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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

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

C Name of organization
MADISON COMMUNITY HOSPITAL

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
917 N WASHINGTON AVE

City or town, state or country, and ZIP + 4
MADISON, SD 57042

D Employer identification number
46-0228038

E Telephone number
(605) 256-6551

G Gross receipts $ 16,042,561

F Name and address of principal officer
TAMARA MILLER
917 N WASHINGTON AVE
MADISON, SD 57042

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 MADISONHOSPITAL COM

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

L Year of formation 1955

M State of legal domicile SD

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVIDE HEALTH CARE SERVICES TO AREA RESIDENTS

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	176
6	Total number of volunteers (estimate if necessary)	**6**	11
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	161,177	1,124,816
9	Program service revenue (Part VIII, line 2g)	13,986,864	14,858,672
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	48,799	29,465
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	4,425	950
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	14,201,265	16,013,903
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	7,192,505	7,646,479
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)	5,682,834	6,115,345
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	12,875,339	13,761,824
19	Revenue less expenses Subtract line 18 from line 12	1,325,926	2,252,079

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	12,398,488	14,832,248
21	Total liabilities (Part X, line 26)	1,231,475	1,441,199
22	Net assets or fund balances Subtract line 21 from line 20	11,167,013	13,391,049

Part II Signature Block

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

Sign Here

****** | 2014-01-27
Signature of officer | Date

TAMARA MILLER CEO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
LAURIE HANSON		2014-01-27		P00851848

Firm's name ▶ EIDE BAILLY LLP | Firm's EIN ▶ 45-0250958

Firm's address ▶ 200 EAST 10TH ST PO BOX 5125
SIOUX FALLS, SD 571175125 | Phone no (605) 339-1999

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

MADISON COMMUNITY HOSPITAL SERVES AS A COMMUNITY HEALTH FOCAL POINT THROUGH THE PROVISION AND MAINTENANCE OF A PROGRESSIVE, EFFICIENT, AND WELL MANAGED HEALTHCARE INSTITUTION, COMMITTED TO QUALITY MEDICAL PRACTICE, AND HIGH ETHICAL STANDARDS MADISON COMMUNITY HOSPITAL SERVES AS A COMMUNITY AND SERVICE AREA BASED PRIMARY CARE INSTITUTION WITH BASIC SECONDARY CARE SUPPORT SERVICES, AND FACILITIES PROVIDED TO MEET DEMONSTRATED NEEDS WHICH CAN BE MET WITHIN THE FINANCIAL AND RESOURCE CONSTRAINTS OF THE ORGANIZATION

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 $ 12,013,129 including grants of $) (Revenue $ 14,719,323)

MADISON COMMUNITY HOSPITAL (HOSPITAL) IS A 25-BED ACUTE CARE HOSPITAL LOCATED IN MADISON, SOUTH DAKOTA FOR THE YEAR ENDED JUNE 30, 2013 ACUTE PATIENT DAYS = 1,132, NEWBORN DAYS = 75, SKILLED DAYS = 1,488, AND INTERMEDIATE DAYS = 27

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ 12,013,129

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	24		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	176		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 11		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

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

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

▶MRS TAMARA MILLER 917 N WASHINGTON AVE MADISON, SD (605) 256-6551

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) BRAD WILKENS PRESIDENT	1 00	X		X				0	0	0
(2) GREG HOLLISTER VICE PRESIDENT	1 00	X		X				0	0	0
(3) LOIS NIEDERT SECRETARY	1 00	X		X				0	0	0
(4) CHRIS LEMAIR TREASURER	1 00	X		X				0	0	0
(5) LOREN SCOTT TREASURER THROUGH OCT 2012	1 00	X		X				0	0	0
(6) DAN BROWN TRUSTEE	1 00	X						0	0	0
(7) PEGGY CASANOVA TRUSTEE	1 00	X						0	0	0
(8) ROBIN SCHWEBACH TRUSTEE	1 00	X						0	0	0
(9) LELAND WHITE TRUSTEE	1 00	X						0	0	0
(10) ABBY OFTEDAL TRUSTEE	1 00	X						0	0	0
(11) CINDY CALLIES TRUSTEE	1 00	X						0	0	0
(12) KEVIN HOFF TRUSTEE	1 00	X						0	0	0
(13) TAMARA MILLER CEO	40 00			X				0	139,774	29,902
(14) ROBERT SUMMERER SURGEON	40 00					X		0	379,552	46,325
(15) DARREL SIMON CRNA	40 00					X		0	195,415	32,071

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Sub-Total ▶										
c Total from continuation sheets to Part VII, Section A ▶										
d Total (add lines 1b and 1c) ▶								0	714,741	108,298

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 ▶ 0

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
TSP 112 N WEST AVE SIOUX FALLS SD 57104	ARCHITECT SERVICES	1,470,019
UNIVERSAL HOSPTIAL SERVICES 7505 S LOUISE AVE SIOUX FALLS SD 57108	BIO-MED CONTRACT	299,535
INTERLAKES MEDICAL CENTER 903 N WASHINGTON AVE MADISON SD 57042	ER CALL COVERAGE	263,862
NORTHLAND FAMILY PRACTICE 220 NE 9TH ST MADISON SD 57042	ER CALL COVERAGE & CONTRACTED PHYSICIANS	222,069
AVERA MCKENNAN HOSPITAL 1325 S CLIFF AVE SIOUX FALLS SD 57117	PURCHASED SERVICES	153,110

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 ▶ 7

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e	453,376			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	671,440			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		1,124,816			
			Business Code				
Program Service Revenue	2a	PATIENT SERVICE REVENUE	900099	14,663,727	14,663,727		
	b	MEALS	624210	95,511			95,511
	c	MCMC REVENUE	621110	83,304	83,304		
	d	MISCELLANEOUS	900099	16,130			16,130
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		14,858,672			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		58,123			58,123
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents	950				
	b	Less rental expenses	0				
	c	Rental income or (loss)	950				
	d	Net rental income or (loss) . . . . . ▶		950			950
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses		28,658			
	c	Gain or (loss)		-28,658			
	d	Net gain or (loss) . . . . . ▶		-28,658			-28,658
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶					
	12	**Total revenue.** See Instructions . . . . . ▶		16,013,903	14,747,031	0	142,056

