

B Check if applicable ☐ Address change ☐ Name change ☐ Initial return ☐ Terminated ☐ Amended return ☐ Application pending	C Name of organization MEMORIAL HEALTH CENTER INC		D Employer identification number 39-0964813
	Doing Business As		
	Number and street (or P O box if mail is not delivered to street address) 135 SOUTH GIBSON	Room/suite	E Telephone number (715) 748-8100
	City or town, state or country, and ZIP + 4 MEDFORD, WI 54451		G Gross receipts \$ 84,345,917
	F Name and address of principal officer GRAHAM COURTNEY 135 SOUTH GIBSON STREET MEDFORD, WI 54451		H(a) Is this a group return for affiliates? ☐ Yes ☒ No H(b) Are all affiliates included? ☐ Yes ☐ No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status ☒ 501(c)(3) ☐ 501(c) () ◀ (Insert no) ☐ 4947(a)(1) or ☐ 527		J Website: ▶ WWW.MEMHC.ORG	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities MEMORIAL HEALTH CENTER IS A CRITICAL ACCESS, LEVEL III, TRAUMA CARE HOSPITAL. MEMORIAL HEALTH CENTER (MHC) OFFERS COMPREHENSIVE PRIMARY CARE THROUGH OUR CLINICS IN GILMAN, MEDFORD, PHILLIPS, PRENTICE, AND RIB LAKE. MHC HAS THERAPY CENTERS IN PRENTICE AND MEDFORD, AN ACUTE CARE SWING BED PROGRAM, A KIDNEY CARE CENTER (DIALYSIS CENTER), A PUBLIC FITNESS CENTER, A RETAIL MEDICAL CENTER PHARMACY IN MEDFORD, PLUS A CONTINUUM OF SENIOR CARE SERVICES FROM ASSISTED LIVING TO RESTORATIVE NURSING SERVICES YOU WILL FIND A WIDE RANGE OF SERVICES, SOME OF WHICH PATIENTS MIGHT NOT NORMALLY EXPECT TO FIND IN A RURAL SETTING. MHC WAS ASPIRUS HEART & VASCULAR INSTITUTE'S FIRST SATELITE CAMPUS, HAS ORTHOPEDIC SURGEONS PERFORMING TOTAL KNEE REPLACEMENTS, OFFERS CHEMOTHERAPY SERVICES FIVE DAYS A WEEK IN OUR CANCER SERVICES CENTER, AND A FULL-ARRAY OF OTHER ASPIRUS NETWORK SPECIALISTS ON-STAFF AND ON-SITE PROVIDING PATIENTS THE HIGHEST VALUE AND QUALITY OF HEALTH CARE SERVICES.		
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	12
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	695
6 Total number of volunteers (estimate if necessary)	6	120	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,858,019	
b Net unrelated business taxable income from Form 990-T, line 34	7b	-485,238	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	826,916	307,780
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	59,221,422	62,842,508
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,134,356	1,964,787
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	57,373	103,567
		61,240,067	65,218,642
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	8,910	26,671
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	34,188,745	34,539,289
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ☐ 0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	21,219,081	24,030,336
	18 Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	55,416,736	58,596,296
	19 Revenue less expenses. Subtract line 18 from line 12	5,823,331	6,622,346
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	79,056,978	84,344,708
	21 Total liabilities (Part X, line 26)	30,456,940	28,237,566
	22 Net assets or fund balances. Subtract line 21 from line 20	48,600,038	56,107,142

Part II Signature Block

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

Sign Here	*****	2013-12-20
	Signature of officer	Date
	LORI P PECK VP FINANCE/CFO Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name KATHLEEN J LABRAKE CPA	Preparer's signature	Date 2013-12-20	Check ☐ if self-employed	PTIN P00164006
	Firm's name ► WIPFLI LLP				Firm's EIN ► 39-0758449
	Firm's address ► PO BOX 8010 WAUSAU, WI 544028010				Phone no (715) 845-3111

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

Part III

Statement of Program Service Accomplishments

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

☐

☒

1

Briefly describe the organization’s mission

TO PROVIDE HEALTH CARE SERVICES OF HIGH VALUE AND PROMOTE HEALTH AND WELLNESS SO THAT WE ARE THE PROVIDER OF CHOICE FOR AREA RESIDENTS

2

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

☐ Yes ☒ No

If “Yes,” describe these new services on Schedule O

3

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

☐ Yes ☒ No

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 30,135,231 including grants of \$ 26,671) (Revenue \$ 41,277,919)

HOSPITAL SERVICES - MEMORIAL HEALTH CENTER OPERATES A 25-BED CRITICAL ACCESS HOSPITAL IN MEDFORD, WISCONSIN DURING THE YEAR ENDED JUNE 30, 2013, THE HOSPITAL HAD 2,133 INPATIENT DAYS AND 61,310 OUTPATIENT VISITS SURGERY, EMERGENCY CARE, RADIOLOGY, LABORATORY, AMBULATORY CARE, AND THERAPIES ARE JUST SOME OF THE OTHER SERVICES THAT MEMORIAL HEALTH CENTER PROVIDES WITHIN THE HOSPITAL AS A CRITICAL ACCESS HOSPITAL, MEMORIAL HEALTH CENTER PROVIDES ACCESS TO LOCAL HEALTHCARE FOR THE COMMUNITIES OF WHICH WE SERVE MEMORIAL HEALTH CENTER ALSO PROMISES TO THE COMMUNITY TO PROVIDE HEALTHCARE SERVICES TO THOSE IN NEED REGARDLESS OF THEIR ABILITY TO PAY AS DEFINED IN THE ORGANIZATION'S CHARITY AND COMMUNITY CARE POLICIES AND PROGRAMS DURING FISCAL YEAR 2013, MEMORIAL HEALTH CENTER'S CHARITY CARE PROGRAM AWARDED \$2,084,172 IN FINANCIAL ASSISTANCE THROUGH CHARGE REDUCTIONS TO PATIENTS WHO COULD NOT OTHERWISE AFFORD CARE (SEE ADDITIONAL INFORMATION ON THE COST OF PROVIDING CHARITY CARE TO PATIENTS IN SCHEDULE H OF THE FORM 990) IN ADDITION TO PROVIDING CHARITY CARE SERVICES, MEMORIAL HEALTH CENTER ALSO PROVIDES A SIGNIFICANT AMOUNT OF SERVICES TO BENEFICIARIES OF THE MEDICARE AND MEDICAID PROGRAMS DURING FISCAL YEAR 2013, APPROXIMATELY 59 PERCENT OF THE PATIENT SERVICES PROVIDED BY MEMORIAL HEALTH CENTER WERE PROVIDED TO MEDICARE AND MEDICAID PROGRAM BENEFICIARIES THESE SERVICES ARE CONSIDERED A LARGE NEED IN THE COMMUNITY AND MEMORIAL HEALTH CENTER IS OFTEN REIMBURSED AT RATES BELOW THE COST OF PROVIDING THE CARE FOR THESE PATIENTS

4b

(Code) (Expenses \$ 11,493,299 including grants of \$) (Revenue \$ 9,671,124)

CLINIC SERVICES - MEMORIAL HEALTH CENTER OPERATES FIVE OUTPATIENT CLINICS IN THE COMMUNITIES OF MEDFORD, GILMAN, RIB LAKE, PRENTICE AND PHILLIPS (ALL LOCATED WITHIN THE STATE OF WISCONSIN) DURING THE YEAR ENDED JUNE 30, 2013, THE CLINICS HAD 51,347 VISITS MEMORIAL HEALTH CENTER PROVIDES ACCESS TO PRIMARY CARE PHYSICIANS IN THESE RURAL AND MEDICALLY UNDERSERVED AREAS THE CLINICS ALSO SERVICE A LARGE PORTION OF ELDERLY, DISABLED, AND LOW INCOME PATIENTS WHO ARE COVERED UNDER THE MEDICARE AND WISCONSIN MEDICAID PROGRAMS PATIENTS OF THE MEMORIAL HEALTH CENTER CLINICS ARE ALSO ELIGIBLE FOR CHARITY CARE AS DEFINED BY THE ORGANIZATION'S CHARITY CARE POLICY CHARITY CARE AMOUNTS FOR THE CLINICS ARE INCLUDED IN THE TOTAL NOTED UNDER 4A ABOVE

4c

(Code) (Expenses \$ 5,804,847 including grants of \$) (Revenue \$ 6,546,058)

NURSING HOME AND LONG-TERM CARE SERVICES - MEMORIAL HEALTH CENTER OPERATES A 101-BED SKILLED NURSING FACILITY, 10 CBRF APARTMENTS, AND A 28-UNIT RCAC DURING THE YEAR ENDED JUNE 30, 2013, THE SNF HAD A DAILY CENSUS OF 87 5, THE CBRF HAD A DAILY CENSUS OF 9 9, AND THE RCAC HAD A DAILY CENSUS OF 26 2 THROUGH THESE SENIOR CARE SERVICES, MEMORIAL HEALTH CENTER PROVIDES CARE AND ASSISTANCE TO THE ELDERLY IN OUR COMMUNITY A MAJORITY OF THE RESIDENTS RECEIVING NURSING HOME AND LONG-TERM CARE SERVICES AT MEMORIAL HEALTH CENTER RECEIVE CARE UNDER THE WISCONSIN MEDICAID OR FAMILY CARE PROGRAMS MEMORIAL HEALTH CENTER RECOGNIZES THAT THE COST OF CARING FOR THESE INDIVIDUALS OFTEN EXTENDS BEYOND THE AMOUNT THAT IS PAID TO THE FACILITY BY THE MEDICAID PROGRAM ADDITIONAL INFORMATION ON THE COST OF PROVIDING SERVICES TO MEDICAID PROGRAM BENEFICIARIES CAN BE FOUND IN SCHEDULE H OF THE FORM 990

(Code) (Expenses \$ 2,561,663 including grants of \$) (Revenue \$ 2,555,673)

RETAIL PHARMACY - MEMORIAL HEALTH CENTER OPERATES A RETAIL PHARMACY THAT PROVIDES ACCESS TO PRESCRIPTION MEDICATION FOR PATIENTS OF MEMORIAL HEALTH CENTER, EMPLOYEES, AND THE COMMUNITY DURING THE YEAR ENDED JUNE 30, 2013, A TOTAL OF 90,665 PRESCRIPTIONS WERE PROVIDED TO PATIENTS

4d

Other program services (Describe in Schedule O)

(Expenses \$ 2,561,663 including grants of \$) (Revenue \$ 2,555,673)

4e

Total program service expenses ▶

49,995,040

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	109	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	695	
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8822?		No
d	If "Yes," indicate the number of Forms 8822 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a	
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	12	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	8	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	WI
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	LORI P PECK VP FINANCE CFO 135 SOUTH GIBSON STREET MEDFORD, WI (715) 748-8100

Part VII

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

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

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) GRAHAM COURTNEY BOARD MEMBER	9 00 1 00	X						0	0	0
(2) DUANE L ERWIN VICE CHAIR	1 00	X		X				0	0	0
(3) SUSAN FRAZIER PHYSICIAN/BOARD MEMBER	32 00	X						188,549	0	15,320
(4) MICHAEL RIGGLE BOARD MEMBER	1 00	X						0	0	0
(5) ERIK T BRANSTETTER PHYSICIAN/SECRETARY	40 00	X		X				677,821	0	33,976
(6) BRUCE CZECH CHAIR	1 00 1 00	X		X				0	0	0
(7) MARITA HATTEM BOARD MEMBER	1 00	X						0	0	0
(8) F DEAN DANNER JR BOARD MEMBER	1 00	X						0	0	0
(9) JEANNE SCINTO BOARD MEMBER	1 00	X						0	0	0
(10) TERRIE FLANDERMEYER PHYSICIAN/BOARD MEMBER	31 00	X						140,088	0	12,574
(11) ALECIA HYLTON PHYSICIAN/BOARD MEMBER	40 00	X						274,813	0	37,198
(12) DEBBIE WOODS TREASURER	1 00	X		X				0	0	0
(13) ROGER LUCAS TERMED BOARD MEMBER	1 00	X						0	0	0
(14) DIANE POSTLER-SLATTERY TERMED BOARD MEMBER	1 00	X						0	0	0
(15) GREGORY A OLSON PRESIDENT/CEO	40 00 2 00			X				318,006	0	24,725
(16) LORI P PECK VP FINANCE/CFO	40 00			X				177,960	0	6,652
(17) SCOTT T BUSKERUD ANESTHETIST	40 00					X		277,742	0	33,388

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	3,328,291	0	302,312

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization. 34

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ASPIRUS WAUSAU HOSPITAL INC 333 PINE RIDGE BLVD WAUSAU WI 54401	ECHO, SLEEP LAB, PHYSICIAN, AND OTHER	822,310
HUOTARI CONSTRUCTION 675 JENSEN DRIVE MEDFORD WI 54451	CONSTRUCTION SERVICES	605,161
MIRON CONTRUCTION COMPANY INC 1471 MCMANON DRIVE NEENAH WI 54956	CONSTRUCTION SERVICES	560,206
WEATHERBY LOCUMS INC 6451 NORTH FEDERAL HIGHWAY SUITE 8 FORT LAUDERDALE FL 33308	CONTRACTED PROVIDER SERVICES	481,475
ASPIRUS INC 333 PINE RIDGE BLVD WAUSAU WI 54401	IT AND OTHER SUPPORT SERVICES	441,133
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶15		

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514		
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	76,981				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	230,799				
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total. Add lines 1a-1f		307,780				
Program Service Revenue	2a	PATIENT SERVICE REVENUE	Business Code 621110	57,844,198	57,832,663	11,535		
	b	PHARMACY REVENUE	446110	4,064,595	2,218,111	1,846,484		
	c	OTHER OPERATING REVENUE	621110	408,990		408,990		
	d	CONTRACT SERVICE REVENUE	621110	272,133		272,133		
	e	CAFETERIA	621990	252,592		252,592		
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		62,842,508				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		810,841		810,841	
4		Income from investment of tax-exempt bond proceeds . . .						
5		Royalties						
6a		Gross rents	(i) Real	(ii) Personal				
			145,627					
			42,060					
			103,567					
d		Net rental income or (loss)		103,567		103,567		
7a		Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			20,232,244	6,917				
			19,082,652	2,563				
			1,149,592	4,354				
d		Net gain or (loss)		1,153,946		1,153,946		
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
b		Less direct expenses	b					
c		Net income or (loss) from fundraising events . . .						
9a		Gross income from gaming activities See Part IV, line 19	a					
b		Less direct expenses	b					
c		Net income or (loss) from gaming activities . . .						
10a		Gross sales of inventory, less returns and allowances	a					
	b		Less cost of goods sold	b				
	c		Net income or (loss) from sales of inventory . . .					
	Miscellaneous Revenue	Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions		65,218,642	60,050,774	1,858,019	3,002,069		