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	170,606		170,606	
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	5,904,401	5,358,699	545,702	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	249,710	228,241	21,469	
9 Other employee benefits	821,080	729,448	91,632	
10 Payroll taxes	500,682	443,899	56,783	
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
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)	836,640	496,911	339,729	
12 Advertising and promotion	119,793		119,793	
13 Office expenses	555,318	435,121	120,197	
14 Information technology				
15 Royalties . .				
16 Occupancy	132,221	132,221		
17 Travel	38,552	37,443	1,109	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	53,702	37,293	16,409	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	595,303	595,303		
23 Insurance	180,414		180,414	
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	2,120,438	2,120,438		
b BAD DEBTS	899,852	899,852		
c MAINTENANCE AND REPAIRS	335,924	335,924		
d DUES AND SUBSCRIPTIONS	24,241		24,241	
e All other expenses	222,947	162,336	60,611	
25 **Total functional expenses.** Add lines 1 through 24e	13,761,824	12,013,129	1,748,695	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		6,126,796	2	6,120,228
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,961,772	4	2,021,494
	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		142,082	7	161,653
	8	Inventories for sale or use		343,487	8	354,830
	9	Prepaid expenses and deferred charges		239,290	9	152,034
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 14,229,799			
	b	Less accumulated depreciation	10b 8,273,218	3,491,590	10c	5,956,581
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		93,471	15	65,428
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		12,398,488	16	14,832,248
Liabilities	17	Accounts payable and accrued expenses		816,288	17	1,380,678
	18	Grants payable			18	
	19	Deferred revenue		415,187	19	60,521
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	**Total liabilities.** Add lines 17 through 25		1,231,475	26	1,441,199
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		11,091,402	27	13,190,873
	28	Temporarily restricted net assets		75,611	28	200,176
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		11,167,013	33	13,391,049
	34	Total liabilities and net assets/fund balances		12,398,488	34	14,832,248

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	16,013,903
2	Total expenses (must equal Part IX, column (A), line 25)	2	13,761,824
3	Revenue less expenses Subtract line 2 from line 1	3	2,252,079
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	11,167,013
5	Net unrealized gains (losses) on investments	5	
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	-28,043
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	13,391,049

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MADISON COMMUNITY HOSPITAL

Employer identification number
46-0228038

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

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

Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Facts And Circumstances Test

Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MADISON COMMUNITY HOSPITAL

Employer identification number
46-0228038

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		4,663,527	2,978,308	1,685,219
c Leasehold improvements				
d Equipment		6,756,204	5,115,727	1,640,477
e Other		2,810,068	179,183	2,630,885
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				5,956,581

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

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

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	

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

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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X, LINE 2	THE HOSPITAL AND CENTER BELIEVE THAT THEY HAVE APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE CONSOLIDATED FINANCIAL STATEMENTS THE HOSPITAL AND CLINIC WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MADISON COMMUNITY HOSPITAL

Employer identification number
46-0228038

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			104,000		104,000	0 760 %
b Medicaid (from Worksheet 3, column a)			434,234	387,165	47,069	0 340 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			538,234	387,165	151,069	1 100 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,245		3,245	0 020 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			1,363,739	939,789	423,950	3 080 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j **Total.** Other Benefits			1,366,984	939,789	427,195	3 100 %
k **Total.** Add lines 7d and 7j			1,905,218	1,326,954	578,264	4 200 %

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

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

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

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
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	2 899,852		
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	3 108,072		
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	5,416,095
6	Enter Medicare allowable costs of care relating to payments on line 5	6	5,362,471
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	53,624
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
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	MADISON COMMUNITY HOSPITAL 917 N WASHINGTON AVENUE MADISON,SD 57042	X				X		X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group MADISON COMMUNITY HOSPITAL

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

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

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☑ Insurance status			
e ☐ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☐ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

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

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

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

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

Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7 CHARITY CARE EXPENSE WAS CONVERTED TO COST ON LINE 7A BASED ON AN OVERALL COST-TO-CHARGE RATIO ADDRESSING ALL PATIENT SEGMENTS LINE 7B AND LINE 7G WERE DETERMINED USING THE MEDICARE COST REPORT LINE 7E WAS DETERMINED USING THE GENERAL LEDGER
		PART I, L7 COL(F) BAD DEBT EXPENSE OF $899,852 WAS SUBTRACTED FROM TOTAL OPERATING EXPENSE

Identifier	ReturnReference	Explanation
		PART III, LINE 4 A) BAD DEBT RECOVERIES AND DISCOUNTS APPLIED DURING THE COLLECTION PROCESS ARE POSTED IN A SEPARATE ACCOUNT ON THE GENERAL LEDGER THIS ACCOUNT IS COMBINED WITH THE BAD DEBT EXPENSE ACCOUNT TO RESULT IN A NET BAD DEBT EXPENSE AMOUNT ON THE AUDITED FINANCIAL STATEMENT THE BAD DEBT ALLOWANCE AND EXPENSE TAKES CONTRACTUAL ALLOWANCES INTO ACCOUNT THE AMOUNT OF BAD DEBT SHOWN IS BASED ON CHARGES B) THE HOSPITAL APPLIED THE 2013 POVERTY LEVEL PERCENTAGE FOR ITS AREA TO THE TOTAL AMOUNT SENT TO COLLECTIONS DURING THE FISCAL YEAR ENDED JUNE 30, 2013 TO DETERMINE AN ESTIMATE OF ELIGIBLE CHARITY CARE REPORTED AS BAD DEBT C) FOOTNOTE FROM FINANCIAL STATEMENT PLEASE SEE NOTE 1, FINANCIAL STATEMENT, PATIENT AND RESIDENT RECEIVABLES
		PART III, LINE 8 MEDICARE ALLOWABLE COST OF CARE WAS CALCULATED FROM THE MEDICARE COST REPORT FOR THE FISCAL YEAR ENDING 6/30/2013