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	26,671	26,671		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,941,966	1,402,539	539,427	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	24,846,187	21,018,152	3,828,035	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	1,132,177	983,094	149,083	
9	Other employee benefits.	4,906,505	3,718,041	1,188,464	
10	Payroll taxes.	1,712,454	1,416,785	295,669	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	82,480		82,480	
c	Accounting.	23,631		23,631	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	7,034,226	5,451,161	1,583,065	
12	Advertising and promotion.	48,105	38	48,067	
13	Office expenses.	258,251	113,676	144,575	
14	Information technology.	391,777		391,777	
15	Royalties.				
16	Occupancy.	1,968,154	1,142,376	825,778	
17	Travel.	148,717	94,017	54,700	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	275,663	218,891	56,772	
20	Interest.				
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	3,208,270	2,475,449	732,821	
23	Insurance.	234,532	85,213	149,319	
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	8,503,874	8,621,945	-118,071	
b	LICENSES AND FEES	589,731	297,712	292,019	
c	BAD DEBT EXPENSE	588,658	588,658		
d	EQUIPMENT RENTAL/MAINT	320,624	233,071	87,553	
e	All other expenses	353,643	2,107,551	-1,753,908	
25	Total functional expenses. Add lines 1 through 24e.	58,596,296	49,995,040	8,601,256	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		708,530	1	7,342,662
	2	Savings and temporary cash investments		6,314,051	2	233,334
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		7,137,079	4	7,940,856
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		1,040,023	8	873,013
	9	Prepaid expenses and deferred charges		884,725	9	597,758
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 47,424,901			
	b	Less accumulated depreciation	10b 23,291,386	22,810,022	10c	24,133,515
	11	Investments—publicly traded securities		36,237,793	11	39,826,191
	12	Investments—other securities See Part IV, line 11		1,589,297	12	1,645,720
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		108,320	14	198,818
	15	Other assets See Part IV, line 11		2,227,138	15	1,552,841
	16	Total assets. Add lines 1 through 15 (must equal line 34)		79,056,978	16	84,344,708
Liabilities	17	Accounts payable and accrued expenses		5,070,900	17	7,594,620
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		19,310,000	20	18,750,509
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		6,076,040	25	1,892,437
	26	Total liabilities. Add lines 17 through 25		30,456,940	26	28,237,566
Net Assets or Fund Balances		Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets		47,377,350	27	54,819,537
	28	Temporarily restricted net assets		1,102,688	28	1,167,605
	29	Permanently restricted net assets		120,000	29	120,000
		Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		48,600,038	33	56,107,142
	34	Total liabilities and net assets/fund balances		79,056,978	34	84,344,708

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	65,218,642
2	Total expenses (must equal Part IX, column (A), line 25)	2	58,596,296
3	Revenue less expenses Subtract line 2 from line 1	3	6,622,346
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	48,600,038
5	Net unrealized gains (losses) on investments	5	521,062
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	363,696
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	56,107,142

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization MEMORIAL HEALTH CENTER INC	Employer identification number 39-0964813
--	--

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated
- e

☐

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

☐

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

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)
- | | Yes | No |
|----------|-----|----|
| 11g(i) | | |
| 11g(ii) | | |
| 11g(iii) | | |
- | (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions)) | (iv) Is the organization in col (i) listed in your governing document? | | (v) Did you notify the organization in col (i) of your support? | | (vi) Is the organization in col (i) organized in the U S ? | | (vii) Amount of monetary support |
|------------------------------------|----------|--|--|----|---|----|--|----|----------------------------------|
| | | | Yes | No | Yes | No | Yes | No | |
| | | | | | | | | | |
| | | | | | | | | | |
| Total | | | | | | | | | |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012

Part II

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

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

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

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

Part IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

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

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

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization MEMORIAL HEALTH CENTER INC	Employer identification number 39-0964813
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If “Yes,” describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	☐ Yes ☐ No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes	☐ No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

		(a)	(b)	
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		6,974
j	Total. Add lines 1c through 1i.			6,974
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
PART IV, SUPPLEMENTAL INFORMATION		PART II-B, LINE 1(I), OTHER LOBBYING ACTIVITIES MEMORIAL HEALTH CENTER PAYS ANNUAL ASSOCIATION MEMBERSHIP DUES TO THE AMERICAN HOSPITAL ASSOCIATION (AHA) AND WISCONSIN HOSPITAL ASSOCIATION (WHA). THESE DUES ARE PRIMARILY TO ACCESS EDUCATIONAL MATERIALS AND FOR STAFF TRAINING AND MATERIALS. AHA AND WHA HAVE NOTIFIED MEMORIAL HEALTH CENTER THAT APPROXIMATELY \$2,030 AND \$1,705 OF THE ANNUAL DUES WERE USED IN CONJUNCTION WITH LOBBYING ACTIVITIES WITH THE GOAL OF IMPROVING THE OVERALL HEALTHCARE ENVIRONMENT. MEMORIAL HEALTH CENTER IS ALSO A MEMBER OF THE RURAL WISCONSIN HEALTH COOPERATIVE (RWHC). EACH YEAR, MEMORIAL HEALTH CENTER PAYS MEMBERSHIP FEES TO THE RWHC. RWHC PROVIDES SUPPORT SERVICES FOR A NUMBER OF ITS MEMBER HOSPITALS THROUGHOUT THE STATE OF WISCONSIN. SOME OF THE MANY SERVICES PROVIDED TO MEMBER HOSPITALS INCLUDE PROVIDING ASSISTANCE TO ORGANIZATIONS IN FINDING GRANT FUNDING FOR NEW PROGRAMS, LEGAL SERVICES, REIMBURSEMENT REVIEW SERVICES, ACCOUNTING ASSISTANCE, CONTRACTING FOR THERAPIST AND EMERGENCY ROOM PATIENT CARE COVERAGE, AND ADMINISTRATIVE CONSULTING SERVICES. AS A PART OF THESE SERVICES, THE RWHC ALSO PROVIDES ANALYSIS ON CURRENT HEALTHCARE ISSUES IN AN EFFORT TO PROMOTE AND IMPROVE HEALTHCARE FOR HOSPITALS IN RURAL COMMUNITIES THROUGHOUT WISCONSIN. ONE OF THESE EFFORTS ALSO INCLUDES SOME LOBBYING ON THE PART OF MEMBER ORGANIZATIONS. RWHC DETERMINED THAT APPROXIMATELY \$3,239 OF THE FEES PAID BY MEMORIAL HEALTH CENTER IN 2013 RELATED TO LOBBYING ACTIVITIES WITH THE GOAL OF IMPROVING THE HEALTHCARE ENVIRONMENT IN THE STATE OF WISCONSIN.

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization MEMORIAL HEALTH CENTER INC	Employer identification number 39-0964813
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Part I

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

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

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes☐ No

6

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

7

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

8

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

☐ Yes☐ No

9

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

Part III

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

1a

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

b

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

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

▶\$ _____

(ii) Assets included in Form 990, Part X

▶\$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶\$ _____

b

Assets included in Form 990, Part X

▶\$ _____

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

2a

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

☐ Yes

☐ No

b

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

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	127,536	126,900	131,250	125,787	121,695
b Contributions					
c Net investment earnings, gains, and losses	-196	636	756	5,463	4,092
d Grants or scholarships					
e Other expenditures for facilities and programs			5,106		
f Administrative expenses					
g End of year balance	127,340	127,536	126,900	131,250	125,787

2

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

a

Board designated or quasi-endowment

b

Permanent endowment

94240 %

c

Temporarily restricted endowment

5760 %

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

3a

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

(i)

unrelated organizations

3a(i)

☐ Yes

☐ No

(ii)

related organizations

3a(ii)

☐ Yes

☐

b

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

3b

☐ Yes

☐

4

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		227,478		227,478
b Buildings		29,174,148	13,266,736	15,907,412
c Leasehold improvements				
d Equipment		12,576,761	8,960,176	3,616,585
e Other		5,446,514	1,064,474	4,382,040
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				24,133,515

Schedule D (Form 990) 2012

Part XIReconciliation of Revenue per Audited Financial Statements With Revenue per Return				
1	Total revenue, gains, and other support per audited financial statements			165,587,119
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains on investments	2a	521,062	
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIII)	2d	956,245	
e	Add lines 2a through 2d			2e1,477,307
3	Subtract line 2e from line 1			364,109,812
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b	1,108,830	
c	Add lines 4a and 4b			4c1,108,830
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)			565,218,642

Part XIIReconciliation of Expenses per Audited Financial Statements With Expenses per Return				
1	Total expenses and losses per audited financial statements			157,606,507
2	Amounts included on line 1 but not on Form 990, Part IX, line 25			
a	Donated services and use of facilities	2a		
b	Prior year adjustments	2b		
c	Other losses	2c		
d	Other (Describe in Part XIII)	2d	42,060	
e	Add lines 2a through 2d			2e42,060
3	Subtract line 2e from line 1			357,564,447
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a		
b	Other (Describe in Part XIII)	4b	1,031,849	
c	Add lines 4a and 4b			4c1,031,849
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)			558,596,296

Part XIII

Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	TERM-ENDOWMENT FUNDS HELD BY MEMORIAL HEALTH CENTER FOUNDATION, INC , ANY AMOUNT ABOVE \$120,000 MAY BE USED TO PURCHASE ITEMS FOR THE COUNTRY GARDENS ASSISTED LIVING FACILITY AT MEMORIAL HEALTH CENTER
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, THE ORGANIZATION DETERMINES WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION. IF THE TAX POSITION DOES NOT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD, THE BENEFIT OF THE TAX POSITION IS NOT RECOGNIZED IN THE FINANCIAL STATEMENTS. THE ORGANIZATION IS ALSO ENGAGED, TO A LIMITED EXTENT, IN ACTIVITIES THAT THE INTERNAL REVENUE SERVICE (IRS) CONSIDERS UNRELATED TO ITS EXEMPT PURPOSE AND, THEREFORE, TAXABLE. IF THESE ACTIVITIES RESULT IN NET OPERATING INCOME FOR INCOME TAX PURPOSES, THE ORGANIZATION RECOGNIZES THE ANTICIPATED TAX LIABILITY AND EXPENSE. IF THESE ACTIVITIES RESULT IN NET OPERATING LOSSES FOR INCOME TAX PURPOSES, THE ORGANIZATION DOES NOT RECOGNIZE THE TAX BENEFIT FROM THE NET OPERATING LOSSES THAT WOULD BE REALIZED IN THE FUTURE UNLESS IT CAN BE DETERMINED THAT IT IS REASONABLE THAT SUCH AN ESTIMATED BENEFIT WILL BE REALIZED IN THE FUTURE. CURRENTLY, ANY POTENTIAL DEFERRED TAX ASSET RESULTING FROM THE AVAILABILITY OF NET OPERATING LOSS CARRYFORWARDS IS OFFSET BY A VALUATION ALLOWANCE OF EQUAL AMOUNT. NO DEFERRED TAX ASSETS AND LIABILITIES HAVE BEEN RECOGNIZED SINCE NO OTHER DIFFERENCES EXIST BETWEEN THE FINANCIAL TAX BASES OF REPORTING THE ORGANIZATION'S ASSETS AND LIABILITIES. THE ORGANIZATION'S POLICY IS TO RECOGNIZE INTEREST AND ANY PENALTIES RELATED TO INCOME TAX MATTERS IN INCOME TAX EXPENSE WHEN INCURRED. IN 2013 AND 2012, THERE WERE NO PAYMENTS OF INCOME TAX, TAX PENALTIES, OR INTEREST RELATED TO TAX PENALTIES RECORDED BY THE ORGANIZATION IN THE FINANCIAL STATEMENTS. THE ORGANIZATION RECORDED NO ASSETS OR LIABILITIES FOR UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS IN 2013 OR 2012. FEDERAL RETURNS FOR THE YEARS ENDED JUNE 30, 2010 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE IRS.
PART XI, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSE INCLUDED AS OFFSET TO RENTAL REVENUE 42,060. INTEREST RATE SWAP ADJUSTMENT 914,185.
PART XI, LINE 4B - OTHER ADJUSTMENTS		CHANGE IN INTEREST IN NET ASSETS OF MHC FOUNDATION, INC 76,981. PROVISION FOR BAD DEBTS 588,658. GAIN/LOSS ON SALE OF FIXED ASSETS 4,354. INTEREST RATE SWAP EXPENSE 338,738. LOSS ON EXTINGUISHMENT OF DEBT 100,099.
PART XII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSE INCLUDED AS OFFSET TO RENTAL REVENUE 42,060.
PART XII, LINE 4B - OTHER ADJUSTMENTS		GAIN/LOSS ON SALE OF FIXED ASSETS 4,354. PROVISION FOR BAD DEBTS 588,658. INTEREST RATE SWAP EXPENSE 338,738. LOSS ON THE EXTINGUISHMENT OF DEBT 100,099.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			1,123,072		1,123,072	1 940 %
b Medicaid (from Worksheet 3, column a)			11,382,100	9,873,647	1,508,453	2 600 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			768,130	691,173	76,957	0 130 %
d Total Financial Assistance and Means-Tested Government Programs			13,273,302	10,564,820	2,708,482	4 670 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			242,973	3,720	239,253	0 410 %
f Health professions education (from Worksheet 5)			14,955		14,955	0 030 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			17,047		17,047	0 030 %
j Total Other Benefits			274,975	3,720	271,255	0 470 %
k Total. Add lines 7d and 7j			13,548,277	10,568,540	2,979,737	5 140 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development		59,810		59,810	0 100 %
9	Other					
10	Total		59,810		59,810	0 100 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

311,999

3

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

3

0

4

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

Section B. Medicare

5

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

5

9,387,461

6

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

6

9,662,972

7

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

7

-275,511

8

Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.
☐ Cost accounting system ☒ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a

Did the organization have a written debt collection policy during the tax year?