Identifier	ReturnReference	Explanation
		PART III, LINE 9B ACCOUNTS THAT MEET THE CRITERIA FOR FINANCIAL ASSISTANCE POLICY WILL BE WRITTEN OFF IN ACCORDANCE WITH THE FINANCIAL ASSISTANCE POLICY ACCOUNTS THAT DO NOT MEET THE CRITERIA FOR FINANCIAL ASSISTANCE WILL PROCEED THROUGH THE COLLECTION PROCESS
MADISON COMMUNITY HOSPITAL		PART V, SECTION B, LINE 3 THE SURVEY WAS DISTRIBUTED TO TWO PRIMARY AUDIENCES 1--COMMUNITY MEMBERS AND 2--HEALTH CARE PROFESSIONALS WITH SPECIAL KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH COMMUNITY MEMBERS RECEIVED NOTICE OF THE SURVEY THROUGH ELECTRONIC COMMUNICATIONS, THE MADISON DAILY LEADER NEWSPAPER AND LOCAL RADIO STATIONS HEALTH CARE PROFESSIONALS RECEIVED NOTICE OF THE SURVEY DURING MANDATORY STAFF MEETINGS AT THE MADISON COMMUNITY HOSPITAL IN FEBRUARY 2013 SPECIFICALLY, THERE ARE ACTIVE MEDICAL STAFF MEMBERS WHO HAVE THEIR OWN CLINIC BUSINESS THAT WERE GIVEN THE SURVEY

Identifier	ReturnReference	Explanation
MADISON COMMUNITY HOSPITAL		PART V, SECTION B, LINE 6I THE IMPLEMENTATION STRATEGY IS AVAILABLE UPON REQUEST IT WAS NOT ATTACHED TO THE RETURN IN COMPLIANCE WITH PROPOSED REGULATIONS DUE TO SOFTWARE LIMITATIONS
MADISON COMMUNITY HOSPITAL		PART V, SECTION B, LINE 12H HOUSEHOLD SIZE

Identifier	ReturnReference	Explanation
MADISON COMMUNITY HOSPITAL		PART V, SECTION B, LINE 14G DISCHARGE PLANNING PERSONNEL IN THE BUSINESS OFFICE COUNSEL PATIENTS UPON ADMISSION AND THROUGH THE DISCHARGE PLANNING PROCESS ON MEDICAID, COUNTY WELFARE PROGRAMS, CHARITY CARE, ETC FINANCIAL ASSISTANCE PROGRAMS ARE DETAILED EITHER IN PERSON OR THROUGH A BROCHURE THAT EXPLAINS THE HOSPITAL'S FINANCIAL ASSISTANCE AND PAYMENT REQUIREMENTS COVERED VS NON-COVERED CHARGES ARE DISCUSSED WITH THE PATIENT A PATIENT ASSESSMENT, INCLUDING A DISCUSSION ON FINANCIAL RESPONSIBILITIES, CONCERNS, AND GOVERNMENT PROGRAMS, IS COMPLETED ON EACH INPATIENT BY DISCHARGE PLANNING
		PART VI, LINE 2 IN ADDITION TO COMPLETING A COMMUNITY HEALTH NEEDS ASSESSMENT DURING THE FISCAL YEAR, A DEMOGRAPHIC AND SERVICE LINE ANALYSIS WAS COMPLETED TO DETERMINE COMMUNITY HEALTHCARE NEEDS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 A SUMMARY OF THE FACILITY'S FINANCIAL ASSISTANCE POLICY IS AVAILABLE ON THE HOSPITAL'S WEBSITE, ATTACHED TO BILLING INVOICES, POSTED IN THE EMERGENCY ROOM OR WAITING ROOMS, POSTED IN THE ADMISSIONS OFFICE, GIVEN TO PATIENTS ON ADMISSION, AND UPON REQUEST DISCHARGE PLANNING PERSONNEL IN THE BUSINESS OFFICE COUNSEL PATIENTS UPON ADMISSION AND THROUGH THE DISCHARGE PLANNING PROCESS ON MEDICAID, COUNTY WELFARE PROGRAMS, CHARITY CARE, ETC FINANCIAL ASSISTANCE PROGRAMS ARE DETAILED EITHER IN PERSON OR THROUGH A BROCHURE THAT EXPLAINS THE HOSPITAL'S FINANCIAL ASSISTANCE AND PAYMENT REQUIREMENTS COVERED VS NON-COVERED CHARGES ARE DISCUSSED WITH THE PATIENT A PATIENT ASSESSMENT, INCLUDING A DISCUSSION ON FINANCIAL RESPONSIBILITIES, CONCERNS, AND GOVERNMENT PROGRAMS, IS COMPLETED ON EACH INPATIENT BY DISCHARGE PLANNING WE HAVE RECENTLY IMPLEMENTED A FINANCIAL COUNSELOR THAT MEETS ONE-ON-ONE WITH PATIENTS PRIOR TO DISCHARGE AS WELL TO GO OVER THEIR INSURANCE COVERAGE AND WHAT TO EXPECT ONCE INSURANCE PROCESSES
		PART VI, LINE 4 MADISON COMMUNITY HOSPITAL IS THE ONLY HOSPITAL IN THE SERVICE AREA SEVEN PHYSICIANS AND THREE PHYSICIAN EXTENDERS PRACTICE IN THE COMMUNITY THE SERVICE AREA FOR MCH INCLUDES 14 ZIP CODE COMMUNITIES THAT ARE WITHIN A 21-MILE RADIUS OF THE HOSPITAL IT INCLUDES ALL OF LAKE COUNTY AND PORTIONS OF BROOKINGS, KINGSBURY, MINER, MOODY, MCCOOK AND MINNEHAHA COUNTIES TOTAL SERVICE AREA POPULATION WAS CALCULATED AT 19,625 IN 2010 ESTIMATED MEDIAN HOUSEHOLD INCOME IN 2012 $49,415

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE GOVERNING BODY OF MADISON COMMUNITY HOSPITAL IS COMPRISED OF COMMUNITY MEMBERS, NONE OF WHOM ARE EMPLOYEES OR CONTRACTORS OF THE HOSPITAL MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY SURPLUS FUNDS ARE USED TO IMPROVE PATIENT CARE AND FACILITIES THE HOSPITAL OPERATES AN EMERGENCY ROOM WHICH IS AVAILABLE TO ALL REGARDLESS OF THEIR ABILITY TO PAY THE HOSPITAL PARTICIPATES IN EDUCATION AND TRAINING OF HEALTHCARE PROFESSIONALS THROUGH RESIDENCIES AND INTERNSHIPS FOR NURSING STUDENTS, THERAPY STUDENTS, PHYSICIANS AND PHYSICIAN'S ASSISTANTS THE HOSPITAL PARTICIPATES IN SEVERAL GOVERNMENT SPONSORED HEALTH PROGRAMS, INCLUDING BUT NOT LIMITED TO MEDICARE, MEDICAID, VA, TRI-CARE, AND ALL-WOMEN-COUNT THE HOSPITAL OFFERS VOLUNTEER OPPORTUNITIES TO MEMBERS OF THE COMMUNITY

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MADISON COMMUNITY HOSPITAL

Employer identification number
46-0228038

Part I Questions Regarding Compensation

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

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)TAMARA MILLER	(i)	0	0	0	0	0	0	0
CEO	(ii)	139,774	0	0	7,727	23,106	170,607	0
(2)ROBERT	(i)	0	0	0	0	0	0	0
SUMMERER SURGEON	(ii)	379,552	0	0	12,500	34,756	426,808	0
(3)DARREL SIMON	(i)	0	0	0	0	0	0	0
CRNA	(ii)	195,415	0	0	10,833	22,004	228,252	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 5	ROBERT SUMMERER, DR IS PAID BASED ON PRODUCTION

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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
MADISON COMMUNITY HOSPITAL

Employer identification number
46-0228038

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 1	THE EXECUTIVE COMMITTEE SHALL HAVE THE BOARD PRESIDENT AS ITS CHAIRMAN AND FOUR APPOINTED MEMBERS THE EXECUTIVE COMMITTEE SHALL HAVE POWER TO TRANSACT ALL REGULAR BUSINESS OF THE FACILITY DURING THE INTERIM BETWEEN THE MEETINGS OF THE BOARD OF DIRECTORS, PROVIDED ANY ACTION TAKEN SHALL NOT CONFLICT WITH THE POLICIES AND EXPRESSED WISHES OF THE BOARD OF DIRECTORS AND THAT IT SHALL REFER ALL MATTERS OF MAJOR IMPORTANCE TO THE BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION B, LINE 11	THE ADMINISTRATOR AND CHIEF FINANCIAL OFFICER REVIEW THE 990 IN DETAIL AFTER THEIR REVIEW, THE 990 IS PROVIDED TO EACH BOARD MEMBER THE ADMINISTRATOR PRESENTS THE 990 TO THE BOARD OF DIRECTORS AT THE MEETING HELD PRIOR TO ITS FILING IF SO REQUESTED BY ANY BOARD MEMBER WHETHER PRESENTED IN A BOARD MEETING OR NOT, THE 990 IS NOT FILED UNTIL EACH BOARD MEMBER HAS BEEN GIVEN A COPY OF IT AND GIVEN AMPLE TIME TO REVIEW IT
	FORM 990, PART VI, SECTION B, LINE 12C	ALL BOARD MEMBERS AND OFFICERS ARE COVERED UNDER THE CONFLICT OF INTEREST POLICY THE BOARD WILL REVIEW ACTUAL CONFLICTS AND MAKE DETERMINATIONS WHETHER A CONFLICT EXISTS THE RESTRICTIONS ARE IMPOSED ON A CASE BY CASE BASIS BASED ON THE BOARD'S DETERMINATION
	FORM 990, PART VI, SECTION B, LINE 15A	THE CEO'S COMPENSATION AND BENEFITS ARE REVIEWED ON AN ANNUAL BASIS IN EXECUTIVE SESSION AT THE BOARD OF TRUSTEE MEETING THE BOARD OF TRUSTEES APPROVES THE SALARY AND BENEFITS COMPENSATION
	FORM 990, PART VI, SECTION C, LINE 19	THESE DOCUMENTS ARE NOT AVAILABLE TO THE GENERAL PUBLIC UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	LOSS FROM WHOLLY OWNED SUBSIDIARY -28,043

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
MADISON COMMUNITY HOSPITAL

Employer identification number
46-0228038

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

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

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) MADISON COMMUNITY MEDICAL CENTER 917 N WASHINGTON AVENUE MADISON, SD 57045 46-0398320	OFFICE RENTAL	SD	N/A	C	119,539	244,985	100 000 %		No

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

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

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

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete 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) MADISON COMMUNITY MEDICAL CENTER	P	83,304	FMV

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

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

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

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 46-0228038
Name: MADISON COMMUNITY HOSPITAL

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation	

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Consolidated Financial Statements
June 30, 2013 and 2012

Madison Community Hospital

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Madison Community Hospital
Madison, South Dakota

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Madison Community Hospital, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

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

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

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

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

200 E 10th St , Ste 500 | P O Box 5125 | Sioux Falls, SD 57117-5125 | T 605 339 1999 | F 605 339 1306 | EOE

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Madison Community Hospital as of June 30, 2013 and 2012, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter Regarding Accounting Principle
As disclosed in Note 12 to the consolidated financial statement, in accordance with updates to the relevant accounting standards pertaining to the presentation and disclosure of patient service revenue, provision for bad debts, and the allowance for doubtful accounts for certain health care entities, Madison Community Hospital has changed its presentation and disclosure of those consolidated financial statement elements