9a

Yes

b

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

9b

No

Part IV

Management Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	MEMORIAL HEALTH CENTER INC 135 SOUTH GIBSON STREET MEDFORD,WI 54451	X	X			X		X			

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

MEMORIAL HEALTH CENTER INC

Name of hospital facility or facility reporting group

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

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	☒ A definition of the community served by the hospital facility		
b	☒ Demographics of the community		
c	☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	☒ How data was obtained		
e	☒ The health needs of the community		
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	☒ The process for consulting with persons representing the community's interests		
i	☒ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	☐ Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	☒ Hospital facility's website		
b	☒ Available upon request from the hospital facility		
c	☐ Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	☒ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	☒ Execution of the implementation strategy		
c	☐ Participation in the development of a community-wide plan		
d	☐ Participation in the execution of a community-wide plan		
e	☒ Inclusion of a community benefit section in operational plans		
f	☒ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	☒ Prioritization of health needs in its community		
h	☒ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	☐ Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>300 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes
a ☒ Income level			
b ☒ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?		13	Yes
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes
a ☒ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☒ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		17	Yes
a ☒ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☒

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

☒

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

☒

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

☐

Other (describe in Part VI)

Policy Relating to Emergency Medical Care

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

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

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

Part V

Facility Information (continued)

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

How many non-hospital health care facilities did the organization operate during the tax year?
11

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

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C PART I, LINE 3C IN ADDITION TO THE FPG THE APPLICANT MUST PASS THE FOLLOWING TESTS THE PATIENT/GUARANTOR, HUSBAND OR WIFE, AND DEPENDENTS MAY NOT HAVE PROPERTY IN EXCESS OF 1- LAND AND HOME WITH EQUITY IN EXCESS OF \$50,000 (FINANCIAL STATEMENTS AND TAX BILLS ARE REQUIRED) INCOME PRODUCING LAND (E G DAIRY FARM) IS EXCLUDED FROM THIS EQUITY CALCULATION MEMORIAL HEALTH CENTER ALSO HAS A SLIDING SCALE FOR EQUITY EXCEPTIONS THAT GOES TO \$100,000 BASED ON WHERE THE PATIENT FALLS WITHIN THE POVERTY GUIDELINES 2-CASH ASSETS IN EXCESS OF \$3,000 AT THE TIME OF APPLICATION MEMORIAL HEALTH CENTER ALSO HAS A SLIDING SCALE FOR CASH EXCEPTIONS THAT GOES TO \$7,000 BASED ON WHERE THE PATIENT FALLS WITHIN THE POVERTY GUIDELINES SPECIFICALLY EXCLUDED FROM CONSIDERATION ARE IRA, PENSION PLANS, AND IRREVOCABLE BURIAL TRUST FUNDS
		PART I, LINE 7 THE COSTING METHODOLOGY USED ON FORM 990 IS BASED ON A COST TO CHARGE RATIO WHICH IS DEVELOPED BASED ON THE ORGANIZATION'S TOTAL OPERATING EXPENSES, EXCLUDING THE PROVISION FOR BAD DEBTS DIVIDED BY GROSS PATIENT SERVICE REVENUES THIS COST TO CHARGE RATIO IS APPLIED AGAINST VARIOUS REVENUE AND EXPENSE CATEGORIES TO COMPUTE THE ESTIMATED COMMUNITY BENEFIT EXPENSE UNDER IRS SUGGESTED COSTING METHODS FOR THE FORM 990

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 588658
		PART II ONE OF THE LARGER COMMUNITY BUILDING ACTIVITIES MEMORIAL HEALTH CENTER IS INVOLVED IN IS GETTING PHYSICIANS AND HEALTHCARE WORKERS TO OUR AREA TO IMPROVE THE ACCESS TO HEALTHCARE NEEDS IN OUR SERVICE AREA MEMORIAL HEALTH CENTER ALSO PROMOTES HEALTH CARE RELATED JOBS AND EDUCATION TO THE STUDENTS IN THE COMMUNITY WHILE THERE IS A GROWING AGREEMENT IN THE UNITED STATES ABOUT WHAT CONSTITUTES A NON-PROFIT HOSPITAL'S "COMMUNITY BENEFIT," THESE EFFORTS CONTINUE TO BE A WORK IN PROGRESS MEMORIAL HEALTH CENTER PROVIDES SIGNIFICANT CHARITY CARE AND OTHER COMMUNITY BENEFITS AS DEFINED BY THE IRS AND IN ADDITION, THE ORGANIZATION BELIEVES THAT IT PROVIDES A CRITICALLY IMPORTANT COMMUNITY BENEFIT WHICH IS NOT QUANTIFIED MEMORIAL HEALTH CENTER, LIKE MOST COMMUNITY HOSPITALS, WAS CREATED AND MAINTAINED IN ORDER TO PROVIDE CARE LOCALLY WHICH WITHOUT THE HOSPITAL WOULD NOT BE AVAILABLE LOCALLY BEYOND INPATIENT HOSPITALIZATIONS, THE ORGANIZATION PROVIDES LOCAL ACCESS TO MANY HEALTH SERVICES INCLUDING BIRTHING AND FAMILY CENTER, DIAGNOSTICS, EMERGENCY SERVICES, URGENT CARE, RENAL DIALYSIS, INFUSION SERVICES, SWING BED SERVICES, NURSING HOME SERVICES, ASSISTED LIVING SERVICES, CLINICAL SERVICES, LABORATORY SERVICES, REHABILITATION SERVICES, SPECIALTY MEDICINE, PHARMACY SERVICES, SPEECH PATHOLOGY, SURGICAL SERVICES, WOMEN'S SERVICES, AND AMBULANCE SERVICES, TO NAME SOME OF THE MAJOR SERVICES PROVIDED

Identifier	ReturnReference	Explanation
		PART III, LINE 4 MANAGEMENT PROVIDES FOR PROBABLE UNCOLLECTIBLE AMOUNTS, PRIMARILY UNINSURED PATIENTS AND AMOUNTS FOR WHICH PATIENTS ARE PERSONALLY RESPONSIBLE, THROUGH A CHARGE TO OPERATIONS AND A CREDIT TO A VALUATION ALLOWANCE BASED ON ITS ASSESSMENT OF HISTORICAL COLLECTION LIKELIHOOD AND THE CURRENT STATUS OF INDIVIDUAL ACCOUNTS BALANCES THAT ARE STILL OUTSTANDING AFTER MANAGEMENT HAS USED REASONABLE COLLECTION EFFORTS ARE WRITTEN OFF THROUGH A CHARGE TO THE VALUATION ALLOWANCE AND A CREDIT TO ACCOUNTS RECEIVABLE THE COSTING METHODOLOGY USED ON FORM 990 IS BASED ON A COST TO CHARGE RATIO WHICH IS DEVELOPED BASED ON THE ORGANIZATION'S TOTAL OPERATING EXPENSES, EXCLUDING THE PROVISION FOR BAD DEBTS DIVIDED BY GROSS PATIENT SERVICE REVENUES THIS COST TO CHARGE RATIO IS APPLIED AGAINST THE TOTAL CHARGES THAT ARE WRITTEN OFF DURING THE FISCAL YEAR TO ESTIMATE THE COST OF THE CARE OF PATIENTS THAT HAVE ACCOUNTS THAT ARE DEEMED TO BE BAD DEBTS TO THE ORGANIZATION THE ORGANIZATION ALSO RECOGNIZES THAT IT ALSO PROVIDES A DISCOUNT TO SELF-PAY OR UNINSURED PATIENTS THESE AMOUNTS ARE INCLUDED IN THE CONTRACTUAL ADJUSTMENTS ON THE FINANCIAL STATEMENTS AND ARE NOT INCLUDED IN THE RATIO AS DESCRIBED ABOVE AND APPROVED BY THE IRS FOR USE ON FORM 990 IF CONSIDERED, THESE ADDITIONAL WRITE-OFF AMOUNTS TO UNINSURED ACCOUNTS WOULD ALSO INCREASE THE ESTIMATED BAD DEBT EXPENSE AMOUNT ASSOCIATED WITH THESE UNCOLLECTIBLE ACCOUNTS TO THE ORGANIZATION
		PART III, LINE 8 THE TOTAL MEDICARE REVENUE SHOWN IN SCHEDULE H OF THE FORM 990 IS BASED ON THE IRS 990 INSTRUCTIONS AND INCLUDES ONLY A PORTION OF THE GROSS MEDICARE REVENUE OF THE ORGANIZATION AND ALSO DOES NOT CONSIDER CONTRACTUAL ADJUSTMENTS FOR THE REIMBURSEMENT THAT IS ACTUALLY RECEIVED FROM THE MEDICARE PROGRAM AMOUNTS LISTED FOR MEDICARE REVENUES DO NOT INCLUDE SIGNIFICANT PORTIONS OF LABORATORY, RADIOLOGY, AMBULANCE, AND REHABILITATION SERVICES PROVIDED TO MEDICARE BENEFICIARIES AS WELL AS PHYSICIAN SERVICES FOR THE COVERAGE OF THE EMERGENCY DEPARTMENT, ANESTHESIA PROFESSIONAL SERVICES, CLINICAL PHYSICIAN PROFESSIONAL SERVICES, SURGICAL PHYSICIAN PROFESSIONAL SERVICES, AND REVENUES FOR ANY PATIENTS COVERED UNDER MEDICARE ADVANTAGE PLAN PROGRAMS PHYSICIAN SERVICES ARE REIMBURSED PRIMARILY ON FEE SCHEDULE REIMBURSEMENT AT RATES THAT ARE OFTEN BELOW THE COSTS OF CARING FOR PATIENTS EMERGENCY, SURGICAL, AND CLINICAL SERVICES PROVIDED TO MEDICARE PATIENTS ARE VITAL TO THE WELL-BEING OF THE COMMUNITY AND AS SUCH THESE COSTS AND SHORTFALLS SHOULD ALSO BE CONSIDERED AS AN ADDITIONAL BENEFIT THAT MEMORIAL HEALTH CENTER PROVIDES TO THE COMMUNITY AND SURROUNDING AREAS THE COSTING METHOD USED ABOVE FOR IRS 990 COMPLIANCE REPORTING IS ALSO BASED ON THE FILED MEDICARE COST REPORT FOR THE YEAR ENDED JUNE 30, 2013 AND DOES NOT CONSIDER MEDICARE NON-ALLOWABLE EXPENSES AS IT IS BASED ON TOTAL HOSPITAL PATIENT SERVICES REVENUES (IGNORING CONTRACTUAL ADJUSTMENTS ON FEE SCHEDULE REIMBURSED ITEMS AND NON-ALLOWABLE MEDICARE EXPENSES AS NOTED ABOVE) WHETHER THERE IS A SHORTFALL OR SURPLUS ON SERVICES PROVIDED TO MEDICARE BENEFICIARIES, THESE PEOPLE, WHICH ARE TYPICALLY ELDERLY OR DISABLED MEMBERS OF THE COMMUNITY, ARE AN UNDERSERVED POPULATION WHO EXPERIENCE ISSUES WITH ACCESS TO HEALTHCARE SERVICES WITHOUT TAX-EXEMPT HOSPITALS PROVIDING MEDICARE PATIENT SERVICES, THE CENTERS FOR MEDICARE AND MEDICAID (CMS) WOULD BEAR THE BURDEN OF DIRECTLY PROVIDING THE SERVICES TO THE ELDERLY AND DISABLED MEMBERS OF THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 9B MEMORIAL HEALTH CENTER MAKES PATIENTS AWARE OF FINANCIAL ASSISTANCE POLICIES AT VARIOUS POINTS DURING THE SERVICE AND PAYMENT COLLECTION PROCESS
MEMORIAL HEALTH CENTER, INC		PART V, SECTION B, LINE 3 MEMORIAL HEALTH CENTER GATHERED QUALITATIVE INFORMATION AND PERSPECTIVES ON COMMUNITY HEALTH NEEDS THROUGH TWO ROUNDS OF ONE-ON-ONE AND SMALL GROUP INTERVIEWS WITH KEY COMMUNITY STAKEHOLDERS THE PRIMARY GOAL OF THESE INTERVIEWS WAS TO ASCERTAIN A RANGE OF PERSPECTIVES ON THE COMMUNITY'S HEALTH NEEDS MEMORIAL HEALTH CENTER GATHERED INFORMATION FROM THE FOLLOWING SPECIFIED GROUPS WITHIN THE COMMUNITY - PEOPLE WITH SPECIAL KNOWLEDGE OR EXPERTISE IN PUBLIC HEALTH- FEDERAL, TRIBAL, REGIONAL, STATE OR LOCAL HEALTH OR OTHER DEPARTMENTS OR AGENCIES, WITH CURRENT DATA OR OTHER INFORMATION RELEVANT TO THE HEALTH NEEDS OF THE COMMUNITY SERVED BY THE HOSPITAL FACILITY- LEADERS, REPRESENTATIVES OR MEMBERS OF MEDICALLY UNDERSERVED POPULATIONS- LEADERS, REPRESENTATIVES OR MEMBERS OF LOW-INCOME POPULATIONS- LEADERS, REPRESENTATIVES OR MEMBERS OF MINORITY POPULATIONS- LEADERS, REPRESENTATIVES OR MEMBERS OF POPULATIONS WITH CHRONIC DISEASE NEEDSINDIVIDUALS FROM EACH GROUP LISTED ABOVE PARTICIPATED IN THE COMMUNITY HEALTH NEEDS PROCESS BY CONTRIBUTING THEIR PERSPECTIVES, OPINIONS AND OBSERVATIONS IN ADDITION TO INTERVIEWS, MEMORIAL HEALTH CENTER, INC ALSO CONDUCTED THREE COMMUNITY FORUMS, TITLED "LISTENING SESSIONS" TO GET BROADER INPUT FROM THE GENERAL PUBLIC THE FORUMS WERE ADVERTISED THROUGH LOCAL NEWSPAPER, RADIO, FLYERS AND WORD-OF-MOUTH FROM THE INTERVIEWS AND FORUMS, KEY OR PRIORITY NEEDS WERE IDENTIFIED TO BE ADDRESSED AS A RESULT OF THE INFORMATION GATHERED ON HEALTH NEEDS IN THE COMMUNITY AND PRIMARY SERVICE AREA OF MEMORIAL HEALTH CENTER, INC

Identifier	ReturnReference	Explanation
MEMORIAL HEALTH CENTER, INC		PART V, SECTION B, LINE 7 THERE WERE ITEMS IDENTIFIED IN THE CHNA WHICH WERE NOT ADDRESSED BY MEMORIAL HEALTH CENTER, HOWEVER, ALL ITEMS WERE CONSIDERED IF A NEED WAS BROUGHT TO THE ATTENTION OF THE GROUP DURING THE INFORMATION GATHERING PHASE OF THE CHNA PROCESS SEVERAL OF THE ITEMS WHICH WERE NOT ADDRESSED PRIMARILY WERE NOT ADDRESSED DUE TO THE FINANCIAL CONSTRAINT OF PROVIDING THE SERVICE FOR A LIMITED POPULATION OF PEOPLE WITHIN THE PRIMARY SERVICE AREA MEMORIAL HEALTH CENTER, INC ALSO CONSIDERED STAFFING RESOURCES IN ADDITION TO FINANCIAL CONSIDERATIONS TO ENSURE THAT THERE ARE ENOUGH PERSONNEL RESOURCES AVAILABLE FOR ANY PROGRAMS THAT MAY NOT CURRENTLY BE OFFERED BY THE HOSPITAL DUE TO THE FINANCIAL AND STAFFING CONSTRAINTS, THE HOSPITAL HAS DETERMINED THE TOP THREE PRIORITIES THAT THEY WILL FOCUS THEIR ATTENTION ON, AS THESE ISSUES WERE THE MOST CRITICAL AND SIGNIFICANT WORK NEEDS TO BE DONE IN THESE AREAS OVER THE NEXT THREE YEARS AS THE IMPLEMENTATION STRATEGY IS IMPLEMENTED, THE HOSPITAL PLANS TO CONTINUALLY EVALUATE THE BENEFITS PROVIDED TO COMMUNITY MEMBERS TO ENSURE THAT HEALTH NEEDS ARE MET WHENEVER POSSIBLE
MEMORIAL HEALTH CENTER, INC		PART V, SECTION B, LINE 20D MEMORIAL HEALTH CENTER PROVIDES DISCOUNTS FROM ITS STANDARD PATIENT CHARGE AMOUNTS FOR ELIGIBLE PATIENTS UNDER ITS FINANCIAL AID DISCOUNT POLICY QUALIFYING PATIENTS RECEIVING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, AS DEFINED BY THE POLICY, WHO HAVE FAMILY INCOME UP TO 150% OF THE FEDERAL POVERTY GUIDELINES WILL NOT BE CHARGED FOR THESE SERVICES AND QUALIFYING PATIENTS WITH FAMILY INCOME BETWEEN 150% AND 300% OF THE FEDERAL POVERTY GUIDELINES WILL BE OFFERED A DISCOUNT ON A SLIDING SCALE FROM 25% TO 75% OF THE STANDARD CHARGE WITH A MINIMUM PATIENT COPAY OF \$10 PATIENTS ALSO WILL BE OFFERED PAYMENT ARRANGEMENTS BASED ON MEMORIAL HEALTH CENTER'S POLICIES, SO IF A COPAY AMOUNT AFTER DISCOUNT IS BURDENSOME TO PAY AT ONE TIME, A PATIENT MAY PAY THESE AMOUNTS OVER TIME PATIENTS WILL ALSO BE PROVIDED EMERGENCY MEDICAL CARE PRIOR TO PAYMENT DETERMINATIONS AS IT IS THE GOAL OF MEMORIAL HEALTH CENTER THAT CONCERNS OVER A HOSPITAL BILL SHOULD NEVER GET IN THE WAY OF A PATIENT RECEIVING ESSENTIAL HEALTH SERVICES