Eide Bailly LLP

Sioux Falls, South Dakota
October 14, 2013

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	$ 4,535,830	$ 4,532,481
Receivables		
Patient, net of estimated uncollectibles of $1,713,000 in 2013 and $1,510,000 in 2012	1,916,765	1,844,144
Other	42,413	73,014
Supplies	354,830	343,487
Prepaid expenses	152,034	239,290
Total current assets	7,001,872	7,032,416
Assets Limited as to Use		
By board for capital improvements	1,413,314	1,541,427
By donors for specific purposes	200,176	75,611
Total assets limited as to use	1,613,490	1,617,038
Property and Equipment	6,172,474	3,723,222
Other Assets		
Noncurrent receivables	62,316	44,614
Total assets	$ 14,850,152	$ 12,417,290

See Notes to Consolidated Financial Statements

Madison Community Hospital
Consolidated Balance Sheets
June 30, 2013 and 2012

Liabilities and Net Assets	2013	2012
Current Liabilities		
Accounts payable		
Trade	$ 613,565	$ 238,691
Estimated third-party payor settlements, net	230,000	98,000
Accrued expenses		
Salaries and wages	113,699	91,211
Vacation	413,170	383,546
Payroll taxes and other	16,379	17,506
Property taxes	11,769	6,136
Deferred revenues	60,521	415,187
Total current liabilities	1,459,103	1,250,277
Net Assets		
Unrestricted	13,190,873	11,091,402
Temporarily restricted	200,176	75,611
Total net assets	13,391,049	11,167,013
Total liabilities and net assets	$ 14,850,152	$ 12,417,290

Madison Community Hospital
Consolidated Statements of Operations
Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted Revenue, Gains and Other Support		
Net patient service revenue	$ 14,663,727	$ 13,792,937
Provisions for bad debts	(899,852)	(734,304)
Net patient service revenue, less provision for bad debt	13,763,875	13,058,633
Gains and other support	685,506	270,699
Total unrestricted revenue, gains and other support	14,449,381	13,329,332
Expenses		
Salaries and wages	6,642,853	6,221,628
Employee benefits	1,125,032	1,092,204
Supplies and other expenses	4,547,324	4,273,010
Depreciation	611,041	623,586
Total expenses	12,926,250	12,210,428
Operating Income	1,523,131	1,118,904
Other Income (Expense)		
Investment income	58,123	48,549
Unrestricted contributions	8,226	20,405
(Loss) gain on disposal of equipment	(28,658)	250
Other income, net	37,691	69,204
Revenues in Excess of Expenses	1,560,822	1,188,108
Contributions Restricted for Purchases of Equipment	538,355	87,530
Net Assets Released from Restrictions	294	22,836
Change in Unrestricted Net Assets	$ 2,099,471	$ 1,298,474

Madison Community Hospital
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2013 and 2012

	2013	2012
Unrestricted Net Assets		
Revenues in excess of expenses	$ 1,560,822	$ 1,188,108
Contributions restricted for purchases of equipment	538,355	87,530
Net assets released from restrictions	294	22,836
Change in unrestricted net assets	2,099,471	1,298,474
Temporarily Restricted Net Assets		
Contributions for specific purposes	124,859	19,197
Net assets released from restrictions	(294)	(22,836)
Change in temporarily restricted net assets	124,565	(3,639)
Change in Net Assets	2,224,036	1,294,835
Net Assets, Beginning of Year	11,167,013	9,872,178
Net Assets, End of Year	$ 13,391,049	$ 11,167,013

	2013	2012
Operating Activities		
Change in net assets	$ 2,224,036	$ 1,294,835
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	611,041	623,586
Contributions restricted by donors	(663,214)	(106,727)
Loss (gain) on disposal of equipment	28,658	(250)
Changes in assets and liabilities		
Receivables	(59,722)	(270,938)
Supplies	(11,343)	9,204
Prepaid expenses	87,256	(127,319)
Accounts payable	97,441	53,246
Estimated third-party payor settlements	132,000	(63,000)
Accrued expenses	56,618	(123,865)
Deferred revenue	(354,666)	415,187
Net Cash from Operating Activities	2,148,105	1,703,959
Investing Activities		
Purchase of property and equipment	(2,711,518)	(477,591)
Proceeds from disposal of equipment	-	250
Purchase of investments and assets limited as to use	(2,148,000)	(2,148,290)
Sales and maturities of investments and assets limited as to use	2,151,548	2,351,078
Net Cash used for Investing Activities	(2,707,970)	(274,553)
Financing Activities		
Contributions restricted by donors	563,214	106,727
Net Increase in Cash and Cash Equivalents	3,349	1,536,133
Cash and Cash Equivalents, Beginning of Year	4,532,481	2,996,348
Cash and Cash Equivalents, End of Year	$ 4,535,830	$ 4,532,481
Supplemental Disclosure of Noncash Investing and Financing Activities		
Accounts payable - construction in progress	$ 277,433	$ -
Contributions of property	$ 100,000	$ -

Note 1 - Organization and Significant Accounting Policies

Organization

Madison Community Hospital (Hospital) is a 25-bed acute care hospital located in Madison, South Dakota Madison Community Medical Center, Inc (Center) is a for-profit corporation wholly owned by the Hospital The Center rents office space to various physicians and organizations These consolidated financial statements include the consolidated operations of the Hospital and the Center

Consolidation

The consolidated financial statements as of and for the years ended June 30, 2013 and 2012, include the accounts of the following entities

Madison Community Hospital
Madison Community Medical Center, Inc

Significant intercompany accounts and transactions have been eliminated in the consolidation

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding assets limited as to use

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim The Hospital does not charge interest on unpaid patient receivables

Patient accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

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

The Hospital`s process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from June 30, 2012 to June 30, 2013 The Hospital does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors The Hospital has not significantly changed its charity care or uninsured discount policies during fiscal years 2013 or 2012

Supplies

Supplies are valued at lower of cost (first in, first out) or market

Investments and Investment Income

The fair value of certificates of deposit that are not publicly traded are recorded at cost plus accrued interest Investment income or loss (including realized gains and losses on investments and interest) is included in other income unless the income or loss is restricted by donor or law Unrealized gains and losses on investments are excluded from revenues in excess of expenses, unless the investments are trading securities

Assets Limited as to Use

Assets limited as to use include assets which are restricted by donors as well as assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes

Property and Equipment

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method The estimated useful lives of property and equipment are as follows

Land improvements	8-20 years
Buildings	5-40 years
Equipment	3-25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support 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 donated or acquired long-lived assets are placed in service

Impairment of Long-Lived Assets

The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate No impairment was identified for the years ended June 30, 2013 and 2012

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital 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 Hospital in perpetuity At June 30, 2013 and 2012, the Hospital did not have any permanently restricted net assets

Revenues in Excess of Expenses

Revenues in excess of expenses excludes contributions of long-lived assets, including assets acquired using contributions which were restricted by donors

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates, reimbursed costs, and discounted charges Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors 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

The Hospital 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, as noted above For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided Net patient service revenue before the provision for bad debts, recognized for the years ended June 30, 2013 and 2012 from these major payor sources, is as follows

	2013	2012
Net patient service revenue		
Third-party payors	$ 13,114,167	$ 12,543,077
Self-pay	1,549,560	1,249,860
Total all payors	$ 14,663,727	$ 13,792,937

Charity Care

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less that established rates Since the Hospital does not pursue collection of these amounts, they are not reported as patient service revenue The amount of charges foregone for services provided under the Hospital's charity care policy were $181,405 and $80,372 for the years ended June 30, 2013 and 2012 The estimated cost of providing these services was approximately $104,000 and $49,000 for the years ended June 30, 2013 and 2012, calculated by multiplying the ratio of cost to gross charges for the Hospital by the gross uncompensated charges associated with providing charity care to its patients

Donor-Restricted Gifts

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

Advertising Costs

The Hospital expenses advertising costs as incurred Advertising expenses totaled $75,200 and $71,900 for the years ended June 30, 2013 and 2012, respectively

Income Taxes

The Hospital is a South Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS The Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose The Center is organized as a South Dakota taxable corporation and is required to file a tax return (Form 1120) on an annual basis

The Hospital and Center believe that they have appropriate support for any tax positions taken affecting its annual filing requirements, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements The Hospital and Clinic would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred

Electronic Health Record (EHR) Incentives

The American Recovery and Reinvestment Act of 2009 established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that meaningfully use certified electronic health record ("EHR") technology The Medicare incentive payments are paid out to qualifying hospitals over four consecutive years on a transitional schedule To qualify for Medicare incentives, hospitals and physicians must meet EHR "meaningful use" criteria that become more stringent over three stages as determined by the Centers for Medicare & Medicaid Services

Medicaid programs and payment schedules vary from state to state The Medicaid program in South Dakota requires eligible hospitals to register for the program prior to 2016, to engage in efforts to adopt, implement or upgrade certified EHR technology in order to qualify for the initial year of participation, and to demonstrate meaningful use of certified EHR technology in order to qualify for additional years of payments The payment schedule is based on a formula of the overall EHR amount times the Medicaid share and is paid 40% in the first and second years and at 20% in the last year of participation based on a Federal Fiscal Year For South Dakota, hospitals cannot initiate payments after 2016 and payment years must be consecutive after 2016 through 2021

For eligible professionals, EHR incentive payments are based on a standard amount per professional Professionals that are eligible to participate in the Medicare EHR incentive program can be paid up to $44,000 over a 4 year period and professionals that are eligible to participate in the Medicaid program are eligible to receive up to $63,750 over a 6 year period Eligible professional are only allowed to participate in either the Medicaid or Medicare programs, not both

During the year ended June 30, 2013, the Hospital recorded $144,556 related to the Medicare program and $64,000 related to Medicaid programs in other revenue for meaningful use incentives These incentives have been recognized following the grant accounting model, recognizing income when management becomes reasonably assured of meeting the required criteria

Amounts recognized represent management's best estimates for payments ultimately expected to be received based on estimated discharges, charity care, and other input data Subsequent changes to these estimates will be recognized in other operating revenue in the period in which additional information is available Such estimates are subject to audit by the federal government or its designee

Deferred Revenue

The Organization recognizes deferred revenue for amounts received for which the services have not yet been performed Grants are also recorded as deferred revenue when the Organization receives grant money in advance of qualifying grant expenditures Grant revenue is recognized and included in income at the time qualifying expenditures are made by the Organization

Reclassifications

Reclassifications have been made to the June 30, 2012 financial information to make it conform to the current year presentation The reclassifications had no effect on previously reported consolidated operating results or changes in net assets

Note 2 - Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates A summary of the payment arrangements with major third-party payors follows

Medicare - The Hospital is licensed as a Critical Access Hospital (CAH) The Hospital is reimbursed for most inpatient and outpatient services at cost with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare intermediary The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2011

Medicaid - Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Outpatient services related to Medicaid beneficiaries are paid based on discounts from established charges

Blue Cross – Services rendered to Blue Cross subscribers are reimbursed under a prospectively determined percentage of charges and fixed payment methodologies

Clinics – The Hospital is reimbursed for most services provided in its clinics under the respective payer`s fee schedules

The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates

Revenue from the Medicare and Medicaid programs accounted for approximately 51% and 4% of the Hospital`s net patient service revenue for the year ended June 30, 2013 and 48% and 6% for the year ended June 30, 2012, respectively Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

A summary of patient service revenue and contractual adjustments is as follows

	2013	2012
Total patient service revenue	$ 21,258,760	$ 19,518,733
Contractual adjustments		
Medicare	(4,439,306)	(3,746,417)
Medicaid	(621,454)	(691,095)
Blue Cross and other	(1,534,273)	(1,288,284)
Total contractual adjustments	(6,595,033)	(5,725,796)
Net patient service revenue	14,663,727	13,792,937
Provision for bad debts	(899,852)	(734,304)
Net patient service revenue less provision for bad debts	$ 13,763,875	$ 13,058,633

Note 3 - Investments and Investment Income

Assets Limited as to use

The composition of assets limited as to use at June 30, 2013 and 2012, is set forth in the following table