Identifier	ReturnReference	Explanation
	PART V, SECTION B, LINE 5A	THE COMMUNITY HEALTH NEEDS ASSESSMENT CAN BE ACCESSED ON THE HOSPITAL'S WEBSITE AT WWW.MEMHC.ORG
		PART VI, LINE 2 MEMORIAL HEALTH CENTER UTILIZES SEVERAL METHODS IN ASSESSING COMMUNITY HEALTH CARE NEEDS. SOME OF THEM ARE AS FOLLOWS: WORKING CLOSELY WITH THE LOCAL HEALTH DEPARTMENT, SCHOOL DISTRICT, COUNTY AGING DEPARTMENT AND OTHER ORGANIZATIONS IN THE COMMUNITY, DEMOGRAPHIC DATA FROM SURROUNDING COMMUNITIES, AND EXTERNAL REPORTS, PARTICULARLY THOSE PUBLISHED BY THE LOCAL DEPARTMENT OF HEALTH. MEMORIAL HEALTH CENTER, AT THE END OF FISCAL YEAR 2013, COMPLETED A COMMUNITY HEALTH NEEDS ASSESSMENT REPORT AND WILL USE THE DATA AND FINDINGS OF THIS REPORT TO GUIDE THE ORGANIZATION IN THE FUTURE TO BE ABLE TO RESPOND TO THOSE NEEDS.

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 AT THE TIME OF REGISTRATION ALL PATIENTS WILL BE ASKED IF THEY HAVE HEALTH INSURANCE IF NOT, THEY WILL BE PROVIDED THE MEMORIAL HEALTH CENTER COMMUNITY CARE APPLICATION AND COMMUNITY CARE PROGRAM GUIDELINES INFORMATION SHEET ANY PATIENT REQUESTING ADDITIONAL INFORMATION ABOUT THE COMMUNITY CARE PROGRAM WILL BE REFERRED TO A FINANCIAL COUNSELOR, WHO WILL EXPLAIN THE PROGRAM AND ITS ELIGIBILITY CRITERIA ALL GOVERNMENT ASSISTANCE PROGRAMS SUCH AS MEDICAL ASSISTANCE, BADGER CARE, AND GENERAL RELIEF MUST BE EXHAUSTED BEFORE APPLYING FOR COMMUNITY CARE THIS INFORMATION IS ASLO AVAILABLE TO PATIENTS DURING THEIR VISIT AT MEMORIAL HEALTH CENTER, ON THE BILLING STATEMENT, AND OFFERED AGAIN DURING THE COLLECTION PROCESS
		PART VI, LINE 4 ALTHOUGH MEMORIAL HEALTH CENTER IS LOCATED IN MEDFORD, WISCONSIN, WE HAVE HISTORICALLY DEFINED OUR "COMMUNITY" AS A MUCH BROADER AREA, INCLUDING ALL OF TAYLOR COUNTY, THE SOUTHERN AREA OF PRICE COUNTY, THE NORTHEAST PORTION OF CLARK COUNTY AND THE NORTHWEST CORNER OF MARATHON COUNTY WITHIN THIS AREA OUR PRIMARY SERVICE AREA CONSISTS OF A 5 TO 20 MILE RADIUS AROUND MEDFORD IN THE LAST TWO YEARS APPROXIMATELY 60% OF OUR PATIENT VOLUME HAS COME FOR THE PRIMARY AREA AND 95% FROM WITHIN OUR COMMUNITY TAYLOR AND PRICE COUNTIES ARE LARGELY CAUCASIAN AND ARE ALMOST EXCLUSIVELY RURAL WITH 13 2% OF ADULTS BEING UNINSURED AND 23 8% OF CHILDREN ARE ELIGIBLE FOR FREE SCHOOL LUNCHES THE MEDIAN HOUSEHOLD INCOMES IN TAYLOR AND PRICE COUNTIES ARE BOTH BELOW THE STATE AVERAGE, WHILE THE STATE AVERAGE IS ALSO BELOW THE NATIONAL AVERAGE THE MAJOR OCCUPATIONS IN THE COMMUNITY ARE MANUFACTURING, TRADE/TRANSPORTATION/UTILITIES, EDUCATION AND HEALTH, WHICH INCLUDES MEMORIAL HEALTH CENTER

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 MEMORIAL HEALTH CENTER IS IN A PHYSICIAN SHORTAGE AREA AND WORKS HARD TO RECRUIT PROVIDERS TO OUR AREA TO FILL THE NEEDS OF OUR COMMUNITY WE ALSO HAVE EMPLOYEES THAT ARE REPRESENTING MEMORIAL HEALTH CENTER AND ARE ACTIVE IN OTHER GROUPS TO HELP IN BUILDING COMMUNITY EFFORTS TO IMPROVE HEALTHCARE IN OUR SERVICE AREA MEMORIAL HEALTH CENTER ALSO GIVES CASH DONATIONS TO PROGRAMS THAT ADDRESS THE ROOT CAUSES OF HEALTH PROBLEMS IN THE COMMUNITY THE MAJORITY OF MEMORIAL HEALTH CENTER'S GOVERNING BODY IS COMPRISED OF RESIDENTS THAT ARE IN MEMORAL HEALTH CENTER'S PRIMARY SERVICE ARE WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF THE FAMILY MEMBERS THEREOF MEMORIAL HEALTH CENTER ALSO EXTENDS MEDICAL PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY TO INSURE THAT OUR SERVICE AREA HAS THE HEALTHCARE NEEDED
		PART VI, LINE 6 MEMORIAL HEALTH CENTER IS A PARTNER WITH ASPIRUS, INC A MULTI-SPECIALTY HEALTH SYSTEM WITH A BASE LOCATION IN WAUSAU, WISCONSIN MEMORIAL HEALTH CENTER WORKS WITH ASPIRUS TO PROMOTE HEALTH AND WELLNESS INITIATIVES IN THE COMMUNITIES THEY SERVE AS NOTED PREVIOUSLY IN THE FORM 990, A NUMBER OF REPRESENTATIVES FROM ASPIRUS HAVE ROLES ON THE BOARD OF DIRECTORS OF MEMORIAL HEALTH CENTER AND TOGETHER PROMOTE THE MISSION OF ASPIRUS ASPIRUS IS AN INTEGRATED, COMMUNITY-GOVERNED HEALTHCARE SYSTEM, WHICH LEADS BY ADVANCING INITIATIVES TO IMPROVING THE HEALTH OF ALL IT SERVES ASPIRUS WORKS COLLABORATIVELY WITH OTHERS WHO SHARE ITS PASSION FOR EXCELLENCE AND COMPASSION FOR PEOPLE ASPIRUS AND MEMORIAL HEALTH CENTER WORK COLLABORATIVELY TO STREAMLINE PROCESSES TO CONTINUE TO PROVIDE HIGH QUALITY CARE TO MEMBERS OF COMMUNITIES WHICH OTHERWISE WITHOUT THE EFFORTS OF A COMBINED PARTNERSHIP MAY NOT HAVE ACCESS TO THIS CARE LOCALLY

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

Additional Data

Software ID:

Software Version:

EIN: 39-0964813

Name: MEMORIAL HEALTH CENTER INC

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

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

11

Name and address	Type of Facility (describe)
MEMORIAL HEALTH CENTER - MEDFORD CLINIC 143 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL NURSING AND REHAB CENTER 135 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEDICAL CENTER PHARMACY 139 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEDFORD THERAPY AND FITNESS 103 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
COUNTRY GARDENS ASSISTED LIVING 635 WEST CEDAR STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
KIDNEY CARE 111 SOUTH GIBSON STREET MEDFORD, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - PRENTICE CLINIC 1511 RAILROAD AVENUE PRENTICE, WI 54456	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - PHILLIPS CLINIC 625 PETERSON AVENUE PHILLIPS, WI 54555	OUTPATIENT CLINIC
PRENTICE THERAPY AND FITNESS 619 BRIDGE STREET PRENTICE, WI 54456	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - RIB LAKE 1121 HIGHWAY 102 RIB LAKE WI, WI 54451	OUTPATIENT CLINIC
MEMORIAL HEALTH CENTER - GILMAN CLINIC 320 EAST MAIN STREET MEDFORD, WI 54433	OUTPATIENT CLINIC

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
MEMORIAL HEALTH CENTER INC

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

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

OMB No 1545-0047

2012

Open to Public
Inspection

Employer identification number
39-0964813

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2

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

▶

3

Enter total number of other organizations listed in the line 1 table

▶

Part III

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

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

Part IV

Supplemental Information.

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 AS A MAJOR EMPLOYER AND COMMUNITY SUPPORTER, MEMORIAL HEALTH CENTER, RECEIVES MANY REQUESTS FOR DONATIONS OF BOTH MONEY AND MATERIAL GOODS BY VARIOUS LOCAL AGENCIES AND INDIVIDUALS AS A NONPROFIT, MEMORIAL HEALTH CENTER MUST CONTINUOUSLY JUSTIFY ITS TAX-EXEMPT STATUS TO THE IRS MEMORIAL HEALTH CENTER NEEDS TO UTILIZE ITS RESOURCES AND ENDORSE THOSE ACTIVITIES THAT SUPPORT ITS TAX-EXEMPT PURPOSE, WHICH IS TO PROVIDE HEALTH CARE SERVICES AND PROMOTE HEALTH AND WELLNESS TO THE COMMUNITIES IT SERVES REQUESTS ARE CHanneled IN A WAY THAT MAXIMIZES BENEFIT TO THE COMMUNITY AND ASSURES COMPLIANCE WITH CORPORATE NOT-FOR-PROFIT RULES MEMORIAL HEALTH CENTER'S WRITTEN DONATIONS POLICY OUTLINES ACCEPTABLE RECIPIENTS AND APPROPRIATE OBJECTIVES PRIOR TO AWARDING ANY ASSISTANCE DUE TO THE CHARITABLE NATURE OF THE GRANTS AND ALLOCATIONS AWARDED, NO FORMAL MONITORING IS REQUIRED

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Travel for companions ☒ Tax idemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e g , maid, chauffeur, chef)		
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	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?	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 ☐ Form 990 of other organizations ☒ Written employment contract ☐ Compensation survey or study ☒ Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment?		No
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		No
Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a The organization?		No
b Any related organization? If "Yes," to line 5a or 5b, describe in Part III		No
6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a The organization?		No
b Any related organization? If "Yes," to line 6a or 6b, describe in Part III		No
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		No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

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

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

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

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	PART I, LINE 1A TAX INDEMNIFICATION AND GROSS-UP PAYMENTS - E BRANSTETTER \$8,061, M YOUNG \$925, A HYLTON \$1,277, S FRAZIER \$1,192, T SENNHOLZ \$1,292, T FLANDERMAYER \$3,500, A FALKENBERG \$1,163, L PECK \$1,257, - INCLUDED IN TAXABLE COMPENSATION
	PART I, LINE 4B	THE ORGANIZATION SPONSORS A NONQUALIFIED TAX EQUALIZED ANNUITY PLAN COVERING EMPLOYED PHYSICIANS. PHYSICIANS ARE ELIGIBLE TO PARTICIPATE IN THE PLAN AFTER ONE YEAR OF SERVICE. PARTICIPANTS IN THE PLAN ARE IMMEDIATELY 100% VESTED. CONTRIBUTIONS TO THE PLAN: E BRANSTETTER \$21,331, T FLANDERMAYER \$11,371.

Software ID:
Software Version:
EIN: 39-0964813
Name: MEMORIAL HEALTH CENTER INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
SUSAN FRAZIER	(i) (ii)	180,012 0	0 0	8,537 0	8,158 0	7,162 0	203,869 0	0 0
ERIK T BRANSTETTER	(i) (ii)	511,041 0	145,212 0	21,568 0	12,358 0	21,618 0	711,797 0	0 0
TERRIE FLANDERMAYER	(i) (ii)	127,459 0	0 0	12,629 0	5,005 0	7,569 0	152,662 0	0 0
ALECIA HYLTON	(i) (ii)	263,894 0	0 0	10,919 0	12,358 0	24,840 0	312,011 0	0 0
GREGORY A OLSON	(i) (ii)	258,828 0	46,567 0	12,611 0	12,358 0	12,367 0	342,731 0	0 0
LORI P PECK	(i) (ii)	146,434 0	21,257 0	10,269 0	6,144 0	508 0	184,612 0	0 0
SCOTT T BUSKERUD	(i) (ii)	262,064 0	4,484 0	11,194 0	12,358 0	21,030 0	311,130 0	0 0
AMY A FALKENBERG	(i) (ii)	330,862 0	0 0	5,908 0	12,358 0	30,914 0	380,042 0	0 0
TROY D SENNHOLZ	(i) (ii)	317,453 0	1,050 0	11,651 0	12,358 0	25,778 0	368,290 0	0 0
RYAN DIEGEL	(i) (ii)	242,451 0	0 0	10,919 0	10,603 0	20,885 0	284,858 0	0 0
MARGARET S YOUNG	(i) (ii)	310,054 0	40,000 0	2,964 0	0 0	25,583 0	378,601 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A WI HEALTH & EDUCATION FACILITIES AUTHORITY	39-1337855	S86951160	04-12-2013	15,665,000	CONSTRUCT, RENOVATE, AND EQUIP FACILIITIES		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	16,902,595							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	16,902,595							
12	Other unspent proceeds								
13	Year of substantial completion	2006							
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?		X						
15	Were the bonds issued as part of an advance refunding issue?	X							
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Identifier	Return Reference	Explanation
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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization MEMORIAL HEALTH CENTER INC	Employer identification number 39-0964813
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Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
Total ▶ \$											