	2013	2012
By board for capital improvements and debt redemption		
Cash and certificates of deposit	$ 1,413,314	$ 1,541,427
By donors for specific purposes		
Cash and certificates of deposit	$ 200,176	$ 75,611

Certificates of deposit are stated at historical cost plus accrued interest

Investment Income

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

	2013	2012
Interest income	$ 58,123	$ 48,549

Note 4 - Property and Equipment

A summary of property and equipment at June 30, 2013 and 2012, is as follows

	2013		2012	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and improvements	$ 319,827	$ 188,387	$ 319,827	$ 179,355
Buildings	5,149,198	3,271,271	5,149,198	3,118,654
Equipment	6,894,802	5,249,454	6,428,106	5,032,202
Construction in progress	2,517,759	-	156,302	-
	$ 14,881,586	$ 8,709,112	$ 12,053,433	$ 8,330,211
Net property and equipment		$ 6,172,474		$ 3,723,222

Construction in progress at June 30, 2013 consists of amounts expended for the acquisition of land, architect fees and other expenditures related to the construction of a new hospital and clinic building which will replace the current facilities that are in use The estimate cost of the project is $37,000,000 and will be financed with long term borrowings

Note 5 - Leases

The Hospital leases certain equipment under non-cancelable long-term lease agreements Total lease expense for the years ended June 30, 2013 and 2012, for all operating leases was $189,765 and $202,611

Minimum future lease payments for the operating leases are as follows

Years Ending June 30,	
2014	$ 173,000
2015	134,000
2016	53,000
	$ 360,000

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose at June 30, 2013 and 2012

	2013	2012
Property and equipment acquisitions and various healthcare related programs and services	$ 200,176	$ 75,611

In 2013 and 2012, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of $294 and $22,836, respectively These amounts are included in net assets released from restrictions in the accompanying consolidated financial statements

Note 7 - Pension Plan

The Hospital has a defined contribution pension plan under which employees may become participants upon reaching age 22 and completion of one year of service Employer contributions of 5% of annual compensation are deposited with the plan trustee who invests the plan assets Total pension plan expense for the years ended June 30, 2013 and 2012, was $257,437 and $273,533, respectively

Note 8 - Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements The mix of receivables from third-party payors and patients at June 30, 2013 and 2012, are as follows

	2013	2012
Private Pay	36%	39%
Medicare	33%	33%
Commercial insurance	22%	20%
Blue Cross	7%	6%
Medicaid	2%	2%
	100%	100%

The Organization's cash balances are maintained in various bank deposit accounts At various times throughout the years ended June 30, 2013 and 2012, the Organization's balance in these deposit accounts exceeded federally insured limits

Note 9 - Functional Expenses

The Organization provides health care services to patients within its geographic location Expenses related to providing these services by functional class for the years ended June 30, 2013 and 2012, are as follows

	2013	2012
Patient health care services	$ 11,177,555	$ 10,751,461
General and administrative	1,748,695	1,458,967
	$ 12,926,250	$ 12,210,428

Note 10 - Contingency

Malpractice Insurance

The Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of one million per claim and an annual aggregate limit of three million Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured

Litigation, Claims, and Disputes

The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Hospital

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

Note 11 - Income Taxes

Madison Community Medical Center, Inc is a wholly-owned subsidiary of Madison Community Hospital and is organized as a for-profit corporation under the laws of the state of South Dakota

Net deferred tax assets consist of the following components as of June 30, 2013 and 2012

	2013	2012
Deferred tax assets		
Operating loss carryforwards	$ 24,342	$ 19,566
Valuation allowance	(24,342)	(19,566)
Net deferred tax asset	$ -	$ -

Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income Due to operating losses of the Center in prior years, the level of income for the year ended June 30, 2013, and future budgeted operating results, a valuation allowance has been recorded to the deferred tax assets

Operating loss carryforwards for tax purposes as of June 30, 2013, have the following expiration dates

Expiration Date	
2021	$ 28,247
2022	19,413
2023	7,654
2024	14,036
2028	4,153
2029	12,312
2030	21,500
2031	23,127
2032	31,838
Total operating loss carryforwards	$ 162,280

Note 12 - Change in Accounting Principle

As of and for the year ended June 30, 2013, the Hospital adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, as allowable In accordance with the implementation guidance, the Hospital retroactively applied the presentation requirements to 2012 The impact on 2012 was a decrease to unrestricted revenues, gains, and other support of $734,304, and a decrease to total expenses of $734,304 in the statement of operations There was no impact on operating income or net assets

Note 13 - Subsequent Events

In July 2013, the Hospital entered into a contract for the construction of a new hospital and clinic building. The total commitments called for under the contract amount to $27,984,400 which will be financed with long-term loans. The construction is anticipated to be completed in October 2015.

The Hospital has evaluated subsequent events through October 14, 2013, the date which the financial statements were available to be issued.

Supplementary Information
June 30, 2013 and 2012

Madison Community Hospital

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Trustees
Madison Community Hospital
Madison, South Dakota

We have audited the consolidated financial statements of Madison Community Hospital as of and for the years ended June 30, 2013 and 2012 and our report thereon dated October 14, 2013, which expressed an unmodified opinion on those consolidated financial statements appears on page 1 Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole The consolidating information on pages 20 to 23 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements The schedules of net patient service revenue, schedules of gains and other support, and schedules of expenses on pages 24 to 28 is also presented for the purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The supplemental information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the supplemental information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Eide Bailly LLP

Sioux Falls, South Dakota
October 14, 2013

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Madison Community Hospital
Consolidating Balance Sheets
Year Ended June 30, 2013