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) SUE COURTNEY MHC QUALITY DIRECTOR	FAMILY MEMBER OF G COURTNEY, BOARD MEMBER	89,319	EMPLOYMENT COMPENSATION		No
(2) UMR INC (SUBSIDIARY OF UNITED HEALTH GROUP INC)	BRUCE CZECH IS THE BOARD CHAIR AND CFO OF UMR, INC	849,786	THE ORGANIZAITON CONTRACTS WITH UMR TO ADMINISTER THE SELF-INSURED HEALTH PLAN		No
(3) MEGAN COURTNEY MHC PHLEBOTOMISTLAB ASSIT	FAMILY MEMBER OF G COURTNEY, BOARD MEMBER	12,525	EMPLOYMENT COMPENSATION		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public
Inspection

Name of the organization MEMORIAL HEALTH CENTER INC	Employer identification number 39-0964813
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	DUANE L ERWIN, MARITA A HATTEM, JEANNE D SCINTO, AND F DEAN DANNER, JR HAVE A BUSINESS RELATIONSHIP THESE BOARD MEMBERS ARE EMPLOYED BY ASPIRUS, INC AND IT'S AFFILIATES (SEE INFORMATION RELATED TO ASPIRUS, INC DESCRIBED IN FORM 990, PART VI, SECTION A, LINES 6 AND 7)

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	THE ORGANIZATION'S CORPORATE MEMBERS ARE MEMORIAL MEMBER ASSOCIATION, INC AND ASPIRUS, INC , BOTH WISCONSIN NONSTOCK CORPORATIONS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	THE ORGANIZATION'S BOARD OF DIRECTORS IS ELECTED AS FOLLOWS (A) FOUR DIRECTORS ARE APPOINTED BY MEMORIAL MEMBER ASSOCIATION (B) FOUR DIRECTORS ARE APPOINTED BY ASPIRUS (C) FOUR DIRECTORS ARE APPOINTED BY OR REPRESENT PHYSICIANS ASSOCIATED WITH THE CORPORATION AS FOLLOWS (1) TWO PHYSICIAN DIRECTORS ARE PHYSICIANS EMPLOYED BY THE CORPORATION WHO ARE ELECTED BY THE PHYSICIANS EMPLOYED BY THE CORPORATION (2) ONE PHYSICIAN DIRECTOR IS A MEMBER OF THE ACTIVE MEDICAL STAFF AND IS ELECTED BY THE MEMBERS OF THE MEDICAL STAFF OF THE CORPORATION (3) ONE PHYSICIAN DIRECTOR IS THE CHIEF OF STAFF THE CHIEF OF STAFF IS ELECTED BY THE MEDICAL STAFF ON AN ANNUAL BASIS, AND IS SEATED ON THE MEMORIAL HEALTH CENTER BOARD FOR HIS/HER TERM AS CHIEF OF STAFF

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	POWERS RESERVED TO THE CORPORATE MEMBERS IN ADDITION TO DOING ALL THINGS REQUIRED BY LAW AND EXCEPT AS OTHERWISE PROVIDED, THE CORPORATE MEMBERS HAVE THE FOLLOWING SPECIFIC RIGHTS AND RESPONSIBILITIES (A) INITIATE AND APPROVE ANY CHANGE IN THE PHILOSOPHY, CHARACTER, OR MISSION OF THE CORPORATION AND APPROVE THE LONG-RANGE GOALS, STRATEGIC PLANS, AND OVERALL PURPOSES (B) INITIATE AND APPROVE ALL AMENDMENTS TO THE ARTICLES OF INCORPORATION AND BYLAWS OF THE CORPORATION AND ALL SUBSIDIARIES (C) INITIATE AND APPROVE THE ADDITION OF NEW MEMBERS OF THE CORPORATION (D) INITIATE AND APPROVE THE ESTABLISHMENT, TRANSFER AND/OR DISSOLUTION OF ANY SUBSIDIARY CORPORATIONS (E) INITIATE AND APPROVE BORROWING OF MONEY AND OTHER FORMS OF INDEBTEDNESS IN EXCESS OF \$1,000,000 (F) INITIATE AND APPROVE THE PURCHASE, SALE, LEASE, DISPOSITION, ENCUMBRANCE OR ALIENATION OF PROPERTY WITH A VALUE IN EXCESS OF \$1,000,000 (G) INITIATE AND APPROVE ANY PLAN OF DISSOLUTION OR MERGER, CONSOLIDATION, ACQUISITION OR DISPOSITION OF REAL PROPERTY, OR RELOCATION OF THE FACILITIES (H) INITIATE AND APPROVE STRATEGIC ALLIANCES AND AFFILIATIONS OF THE CORPORATION (I) INITIATE AND APPROVE THE DISTRIBUTION OF THE NET PROCEEDS AND ASSETS OF THE CORPORATION IN THE EVENT OF DISSOLUTION (J) APPROVE THE SELECTION OF THE CEO OF THIS CORPORATION

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	A DRAFT COPY OF THE FORM 990 WAS PRESENTED BY THE CFO TO THE FULL BOARD WHO REVIEWED VARIOUS AREAS OF INTEREST AND ASKED ANY QUESTIONS ANY CHANGES IDENTIFIED DURING THIS REVIEW WERE MADE PRIOR TO FILING THE FORM 990 WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EACH BOARD MEMBER AND EMPLOYEE SHALL DISCLOSE TO THE APPROPRIATE LEVEL OF MANAGEMENT ANY CIRCUMSTANCE UNDER WHICH THE BOARD MEMBER, EMPLOYEE, OR AN IMMEDIATE FAMILY MEMBER, BY VIRTUE OF A FINANCIAL INTEREST, MAY BE INFLUENCED, OR MAY APPEAR TO BE INFLUENCED, EITHER IN WHOLE OR IN PART, BY ANY PURPOSE OR MOTIVE OTHER THAN THE SUCCESS AND WELL BEING OF THE ORGANIZATION AND ITS SUBSIDIARIES AND THE ACHIEVEMENT OF ITS PUBLIC CHARITABLE PURPOSES. PRIOR TO ENTERING INTO ANY ARRANGEMENT WITH AN OUTSIDE ORGANIZATION, INDIVIDUALS MUST DISCLOSE POTENTIAL CONFLICTS OF INTEREST TO THEIR RESPECTIVE SUPERVISOR, BOARD MEMBERS TO THE BOARD PRESIDENT. EACH CIRCUMSTANCE OF A POTENTIAL CONFLICT OF INTEREST WILL BE REVIEWED ON AN INDIVIDUAL BASIS. THE MANAGER WILL RESPOND IN WRITING (WITH A COPY TO THE PERSONNEL FILE) AFTER CONSULTATION WITH THE APPROPRIATE VICE PRESIDENT AS TO WHETHER THE ARRANGEMENT IS OR IS NOT ACCEPTABLE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE PRESIDENT/CEO'S COMPENSATION IS REVIEWED AND APPROVED BY THE EXECUTIVE COMPENSATION COMMITTEE USING APPROPRIATE COMPARABILITY DATA FROM REGIONAL, STATE, AND NATIONAL SOURCES WITH AN INDEPENDENT EXTERNAL CONSULTANT REVIEW EVERY THREE YEARS THE REVIEW AND APPROVAL OF PRESIDENT/CEO COMPENSATION IS SUBSTANTIATED THROUGH MEETING MINUTES AND THE ORGANIZATION'S WRITTEN MARKET ANALYSIS POLICY OTHER OFFICER AND KEY EMPLOYEE COMPENSATION IS REVIEWED AND APPROVED BY THE EXECUTIVE COMPENSATION COMMITTEE USING APPROPRIATE COMPARABILITY DATA FROM REGIONAL, STATE, AND NATIONAL SOURCES WITH AN INDEPENDENT EXTERNAL CONSULTANT REVIEW THE REVIEW AND APPROVAL OF COMPENSATION IS SUBSTANTIATED THROUGH MEETING MINUTES AND THE ORGANIZATION'S WRITTEN MARKET ANALYSIS POLICY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST

Identifier	Return Reference	Explanation
EXPLANATION OF HOURS WORKED	FORM 990, PART VII, SECTION A	SOME OFFICERS AND DIRECTORS ALSO PROVIDED SERVICE TO OTHER RELATED ORGANIZATIONS OTHER THAN MEMORIAL HEALTH CENTER, INC THESE HOURS ARE REFLECTED IN LINE 2 OF COLUMN B

Identifier	Return Reference	Explanation
OTHER FEES	FORM 990, PART IX, LINE 11G	CONSULTING FEES PROGRAM SERVICE EXPENSES 29,677 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 29,677 CONTRACTED/PURCHASED SERVICES PROGRAM SERVICE EXPENSES 2,270,262 MANAGEMENT AND GENERAL EXPENSES 1,319,119 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 3,589,381 CUSTOMER RELATIONS PROGRAM SERVICE EXPENSES 7,957 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 7,957 PHARMACY PURCHASED SERVICES PROGRAM SERVICE EXPENSES 323,953 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 323,953 LAB PURCHASED SERVICES PROGRAM SERVICE EXPENSES 518,411 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 518,411 LAUNDRY PURCHASED SERVICES PROGRAM SERVICE EXPENSES 1,599 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,599 MEDICAL FEES PROGRAM SERVICE EXPENSES 2,299,302 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,299,302 COLLECTION EXPENSE PROGRAM SERVICE EXPENSES 0 MANAGEMENT AND GENERAL EXPENSES 140,123 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 140,123 RECRUITMENT PROGRAM SERVICE EXPENSES 0 MANAGEMENT AND GENERAL EXPENSES 123,823 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 123,823

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	BOND SWAP VALUATION ADJUSTMENT 914,185 CHANGE IN INTEREST IN NET ASSETS OF MHC FOUNDATION, INC 64,917 EFFECTIVE RATE OF INTEREST RATE SWAP -615,406

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	MEMORIAL HEALTH CENTER'S BOARD OF DIRECTORS PROVIDE OVERSIGHT OF THE INDEPENDENT ACCOUNTANTS AND THE MEMBERS OF THE BOARD MEET WITH THE ACCOUNTANT BOTH PRIOR TO YEAR-END AND AFTER YEAR-END TO DISCUSS THE AUDIT AND OTHER MATTERS. MEMORIAL HEALTH CENTER ALSO IS PROVIDED ADDITIONAL OVERSIGHT OF ITS AUDIT PROCESS AND SELECTION OF THE INDEPENDENT ACCOUNTANT THROUGH THE AUDIT COMMITTEE OF ASPIRUS, INC. THERE WERE NO CHANGES TO THIS PROCESS DURING THE YEAR ENDED JUNE 30, 2013.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MEMORIAL HEALTH CENTER INC

Employer identification number
39-0964813

Part I

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

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

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) MEMORIAL HEALTH CENTER FOUNDATION INC 135 SOUTH GIBSON STREET MEDFORD, WI 54451 39-1777081	CHARITABLE FOUNDATION	WI	501(C)(3)	LINE 11C, III-FI	MEMORIAL MEMBER ASSOCIATION INC		No
(2) MEMORIAL MEMBER ASSOCIATION INC 135 SOUTH GIBSON STREET MEDFORD, WI 54451 39-2016506	MEMBER ASSOCIATION	WI	501(C)(3)	LINE 11A, I	N/A		No

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end- of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

No

1b

No

1c

Yes

1d

No

1e

Yes

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

Yes

1m

Yes

1n

Yes

1o

No

1p

Yes

1q

Yes

1r

No

1s

No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) MEMORIAL HEALTH CENTER FOUNDATION INC	C	76,981	CASH RECEIVED

Schedule R (Form 990) 2012

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

[illegible]

Software ID:
Software Version:
EIN: 39-0964813
Name: MEMORIAL HEALTH CENTER INC

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	
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Memorial Health Center, Inc.

Medford, Wisconsin

Financial Statements

Years Ended June 30, 2013 and 2012

Memorial Health Center, Inc.

Financial Statements

Years Ended June 30, 2013 and 2012

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Statements of Operations and Changes in Net Assets	5
Statements of Cash Flows	7
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Independent Auditor's Report

Board of Directors
Memorial Health Center, Inc
Medford, Wisconsin

We have audited the accompanying financial statements of Memorial Health Center, Inc , which comprise the balance sheets as of June 30, 2013 and 2012, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Memorial Health Center, Inc as of June 30, 2013 and 2012, and the results of its operations and changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States

Wipfli LLP

Wipfli LLP

September 9, 2013

Wausau, Wisconsin

Memorial Health Center, Inc.

Balance Sheets

June 30, 2013 and 2012

<i>Assets</i>	2013	2012
Current assets		
Cash and cash equivalents	\$ 7,575,996	\$ 7,022,581
Current portion of assets limited as to use	535,000	550,000
Patient accounts receivable - Net	7,305,846	6,762,785
Other accounts receivable	635,010	374,292
Inventory	873,013	1,040,024
Prepaid expenses and other	597,758	884,725
Estimated third-party payor settlements	-	485,747
Total current assets	17,522,623	17,120,154
Assets limited as to use	40,691,350	36,769,976
Property and equipment - Net	24,133,515	22,810,022
Other assets		
Interest in net assets of Foundation	1,287,605	1,222,688
Deferred financing costs - Net	198,818	108,319
Insurance receivables	152,682	659,210
Investments in unconsolidated affiliates	358,115	366,609
Total other assets	1,997,220	2,356,826
TOTAL ASSETS	\$ 84,344,708	\$ 79,056,978

<i>Liabilities and Net Assets</i>	2013	2012
Current liabilities		
Current maturities of long-term debt	\$ 535,000	\$ 550,000
Accounts payable		
Trade	1,553,490	911,503
Construction	2,059,457	250,435
Accrued expenses		
Salaries	795,764	718,167
Vacation	1,859,496	1,724,079
Interest	150,491	32,521
Asset retirement obligation	222,491	237,735
Other	1,175,922	1,434,195
Estimated third-party payor settlements	6,892	-
Total current liabilities	8,359,003	5,858,635
Long-term liabilities		
Long-term debt	18,215,509	18,760,000
Deferred compensation	1,400,159	1,082,183
Fair value of interest rate swap	-	3,936,205
Other	262,895	819,917
Total long-term liabilities	19,878,563	24,598,305
Total liabilities	28,237,566	30,456,940
Net assets		
Unrestricted	54,819,537	47,377,350
Temporarily restricted	1,167,605	1,102,688
Permanently restricted	120,000	120,000
Total net assets	56,107,142	48,600,038
TOTAL LIABILITIES AND NET ASSETS	\$ 84,344,708	\$ 79,056,978

Memorial Health Center, Inc.

Statements of Operations and Changes in Net Assets

Years Ended June 30, 2013 and 2012

	2013	2012
Revenue		
Patient service revenue - Net of contractual adjustments and discounts	\$ 61,908,793	\$ 58,490,537
(Provision) credit for bad debts	(588,658)	486,159
Net patient service revenue	61,320,135	58,976,696
Other revenue	1,298,197	1,566,695
Total revenue	62,618,332	60,543,391
Expenses		
Salaries and wages	26,498,409	26,093,080
Employee benefits	8,060,394	8,121,273
Medical fees	2,299,303	1,691,899
Supplies	8,491,879	7,875,888
Purchased services and other	7,830,073	7,507,483
Insurance and utilities	957,250	1,091,440
Depreciation and amortization	3,236,439	2,740,875
Interest	232,760	205,733
Total expenses	57,606,507	55,327,671
Income from operations	5,011,825	5,215,720
Other income (loss)		
Investment income	2,481,496	811,974
Contributions and other	11,943	1,053
Interest rate swap valuation adjustment	914,185	(2,020,065)
Interest rate swap expense	(338,738)	(571,502)
Loss on extinguishment of debt	(100,099)	-
Total other income (loss) - Net	2,968,787	(1,778,540)
Revenue in excess of expenses	7,980,612	3,437,180

Memorial Health Center, Inc.

Statements of Operations and Changes in Net Assets (Continued)

Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted net assets		
Revenue in excess of expenses (brought forward)	\$ 7,980,612	\$ 3,437,180
Amortization of effective portion of change in fair value of interest rate swap	(16,195)	(27,763)
Amortization of effective portion of change in fair value of interest rate swap upon termination of interest rate swap	(599,211)	-
Net assets released from restrictions	76,981	80,855
Increase in unrestricted net assets	7,442,187	3,490,272
Temporarily restricted net assets		
Change in interest in net assets of Foundation	141,898	76,605
Net assets released from restrictions	(76,981)	(80,855)
Increase (decrease) in temporarily restricted net assets	64,917	(4,250)
Increase in net assets	7,507,104	3,486,022
Net assets at beginning	48,600,038	45,114,016
Net assets at end	\$ 56,107,142	\$ 48,600,038

Memorial Health Center, Inc.

Statements of Cash Flows

Years Ended June 30, 2013 and 2012

	2013	2012
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Increase in net assets	\$ 7,507,104	\$ 3,486,022
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision (credit) for bad debts	588,658	(486,159)
Depreciation and amortization	3,240,793	2,750,262
Amortization of bond premium	(12,086)	-
Change in interest in net assets of Foundation	(141,898)	(76,605)
Loss on extinguishment of debt	100,099	-
(Increase) decrease in equity in undistributed earnings of unconsolidated affiliates	8,494	(54,132)
Change in fair value of interest rate swap	(298,779)	2,047,828
Gain on disposal of property and equipment	(4,354)	(9,387)
Change in net unrealized (gain) loss on trading securities	(521,062)	367,126
Net decrease in deferred compensation	317,976	236,035
Changes in operating assets and liabilities		
Accounts receivable	(1,392,437)	725,383
Inventory	167,011	(187,897)
Prepaid expenses and other	(119,368)	132,616
Estimated third-party payor settlements	492,639	(188,856)
Assets limited as to use, including realized gain	(3,385,312)	(6,887,721)
Accounts payable	641,987	165,456
Accrued expenses	215,500	247,878
Total adjustments	(102,139)	(1,218,173)
Net cash provided by operating activities	7,404,965	2,267,849

Memorial Health Center, Inc.

Statements of Cash Flows (Continued)

Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from investing activities		
Capital expenditures	\$ (2,743,700)	\$ (1,707,499)
Distribution of interest in net assets of Foundation	76,981	80,855
Net cash used in investing activities	(2,666,719)	(1,626,644)
Cash flows from financing activities		
Proceeds from issuance of debt	15,665,000	-
Original issue premium	1,237,595	-
Principal payments on long-term debt	(17,450,000)	(550,000)
Termination of swap	(3,637,426)	-
Net cash used in financing activities	(4,184,831)	(550,000)
Net increase in cash and cash equivalents	553,415	91,205
Cash and cash equivalents at beginning	7,022,581	6,931,376
Cash and cash equivalents at end	\$ 7,575,996	\$ 7,022,581

Supplemental cash flow information

Cash paid for interest, net of capitalized interest	\$ 126,876	\$ 212,553
Capitalized interest	34,168	1,502
Property and equipment included in accounts payable	2,059,457	250,435
Financing costs included in accrued expenses	197,808	-

As of June 30, 2013 and 2012, the Organization recorded a gross up of insurance receivables and liabilities of \$301,668 and \$1,214,531 based on actuary calculations as discussed on page 45

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Principal Business Activity

Memorial Member Association, Inc. and Aspirus, Inc. (“Aspirus”), both tax-exempt corporations, are each 50% corporate members of Memorial Health Center, Inc. (the “Organization”). The Organization promotes the delivery of health services in Taylor and Price Counties in Wisconsin. Memorial Member Association, Inc. is a member organization that promotes health care in the communities which the Organization serves. Aspirus, Inc. is a health care system located in Wausau, Wisconsin. The Organization comprises a 25-bed acute care critical access hospital (CAH), a 99-bed skilled nursing long-term care facility, 28 assisted living rental units, 10 community based residential facility (CBRF) units, 5 physician clinics, and a retail pharmacy.

Financial Statement Presentation

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

Use of Estimates in Preparation of Financial Statements

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

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

Investments and Investment Income

Investments, designated as assets limited as to use, are measured at fair value in the accompanying balance sheets. The Organization has designated its investments as trading securities.

All investment income (including realized and unrealized gains and losses, interest, and dividends) is reported as other income (loss) and is included in revenue in excess of expenses unless the income is restricted by donor or law. Realized gains or losses are determined by specific identification.

Assets Limited as to Use

Assets limited as to use consists of investments designated by the Board of Directors for future capital improvements or debt service requirements, funds held for collateral posting related to the swap agreement, and funds held for deferred compensation. The funds designated by the Board of Directors remain under the control of the Board and may at the Board's discretion subsequently be used for other purposes. Amounts required to meet current liabilities of the Organization have been classified as current assets in the accompanying balance sheets.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy

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

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy (Continued)

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

Inventory

Inventory of supplies is valued at the lower of average cost or market.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 5 to 15 years for vehicles and movable equipment and 10 to 40 years for land improvements and buildings and fixed equipment.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

Impairment

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligation

Management annually assesses its existing properties to determine if there is a need to recognize a liability for a conditional asset retirement, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its existing properties. Asset retirement obligation represents the obligation to dispose of assets that are legally required to be removed at a future date. This obligation is recorded at the net present value using a risk-free interest rate and an inflationary rate. The liability will accrete over the term of the estimated life of the asset.

Interest in Net Assets of Foundation

Accounting guidance establishes standards of financial accounting and reporting for transactions in which an entity makes contributions to another entity or an entity that accepts contributions from a donor and agrees to use those assets on behalf of or transfer those assets and the return on those assets to another entity. Accordingly, the Organization recognizes its interest in the net assets of the Memorial Health Center Foundation, Inc. (the "Foundation") and adjusts that interest for its share of the change in the net assets of the Foundation.

Deferred Financing Costs and Bond Premium

Bond issue costs and original issue premium related to issuance of long-term debt are amortized on the straight-line method over the term of the related indebtedness. Amortization of bond issue costs is included with depreciation and amortization, and amortization of original issue premium is included with interest in the accompanying statements of operations and changes in net assets.

Investments in Unconsolidated Affiliates

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value of Interest Rate Swap

The Organization used an interest rate swap to manage its risk related to interest rate movements. The Organization's risk management strategy was to stabilize cash flow variability on its variable rate debt with an interest rate swap. At the inception of the agreement, the Organization documented its risk management strategy and assessed the interest rate swap's effectiveness at producing offsetting cash flows. The interest rate swap was deemed to be effective in achieving this objective and was designated as a cash flow hedge. Under a cash flow hedge, the change in fair value of the derivative related to the effective portion of the hedge is recorded as a change in unrestricted net assets. Any ineffective portion is reported as other income or loss.

In 2008 the ineffectiveness of the hedge exceeded certain prescribed levels, and the interest rate swap was no longer eligible for hedge accounting. Thus, all future changes in fair value of the interest rate swap were reported in other income or loss in the accompanying statements of operations and changes in net assets. The cumulative change in fair value that was recorded through net assets from the inception of the interest rate swap agreement were amortized into earnings over the remaining life of the swap.

During 2013 the interest rate swap was terminated, and the unamortized balance of the cumulative change in fair value remaining in net assets was reclassified into earnings.

Net Assets

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue in Excess of Expenses

The statements of operations and changes in net assets include the classification revenue in excess of expenses which is considered the operating indicator. Changes in net assets, which are excluded from the operating indicator, consistent with industry practice, include permanent transfer of assets to and from affiliates for other than goods and services, contributions of long-lived assets including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, and changes in the value of derivatives designated as cash flow hedges.

Patient Service Revenue - Net of Contractual Adjustments and Discounts

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

For uninsured patients who do not qualify for community care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). The (provision) credit for bad debts is offset by recoveries that are received on prior year bad debts from patient payments as well as amounts returned from the collection agency that would qualify as community care.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Community Care

The Organization provides care to patients who meet certain criteria under its community care policy without charge or at amounts less than its established rates. The Organization maintains records to identify the amount of charges forgone for services and supplies furnished under the community care policy. Because the Organization does not pursue collection of amounts determined to qualify as community care, they are not reported as net patient service revenue in the accompanying statements of operations and changes of net assets.

Electronic Health Record Incentive Funding

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for certain hospitals and physician practices that demonstrate meaningful use of certified electronic health record (EHR) technology. These provisions of ARRA, collectively referred to as the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act") are intended to promote the adoption and meaningful use of health information technology and qualified EHR technology.

The Organization recognizes revenue for EHR incentive payments when there is reasonable assurance that the Organization will meet the conditions of the program, primarily demonstrating meaningful use of certified EHR technology for the applicable period. The demonstration of meaningful use is based on meeting a series of objectives. Meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the Centers for Medicare and Medicaid Services (CMS).

Amounts recognized under the Medicare and Medicaid EHR incentive programs are based on management's best estimates. Management uses EHR incentive program guidelines to calculate the estimates which may include cost report data which is subject to audit by fiscal intermediaries. Accordingly, amounts recognized are subject to change. In addition, the Organization's attestation of its compliance with the meaningful use criteria is subject to audit by the federal government or its designee.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Donor Restricted Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor

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

Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

Advertising Costs

Advertising costs are expensed as incurred.

Unemployment Compensation

The Organization has elected reimbursement financing under provisions of the Wisconsin unemployment compensation laws. The Organization has obtained a letter of credit of \$350,000 and \$300,000 which expires December 31, 2017, to meet state funding requirements as of June 30, 2013 and 2012, respectively.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

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

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

The Organization is also engaged, to a limited extent, in activities that the Internal Revenue Service (IRS) considers unrelated to its exempt purpose and, therefore, taxable. If these activities result in net operating income for income tax purposes, the Organization recognizes the anticipated tax liability and expense. If these activities result in net operating losses for income tax purposes, the Organization does not recognize the tax benefit from the net operating losses that would be realized in the future unless it can be determined that it is reasonable that such an estimated benefit will be realized in the future. Currently, any potential deferred tax asset resulting from the availability of net operating loss carryforwards is offset by a valuation allowance of equal amount. No deferred tax assets and liabilities have been recognized since no other differences exist between the financial tax bases of reporting the Organization's assets and liabilities.

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

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through September 9, 2013, which is the date the financial statements were issued

Note 2 Reimbursement Arrangements With Third-Party Payors

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

- *Hospital - Medicare and Medicaid*- The Organization is designated as a CAH with reimbursement based upon cost for inpatient and outpatient services with the exception of certain lab, therapy, and radiology services, which are reimbursed based on fee schedules
- *Clinic - Medicare and Medicaid* – Certain professional services provided by physicians and other clinicians are reimbursed based upon prospectively determined fee schedules

During 2012, four clinics were certified by the Medicare and Medicaid programs as provider-based rural health clinics (RHC). Under RHC designation, certain clinic physician and professional services rendered to Medicare and Medicaid beneficiaries are reimbursed on a cost reimbursement method.

Memorial Health Center, Inc.

Notes to Financial Statements

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

Hospital – Medicaid Reimbursable Costs

Through June 30, 2010, the Organization was reimbursed for cost-based services at tentative rates received during the year. The final settlement of reimbursable amounts was retrospectively determined by the State, using cost reports which were filed annually and subsequently audited by the Medicare program (in conjunction with its audits of both Medicare and Medicaid reimbursable amounts).

Since the inception of the CAH program, the State had previously completed relatively few hospital Medicaid settlements with CAHs. During 2012, the State completed settlements for the years 2006 to 2008. This resulted in the Organization receiving additional settlements of \$60,989, which increased net patient service revenue in 2012.

Differences between the Organization's estimates and subsequent final settlements by the State will be included in future statements of operations and changes of net assets and disclosed, if material, in those future years in which the final settlements occur.

Wisconsin Hospital Assessments

A law was previously passed in Wisconsin under which eligible CAHs, including the Organization, are required to pay the State of Wisconsin (the "State") an annual assessment. The assessment period is the State's fiscal year, which runs from July to June. The assessment is based on each hospital's gross inpatient revenue, as defined. The revenue generated from the assessment is to be used, in part, to increase overall reimbursement under the Wisconsin Medicaid program through the development of an access payment system. Under the new CAH payment system, the Wisconsin Medicaid program will pay a hospital-specific amount per discharge for inpatient and outpatient services, determined based on prior hospital cost reports, plus an additional access payment. In exchange for receiving these access payments, the State eliminated retroactive hospital cost report settlements to CAHs effective July 1, 2010, other than for certain laboratory services.

Memorial Health Center, Inc.

Notes to Financial Statements

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

- *Nursing Home - Medicare* - The nursing home's reimbursement under the Medicare program for Part A services is based on a prospective payment system (PPS). Payments for services rendered vary according to a resident's classification system (RUGS IV) that is based on a minimum data set (MDS) of diagnostic and other information. Medicare pays the nursing home for Part B services based on predetermined fee schedules.
- *Nursing Home - Medicaid* - The nursing home's reimbursement under the Medicaid program is based on a schedule of prospectively determined daily rates determined by Wisconsin's Medicaid and Family Care programs. A rate is assigned to each nursing home resident based on the resident's ability to perform certain activities of daily living and on certain other clinical factors.

The State uses an MDS resident assessment system. As a result, Medicaid residents are classified into one of 48 Resource Utilization Groups (RUGs) for purposes of establishing acuity levels. Every three months, a case mix average is developed for the nursing home's Medicaid residents based on their respective RUGs score, and the nursing home is reimbursed based on the resulting composite case mix index. Rate adjustments under this program are reflected in income when determinable.

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

Memorial Health Center, Inc.

Notes to Financial Statements

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

Accounting for Medicare and Medicaid Contractual Arrangements

The Organization is paid for cost-reimbursable items at an interim rate with final settlements determined by the respective Medicare and Medicaid fiscal intermediaries after their review of the Organization's related annual cost reports and the application of cost limits prescribed by the respective programs. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying financial statements. The Organization's cost reports have been audited by the Medicare and Medicaid intermediaries through June 30, 2008.

Medicare and Medicaid Electronic Health Record Incentive Funding

Hospital EHR Incentive Program – Medicaid

During 2012, the Organization applied for, received funding, and was entitled to additional funding from the Wisconsin Department of Health Services under the eligible hospital EHR Incentive Program. The funding period for the Medicaid EHR Incentive Program is based on eligible hospitals submitting applications to the Medicaid program prior to each federal fiscal year ending on September 30. It was determined by the Wisconsin Department of Health Services that the Organization was entitled to \$635,299 in funding, and the Organization has recognized this amount in other revenue in the accompanying financial statements.

Provider EHR Incentive Program – Medicaid

During 2013 and 2012, the Organization applied for and was entitled to additional funding from the Wisconsin Department of Health Services under the eligible provider EHR Incentive Program. The funding period for the Medicaid EHR Incentive Program is based on providers submitting applications to the Medicaid program for the respective calendar year. It was determined by the Wisconsin Department of Health Services that the Organization was entitled to \$173,000 for eight eligible providers in 2013 and \$85,000 in funding for four eligible providers in 2012 and has recognized these amounts in other revenue in the financial statements based on when the attestation occurred.

Memorial Health Center, Inc.

Notes to Financial Statements

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

Medicare and Medicaid Electronic Health Record Incentive Funding (Continued)

Provider EHR Incentive Program – Medicare

During 2013, the Organization applied for and was entitled to funding from CMS under the eligible provider Medicare EHR Incentive Program. The funding period under this program is based on providers submitting applications to the Medicare program for the respective calendar year. It was determined by Medicare that the Organization was entitled to \$32,822 in funding for five eligible providers and has recognized this amount in other revenue in the financial statements in 2013 based on when the attestation occurred.

The Organization anticipates that additional funding will be available from the Medicaid and Medicare EHR incentive programs in subsequent years and will record amounts when future applications are filed and funding can reasonably be determined. As of June 30, 2013 and 2012, outstanding receivables from Medicaid for the eligible provider EHR incentive payments totaled \$153,000 and \$85,000, respectively, and are included in other accounts receivable in the accompanying balance sheets.

Compliance

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

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 3 Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30

	2013	2012
Patient accounts receivable	\$ 12,065,647	\$ 11,111,690
Less		
Contractual adjustments	3,726,001	3,421,626
Allowance for uncollectible accounts	1,033,800	927,279
Patient accounts receivable - Net	\$ 7,305,846	\$ 6,762,785

The Organization's allowance for uncollectible accounts for self-pay patients increased from 36.6% of self-pay accounts receivable at June 30, 2012, to 42.3% of self-pay accounts receivable at June 30, 2013. The Organization's write-offs of patient accounts receivable net of recoveries increased from \$2,173,302 in 2012 to \$2,672,832 in 2013. These increases were the result of negative trends experienced in the collection of amounts from self-pay patients in 2013 and 2012.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 4 Patient Service Revenue - Net of Contractual Adjustments and Discounts

The following table sets forth the detail of patient service revenue - net of contractual adjustments and discounts prior to the (provision) credit for bad debts for the years ended June 30

	2013	2012
Gross patient service revenue		
Hospital inpatient services	\$ 9,813,981	\$ 8,421,473
Hospital outpatient services	62,223,988	56,871,502
Nursing home and long-term care services	8,626,460	8,804,425
Clinic services	20,877,615	20,075,309
Pharmacy services	4,064,595	4,427,472
Totals	105,606,639	98,600,181
Deductions - Primarily contractual adjustments and discounts under third-party reimbursement agreements	43,697,846	40,109,644
Patient service revenue - Net of contractual adjustments and discounts	\$ 61,908,793	\$ 58,490,537

The Organization's percent of gross patient service revenue by payor is as follows for the years ended June 30

	2013	2012
Medicare and Medicare Advantage Plans	39%	37%
Medicaid and Medicaid HMO Plans	20%	22%
Other third-party payors	36%	36%
Uninsured patients	5%	5%
Totals	100%	100%

Memorial Health Center, Inc.

Notes to Financial Statements

Note 4 Patient Service Revenue - Net of Contractual Adjustments and Discounts (Continued)

Patient service revenue - net of contractual adjustments and discounts (but before the (provision) credit for bad debts) recognized in the years ended June 30 from these major payor sources, is as follows

	2013	2012
Medicare, Medicaid, Medicaid Health Maintenance Organization (HMO) Plans, and other third-party payors	\$ 58,560,127	\$ 56,151,211
Uninsured patients	3,348,666	2,339,326
Patient service revenue - Net of contractual adjustments and discounts	\$ 61,908,793	\$ 58,490,537

Note 5 Community Care

The Organization provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community including the health of low-income patients. Consistent with the mission of the Organization, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or to those who are underinsured.

Patients who meet certain criteria for community care, generally based on federal poverty guidelines, are provided care without charge or at a reduced rate, determined based on qualifying criteria as defined in the Organization's financial aid discount policy (community care) and from applications completed by patients and their families.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 5 Community Care (Continued)

The estimated cost of providing care to patients under the Organization's community care program aggregated approximately \$1,123,000 and \$1,469,000 in 2013 and 2012, respectively. The cost was calculated by multiplying the ratio of cost to gross charges for the Organization times the gross uncompensated charges associated with providing community care.

Other benefits for the community also include unpaid costs of treating the elderly, health screenings, community education through seminars and classes, and other health-related services.

Note 6 Assets Limited as to Use

Investments designated as assets limited as to use are recorded at fair value and are designated for the following purposes at June 30:

	2013	2012
By Board designated for capital improvements or debt service requirements	\$ 39,826,191	\$ 33,431,799
Collateral investments held for benefit of counterparty	-	2,805,994
Held for deferred compensation	1,400,159	1,082,183
Total assets limited as to use	41,226,350	37,319,976
Less - Current portion	535,000	550,000
Noncurrent assets limited as to use	\$ 40,691,350	\$ 36,769,976

Memorial Health Center, Inc.

Notes to Financial Statements

Note 6 Assets Limited as to Use (Continued)

The detail of assets limited as to use, other than deferred compensation plan assets, consisted of the following at June 30

	2013	2012
Cash and cash equivalents	\$ 1,344,286	\$ 1,164,485
Equity securities	3,872,354	3,541,421
Government securities	1,938,444	2,822,546
Corporate securities	4,957,583	2,549,351
Mutual funds	27,624,637	23,293,262
Collateral investments consisting of cash and cash equivalents	-	2,805,994
Interest receivable	88,887	60,734
Totals	\$ 39,826,191	\$ 36,237,793

During 2013, the Organization received collateral of approximately \$2,805,000 plus interest due to positive market values and the termination of the interest rate swap

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 6 Assets Limited as to Use (Continued)

Investment income, including gains and losses on assets limited as to use, cash and cash equivalents, and other investments are comprised of the following for the years ended June 30

	2013	2012
Investment income (loss)		
Interest and dividend income	\$ 810,842	\$ 753,775
Net realized gain on sale of investments	1,149,592	371,193
Change in investments in unconsolidated affiliates	-	54,132
Change in net unrealized gain (loss) on trading securities	521,062	(367,126)
Total investment income	\$ 2,481,496	\$ 811,974

Note 7 Fair Value Measurements

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value

Money market funds are valued using a net asset value (NAV) of \$1.00

Quoted market prices are used to determine the fair value in marketable equity securities which consist of publicly traded common stock. Fixed income securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data. Mutual funds invested in fixed income or equity securities are valued at quoted market prices, which represent the NAV of shares held by the Organization at year-end.

The interest rate swap valuation was recorded at the amount at which it could be settled, based on estimates by a third-party valuation service, which used a discounted cash flow analysis using observable market-based inputs, including forward interest rate curves.

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

Memorial Health Center, Inc.

Notes to Financial Statements

Note 7 Fair Value Measurements (Continued)

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

	2013				
	Fair Value Measurements Using				Total Assets at
	Level 1	Level 2	Level 3		Fair Value
Assets					
Money market funds	\$ 1,344,286	\$ -	\$ -	\$ -	\$ 1,344,286
Marketable equity securities	3,872,354	-	-	-	3,872,354
Fixed income securities					
Corporate issues	-	4,957,583	-	-	4,957,583
Government issues	-	1,938,444	-	-	1,938,444
Other issues	157,898	-	-	-	157,898
Total fixed income securities	157,898	6,896,027	-	-	7,053,925
Mutual funds invested in fixed income securities					
Short-term bond funds	1,500,645	-	-	-	1,500,645
Intermediate-term bond funds	12,833,495	-	-	-	12,833,495
Other bond funds	818,181	-	-	-	818,181
Total mutual funds invested in fixed income securities	15,152,321	-	-	-	15,152,321
Mutual funds invested in equity securities					
Large cap funds	3,953,843	-	-	-	3,953,843
Mid cap funds	479,380	-	-	-	479,380
Small cap funds	1,421,347	-	-	-	1,421,347
International funds	3,667,097	-	-	-	3,667,097
Other funds	4,192,910	-	-	-	4,192,910
Total mutual funds invested in equity securities	13,714,577	-	-	-	13,714,577
Total assets	\$ 34,241,436	\$ 6,896,027	\$ -	\$ -	\$ 41,137,463

Memorial Health Center, Inc.

Notes to Financial Statements

Note 7 Fair Value Measurements (Continued)

	2012			Total Assets and Liabilities at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Assets				
Money market funds	\$ 1,164,485	\$ -	\$ -	\$ 1,164,485
Marketable equity securities	3,541,421	-	-	3,541,421
Fixed income securities				
Corporate issues	-	2,549,351	-	2,549,351
Government issues	-	2,822,546	-	2,822,546
Other issues	90,289	-	-	90,289
Total fixed income securities	90,289	5,371,897	-	5,462,186
Mutual funds invested in fixed income securities				
Short-term bond funds	1,645,563	-	-	1,645,563
Intermediate-term bond funds	11,680,424	-	-	11,680,424
Other bond funds	1,647,903	-	-	1,647,903
Total mutual funds invested in fixed income securities	14,973,890	-	-	14,973,890
Mutual funds invested in equity securities				
Large cap funds	2,238,908	-	-	2,238,908
Mid cap funds	1,079,927	-	-	1,079,927
Small cap funds	1,472,003	-	-	1,472,003
International funds	3,140,085	-	-	3,140,085
Other funds	1,380,344	-	-	1,380,344
Total mutual funds invested in equity securities	9,311,267	-	-	9,311,267
Total assets	\$ 29,081,352	\$ 5,371,897	\$ -	\$ 34,453,249
Liabilities - Interest rate swap valuation				
	\$ -	\$ 3,936,205	\$ -	\$ 3,936,205

Memorial Health Center, Inc.

Notes to Financial Statements

Note 7 Fair Value Measurements (Continued)

The carrying values of current assets and current liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments

Based on the borrowing rates currently available to the Organization for bonds with similar terms and maturities, the recorded value of the bonds approximated the fair value at June 30, 2013

Note 8 Property and Equipment

Property and equipment by major categories consisted of the following at June 30

	2013	2012
Land	\$ 227,478	\$ 227,478
Land improvements	1,812,442	1,663,188
Buildings and fixed equipment	30,023,579	29,511,209
Movable equipment	11,538,172	11,123,420
Vehicles	189,158	182,350
Total property and equipment	43,790,829	42,707,645
Less - Accumulated depreciation	23,291,386	20,438,439
Net depreciated value	20,499,443	22,269,206
Construction in progress	3,634,072	540,816
Property and equipment - Net	\$ 24,133,515	\$ 22,810,022

Depreciation expense totaled \$3,233,583 in 2013 and \$2,743,814 in 2012. The depreciation expense in 2013 includes \$443,421 relating to the shortening of asset lives associated with the current hospital facility prior to a significant renovation and expansion project.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 8 Property and Equipment (Continued)

Construction in progress at June 30, 2013 primarily related to the preliminary costs of a hospital renovation project. As of the date of the financial statements, the Organization has entered into commitments for these projects totaling approximately \$4,900,000. The renovation project is estimated to be completed in phases in calendar years 2013 and 2014. The total estimated cost to complete these projects is approximately \$16,000,000 and is anticipated to be funded out of the Organization's operating cash and investments and a future bond issue of long-term debt.

Note 9 Interest in Net Assets of the Foundation

The Foundation was created to facilitate contributions, investments, and distribution of funds to be used toward the improvement of the health care facility and services provided by the Organization. Distributions of \$76,981 and \$80,855 were made by the Foundation to the Organization as of June 30, 2013 and 2012, respectively.

The Organization's interest in net assets of the Foundation of \$1,287,605 and \$1,222,688 as of June 30, 2013 and 2012, respectively, are reported in the accompanying balance sheets.

A summary of the internal financial information for the Foundation for the years ended June 30, is as follows:

	Unaudited	
	2013	2012
Assets	\$ 1,304,553	\$ 1,223,712
Liabilities	\$ 16,948	\$ 1,024
Net assets	\$ 1,287,605	\$ 1,222,688
Revenue in excess of expenses before contributions to the Organization	\$ 141,898	\$ 76,605
Less - Contributions to the Organization	76,981	80,855
Increase (decrease) in net assets	64,917	(4,250)
Net assets at beginning	1,222,688	1,226,938
Net assets at end	\$ 1,287,605	\$ 1,222,688

Memorial Health Center, Inc.

Notes to Financial Statements

Note 10 Investments in Unconsolidated Affiliates

The Organization has a 25.0% interest in Wisconsin Valley Health Network (WVHN). This investment is accounted for under the equity method.

The Organization also has a 9.23% interest in a not-for-profit home health agency. This investment is accounted for under the cost method.

The operating results of these investments are included in the statements of operations and changes in net assets under the classification investment income.

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

	2013		2012	
	Investments	Change	Investments	Change
WVHN	\$ 223,506	\$ (8,494)	\$ 232,000	\$ 54,132
Home health agency	134,609	-	134,609	-
Totals	\$ 358,115	\$ (8,494)	\$ 366,609	\$ 54,132

The following is a summary of the financial position of the Organization's investment accounted for under the equity method as of June 30:

	Unaudited	
	2013	2012
Assets	\$ 1,027,908	\$ 979,764
Liabilities	\$ 201,016	\$ 113,465
Equity	\$ 826,892	\$ 866,299

Memorial Health Center, Inc.

Notes to Financial Statements

Note 10 Investments in Unconsolidated Affiliates (Continued)

The following is a summary of purchases and sales between the Organization and WWHN for the years ended June 30

	2013	2012
Purchases of diagnostic services	\$ -	\$ 31,040
Purchases of contracted services	10,400	-
Annual participation fees	57,861	132,234
Totals	\$ 68,261	\$ 163,274

WWHN provides support and services to its member hospitals through joint planning objectives and meetings, participation in pooled purchasing programs, diagnostic testing services, and other contract services in which the member hospitals realize reduced costs in obtaining these services by purchasing as a group rather than as individual hospitals. Effective May 2012, the Organization discontinued the use of diagnostic services through WWHN.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 11 Long-Term Debt

Long-term debt consisted of the following at June 30

	2013	2012
Wisconsin Health and Educational Facilities Authority (WHEFA) Revenue Bonds, Series 1999, maturing in 2019, amounts varying from \$250,000 in 2014 to \$400,000 in 2019, variable interest rate	\$ 1,860,000	\$ 2,110,000
WHEFA Revenue Bonds, Series 2004, maturing in 2035, variable interest rate, refinanced in 2013	-	17,200,000
WHEFA Revenue Bonds, Series 2013, maturing in 2035, amounts varying from \$285,000 in 2014 to \$1,150,000 in 2035, fixed interest rate ranging from 2% to 5%, with a yield of 4 12% over the term	15,665,000	-
Subtotals	17,525,000	19,310,000
Add - Unamortized original issue premium	1,225,509	-
Totals	18,750,509	19,310,000
Less - Current maturities	535,000	550,000
Long-term portion	\$ 18,215,509	\$ 18,760,000

Required payments of principal for the next five years and thereafter, on the long-term debt, including current maturities, are as follows

2014	\$ 535,000
2015	550,000
2016	555,000
2017	585,000
2018	685,000
Thereafter	14,615,000
Total	\$ 17,525,000

Memorial Health Center, Inc.

Notes to Financial Statements

Note 11 Long-Term Debt (Continued)

A summary of interest cost on borrowed funds during the years ended June 30 is as follows

	2013	2012
Interest cost		
Capitalized as part of construction project	\$ 34,168	\$ 1,502
Recognized as interest expense	244,846	205,733
Totals	\$ 279,014	\$ 207,235

Series 1999

On June 3, 1999, the WHEFA Bonds, Series 1999, (Memorial Hospital of Taylor County, Inc Project) were issued in the amount of \$3.5 million. The bonds were issued to fund a construction project and future capital expenditures. The revenue bonds have a term of 20 years and are callable by the holder upon demand. Since the Organization has the ability to refinance the debt, if called, and because these types of bonds have historically not been called prior to maturity, the bonds are classified based on the due date. At June 30, 2013 and 2012, the variable interest rate was 1.04%. The average interest rate on the bonds was 0.89% and 0.90% during 2013 and 2012, respectively. The bonds are guaranteed by Aspirus, Inc.

Series 2004

During fiscal year 2005, WHEFA issued \$45 million of Variable Rate Demand Revenue Bonds, Series 2004 for the benefit of the Organization and Aspirus Wausau Hospital, Inc (AWH), collectively known as the "Obligated Group." The Organization joined AWH as a member of the Obligated Group simultaneously with the issuance of the Series 2004 Bonds. The proceeds from the Series 2004 Bonds were shared by the Organization, \$17.8 million, and AWH, \$27.2 million. The Series 2004 Bonds were issued pursuant to, and secured by, the Master Trust Indenture dated December 1, 2004, between WHEFA and the Obligated Group. The Organization and AWH are jointly and severally liable for the payment obligations under the loan agreement. The Series 2004 Bonds are payable solely from loan payments to be made by the Organization and AWH pursuant to the loan agreements between WHEFA and the Obligated Group. The proceeds from the Series 2004 Bonds were used to construct, renovate, and equip certain health care facilities of the Organization and AWH and to pay certain expenses incurred in connection with the issuance.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 11 Long-Term Debt (Continued)

Series 2004 (Continued)

In April 2008, the Obligated Group began to purchase its Series 2004 Variable Rate Demand Bonds as each weekly auction failed. The Organization accounted for the purchase of the Series 2004 bonds as an extinguishment of debt, resulting in a nonoperating loss of \$169,735 as of June 30, 2008.

In July 2008, the Series 2004 bonds were converted from auction-rate securities to variable-rate demand bonds and supported by the long-term letter of credit.

In October 2009, the Obligated Group reoffered the Series 2004 bonds. The existing bank letter of credit was replaced with a letter of credit issued by a different bank, and the bond insurance policies were cancelled. As a result, the Organization wrote off the remaining cost of the conversion of the bond totaling \$144,016 and capitalized \$116,490 of bond issuance costs related to the 2009 reoffering.

In April 2013, the Obligated Group refinanced the 2004 bonds with the 2013 bonds as discussed below. The Organization recognized a nonoperating loss of \$100,099 in 2013, as a result of the refinancing.

The interest rate on the Series 2004 Bonds was reset weekly. At June 30, 2012, the rate was 0.15%. The average variable interest rate on the bonds in 2013 and 2012 was 0.14% and 0.12%, respectively.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 11 Long-Term Debt (Continued)

Series 2013

On April 1, 2013, the existing Obligated Group debt structure was expanded to include Aspirus and certain other affiliated organizations of Aspirus through a Supplemental Master Trust Indenture, which amended a Master Trust Indenture dated February 29, 2012. The amendment allowed for the inclusion of certain affiliated organizations into the existing Obligated Group debt structure.

In April 2013, WHEFA issued \$90,560,000 of Revenue Bonds, Series 2013 for the benefit of the Organization and certain affiliates of Aspirus, who collectively are known as the Obligated Group. The proceeds from the Series 2013 Bonds were shared by four members of the Obligated Group including \$15,665,000 for the Organization to refinance existing debt. The Organization also received a premium related to the debt of \$1,237,595.

The Organization and other members of the Obligated Group are jointly and severally liable for payment obligations under the Supplemental Master Trust Indenture including prior existing debt of the Obligated Group pursuant to the loan agreements between the obligors and the Obligated Group. Management has determined that the credit risk is minimal, at this point, but the Organization would be responsible for repayment of any additional debt of the other obligors if they were unable to pay beyond what is recorded on the Organization's financial statements. The Series 2013 Bonds are payable solely from loan payments to be made by the Organization and other Obligated Group members pursuant to the loan agreements between WHEFA and the Obligated Group. The bond agreements of the Obligated Group provide for various restrictive covenants. Management believes that the Organization is in compliance with these covenants as of June 30, 2013.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 12 Interest Rate Swap

The Organization had a master swap agreement dated December 22, 2004, with a financial institution for an interest rate swap transaction with an original notional amount of \$17,800,000 and a fixed rate of 3.49%. During 2013, the Organization refinanced its 2004 debt and terminated the swap effective January 31, 2013. The interest rate swap was in a loss position at the time of termination, accordingly, there was a termination amount paid by the Organization of \$3,673,000.

The interest rate swap agreement was recorded at fair value and was a liability of \$3,936,205 as of June 30, 2012. Prior to 2008, the Organization assessed the effectiveness of the interest rate swap as a cash flow hedge instrument on a periodic basis. During the year ended June 30, 2008, the Organization determined the hedge was no longer highly effective, primarily due to basis differences in the variable leg of the swap which is at LIBOR, and the variable rates on the Series 2004 Bonds. The Organization recognized other income of \$298,779 in 2013 and other expense of \$2,047,828 in 2012, for the change in the fair value of the interest rate swap agreement.

The cumulative changes in fair value of the interest rate swap agreement recognized as a change in unrestricted net assets in years prior to 2008, totaling \$754,200, was to be reclassified to interest rate swap valuation adjustment on the statements of operations and changes in net assets over the remaining life of the Series 2004 Bonds. During 2013 and 2012, the Organization reclassified \$16,195 and \$27,763, respectively, of the cumulative fair value adjustment from unrestricted net assets to other income.

The remaining unamortized cumulative loss in net assets in the amount of \$599,211 was reclassified from unrestricted net assets to other income upon termination of the swap agreement.

Total interest expense relating to the interest rate swap was \$338,738 and \$571,502 in 2013 and 2012, respectively.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 13 Operating Leases

The Organization leases various items of equipment under leases classified as operating leases. Rental expense on these cancelable operating leases amounted to approximately \$93,000 and \$87,000 for the years ended June 30, 2013 and 2012, respectively.

Note 14 Retirement Plans

The Organization sponsors a tax sheltered annuity plan covering substantially all employees. The Organization may make an employer discretionary contribution to the plan for each plan year consisting of 3.0% of eligible wages up to 80.0% of the FICA maximum wage base and 6.0% of eligible wages above 80.0% of the FICA minimum wages base up to current IRS limitations. The Organization offers a 2.0% employer match for a 3-year vesting schedule. The Organization's expense related to this plan totaled approximately \$1,061,000 and \$1,064,000 for the years ended June 30, 2013 and 2012, respectively.

The Organization also sponsors a nonqualified tax equalized annuity plan covering employed physicians. Physicians are eligible to participate in the plan after one year of service. The Organization may make an employer discretionary contribution to the plan for each plan year consisting of 5.0% of eligible wages up to 80.0% of the FICA maximum wage base and 7.4% of eligible wages above 80.0% of the FICA maximum wage base up to current IRS limitations. Participants in the plan are immediately 100.0% vested. The Organization's expense related to this plan totaled approximately \$78,000 and \$106,000 for the years ended June 30, 2013 and 2012, respectively.

In addition, the Organization has adopted an Executive 457(b) Retirement Plan (the "Plan"). The Plan is intended to be maintained primarily for the purpose of providing deferred compensation benefits for a select group of management or highly compensated employees. The Organization may make an employer discretionary contribution to the Plan for each plan year consisting of 5.0% of eligible wages up to 80.0% of the FICA maximum wage base up to current IRS limitations. Including the wages gross-up calculation, the Organization's expense related to this plan totaled approximately \$220,000 and \$231,000 for the years ended June 30, 2013 and 2012, respectively. The total liability recorded for the deferred compensation plan, including unrealized gains and losses net of withdrawals, was approximately \$1,400,000 and \$1,082,000 as of June 30, 2013 and 2012, respectively.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 15 Self-Funded Insurance

The Organization has self-funded health and dental plans, which provide benefits to employees, retirees, and their dependents. Health and dental costs are expensed as incurred. Health and dental expenses are based upon claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The health plan buys reinsurance to cover catastrophic individual claims over \$100,000. The dental plan covers annual individual claims up to \$1,000.

Self-funded health care expense for the years ended June 30, 2013 and 2012 was approximately \$4,132,000 and \$4,277,000, respectively. A liability of approximately \$361,000 and \$352,000 for claims outstanding has been recorded at June 30, 2013 and 2012, respectively. Self-funded dental expense for 2013 and 2012 was approximately \$264,000 and \$233,000, respectively. A liability of approximately \$25,000 and \$27,000 for claims outstanding has been recorded at June 30, 2013 and 2012, respectively. Management believes these liabilities, which are recorded in other accrued expenses on the balance sheets, are sufficient to cover estimated claims, including claims incurred but not yet reported.

Note 16 Malpractice Insurance

The Organization has professional liability insurance for claim losses of less than \$1,000,000 per claim and \$3,000,000 per year. Through January 31, 2005, the insurance covered professional liability claims for both hospital and physician services incurred during a policy year regardless of when the claim was filed ("occurrence" coverage). Effective February 1, 2005, the insurance for physician services was changed to cover professional liability claims for physician services incurred and filed within the policy year (claims-made coverage). Effective April 1, 2007, the insurance for hospital services was changed to claims-made coverage. The Organization is covered against losses in excess of these amounts through its mandatory participation in the Patients' Compensation Fund of the State of Wisconsin. The professional liability insurance policies are renewable annually and have been renewed by the insurance carrier for the annual period extending to April 1, 2014.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 16 Malpractice Insurance (Continued)

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Organization. There exists the possibility of claims arising from services provided to patients through June 30, 2013 and 2012, which have not yet been asserted. The Organization's actuary has estimated these liabilities as well as estimated insurance receivables as of June 30, 2013 and 2012, based on information provided by management, as well as industry trends.

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

	2013	2012
Receivables		
Prepaid expenses and other	\$ 148,986	\$ 555,321
Other asset - Insurance receivable	152,682	659,210
Total receivables	\$ 301,668	\$ 1,214,531
Liabilities		
Other accrued expenses	\$ 168,748	\$ 577,326
Other long-term liabilities	262,895	819,917
Total liabilities	\$ 431,643	\$ 1,397,243

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

Note 17 Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets include assets set aside in accordance with donor restrictions as to time or use. Temporarily and permanently restricted net assets are held by the Foundation and totaled \$1,287,605 and \$1,222,688 as of June 30, 2013 and 2012, respectively.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 18 Functional Expenses

The Organization provides general health care services to residents within its geographic location. Expenses related to providing these services consisted of the following for the years ended June 30:

	2013	2012
Hospital, nursing home, and other long-term care services	\$ 32,721,608	\$ 30,463,575
Clinic services	11,872,841	12,001,043
Pharmacy services	4,517,826	4,768,635
General and administrative services	8,494,232	8,094,418
Total expenses	\$ 57,606,507	\$ 55,327,671

Note 19 Related-Party Transactions

The Organization had the following related-party transactions for the years ended June 30, 2013 and 2012:

Aspirus, Inc

The Organization purchased information technology services and other contracted services from Aspirus, Inc. totaling \$720,353 and \$863,948 for the years ended June 30, 2013 and 2012, respectively. Aspirus, Inc. also guaranteed the Organization's Series 1999 bonds. The amounts paid under the guarantee totaled \$10,865 and \$11,939 for the years ended June 30, 2013 and 2012, respectively. As of June 30, 2013 and 2012, \$94,281 and \$56,238, respectively, was due to Aspirus, Inc.

Aspirus Wausau Hospital, Inc

The Organization purchased supplies, lab, physician, credentialing, and other contracted services from AWH totaling \$1,274,594 and \$1,012,176 for the years ended June 30, 2013 and 2012, respectively. As of June 30, 2013 and 2012, \$323,789 and \$123,375, respectively, was due to AWH.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 19 Related-Party Transactions (Continued)

Aspirus Clinics, Inc

The Organization purchased recruitment, physician, and other contracted services from Aspirus Clinics, Inc. Aspirus, Inc. is the sole corporate member of Aspirus Clinics, Inc. These services totaled \$131,133 and \$105,362 for the years ended June 30, 2013 and 2012, respectively. As of June 30, 2013 and 2012, \$6,374 and \$13,590, respectively, was due to Aspirus Clinics, Inc.

Memorial Member Association, Inc

The Organization provided administrative services to Memorial Member Association, Inc (the "Association") totaling \$6,792 and \$6,800 for the years ended June 2013 and 2012, respectively. There were no amounts due from the Association as of June 30, 2013 and 2012.

Cedar Court Apartments, Inc

The Organization is considered a related party with Cedar Court Apartments, Inc ("Cedar Court") through common board of director membership. The Organization provided administrative, maintenance, and housekeeping services to Cedar Court totaling \$31,591 and \$36,585 for the years ended June 30, 2013 and 2012, respectively. As of June 30, 2013 and 2012, \$2,264 and \$589, respectively, was due from Cedar Court.

The amounts due from related parties are recorded in other accounts receivable, and the amounts due to related parties are recorded in other accrued expenses on the accompanying balance sheets.

Memorial Health Center, Inc.

Notes to Financial Statements

Note 20 Concentration of Credit Risk

Financial instruments that subject the Organization to possible credit risk consist principally of accounts receivable, cash deposits in excess of insured limits, and investments of surplus operating funds

The mix of Organization receivables from patients and third-party payors is as follows at June 30

	2013	2012
Medicare and Medicare Advantage Plans	32%	30%
Medicaid and Medicaid HMO Plans	16%	17%
Other third-party payors	31%	30%
Patients	21%	23%
Totals	100%	100%

The Organization maintains depository relationships with area financial institutions that are Federal Deposit Insurance Corporation (FDIC) insured institutions. Depository accounts at these institutions are insured by the FDIC up to \$250,000. Operating cash needs often require that amounts on deposit exceed FDIC limits. At June 30, 2013, the amount of the Organization's bank balances in excess of FDIC limits was approximately \$7,233,000. In addition, other investments held by financial institutions are uninsured.