Assets	Hospital	Center	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	$ 4,506,738	$ 29,092	$ -	$ 4,535,830
Receivables				
Patient, net of estimated uncollectibles	1,916,765	-	-	1,916,765
Due from Madison Community Medical Center, Inc	161,653	-	(161,653)	-
Other	42,413	-	-	42,413
Supplies	354,830	-	-	354,830
Prepaid expenses	152,034	-	-	152,034
Total current assets	7,134,433	29,092	(161,653)	7,001,872
Assets Limited as to Use				
By board for capital improvements	1,413,314	-	-	1,413,314
By donors for specific purposes	200,176	-	-	200,176
Total assets limited as to use	1,613,490	-	-	1,613,490
Property and Equipment	5,956,581	215,893	-	6,172,474
Other Assets				
Noncurrent receivables	62,316	-		62,316
Investment in Madison Community Medical Center, Inc	65,428	-	(65,428)	-
Total assets	$ 14,832,248	$ 244,985	$ (227,081)	$ 14,850,152
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 607,430	$ 6,135	$ -	$ 613,565
Estimated third-party payor settlements, net	230,000	-	-	230,000
Accrued expenses				
Salaries and wages	113,699	-	-	113,699
Vacation	413,170	-	-	413,170
Payroll taxes and other	16,379	-	-	16,379
Property taxes	-	11,769	-	11,769
Deferred revenues	60,521	-	-	60,521
Due to Madison Community Hospital	-	161,653	(161,653)	-
Total current liabilities	1,441,199	179,557	(161,653)	1,459,103
Net Assets				
Unrestricted	13,190,873	65,428	(65,428)	13,190,873
Temporarily restricted	200,176	-	-	200,176
Total net assets	13,391,049	65,428	(65,428)	13,391,049
Total liabilities and net assets	$ 14,832,248	$ 244,985	$ (227,081)	$ 14,850,152

Madison Community Hospital
Consolidating Balance Sheets
Year Ended June 30, 2012

Assets	Hospital	Center	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	$ 4,509,758	$ 22,723	$ -	$ 4,532,481
Receivables				
Patient, net of estimated uncollectibles	1,844,144	-	-	1,844,144
Due from Madison Community Medical Center, Inc	142,082	-	(142,082)	-
Other	73,014	-	-	73,014
Supplies	343,487	-	-	343,487
Prepaid expenses	239,290	-	-	239,290
Total current assets	7,151,775	22,723	(142,082)	7,032,416
Assets Limited as to Use				
By board for capital improvements	1,541,427	-	-	1,541,427
By donors for specific purposes	75,611	-	-	75,611
Total assets limited as to use	1,617,038	-	-	1,617,038
Property and Equipment	3,491,590	231,632	-	3,723,222
Other Assets				
Noncurrent receivables	44,614	-		44,614
Investment in Madison Community Medical Center, Inc	93,471	-	(93,471)	-
Total assets	$ 12,398,488	$ 254,355	$ (235,553)	$ 12,417,290
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 226,025	$ 12,666	$ -	$ 238,691
Estimated third-party payor settlements, net	98,000	-	-	98,000
Accrued expenses				
Salaries and wages	91,211	-	-	91,211
Vacation	383,546	-	-	383,546
Payroll taxes and other	17,506	-	-	17,506
Property taxes	-	6,136	-	6,136
Deferred revenues	415,187	-	-	415,187
Due to Madison Community Hospital	-	142,082	(142,082)	-
Total current liabilities	1,231,475	160,884	(142,082)	1,250,277
Net Assets				
Unrestricted	11,091,402	93,471	(93,471)	11,091,402
Temporarily restricted	75,611	-	-	75,611
Total net assets	11,167,013	93,471	(93,471)	11,167,013
Total liabilities and net assets	$ 12,398,488	$ 254,355	$ (235,553)	$ 12,417,290

Madison Community Hospital
Consolidating Statements of Operations
Year Ended June 30, 2013

	Hospital	Center	Eliminations	Consolidated
Unrestricted Revenue, Gains and Other Support				
Net patient service revenue	$ 14,663,727	$ -	$ -	$ 14,663,727
Provision for bad debts	(899,852)	-	-	(899,852)
Net patient service revenue less provision for bad debts	13,763,875	-	-	13,763,875
Gains and other support	649,271	119,539	(83,304)	685,506
Total unrestricted revenue, gains and other support	14,413,146	119,539	(83,304)	14,449,381
Expenses				
Salaries and wages	6,642,853	-	-	6,642,853
Employee benefits	1,125,032	-	-	1,125,032
Supplies and other expenses	4,498,784	131,844	(83,304)	4,547,324
Depreciation	595,303	15,738	-	611,041
Total expenses	12,861,972	147,582	(83,304)	12,926,250
Operating Income (Loss)	1,551,174	(28,043)	-	1,523,131
Other Income				
Investment income	58,123	-	-	58,123
Unrestricted contributions	8,226	-	-	8,226
Loss from wholly owned subsidiary	(28,043)	-	28,043	-
Loss on disposal of equipment	(28,658)	-	-	(28,658)
Other income, net	9,648	-	28,043	37,691
Revenues in Excess of (Less Than) Expenses	1,560,822	(28,043)	28,043	1,560,822
Contributions Restricted for Purchases of Equipment	538,355	-	-	538,355
Net Assets Released from Restrictions for Capital	294	-	-	294
Change in Unrestricted Net Assets	$ 2,099,471	$ (28,043)	$ 28,043	$ 2,099,471

Madison Community Hospital
Consolidating Statements of Operations
Year Ended June 30, 2012

	Hospital	Center	Eliminations	Consolidated
Unrestricted Revenue, Gains and Other Support				
Patient service revenue	$ 13,792,937	$ -	$ -	$ 13,792,937
Provision for bad debts	(734,304)	-	-	(734,304)
Net patient service revenue	13,058,633	-	-	13,058,633
Gains and other support	232,397	117,514	(79,212)	270,699
Total revenue, gains and other support	13,291,030	117,514	(79,212)	13,329,332
Expenses				
Salaries and wages	6,221,628	-	-	6,221,628
Employee benefits	1,092,204	-	-	1,092,204
Supplies and other expenses	4,219,817	132,405	(79,212)	4,273,010
Depreciation	607,386	16,200	-	623,586
Total expenses	12,141,035	148,605	(79,212)	12,210,428
Operating Income (Loss)	1,149,995	(31,091)	-	1,118,904
Other Income				
Investment income	48,549	-	-	48,549
Unrestricted contributions	20,405	-	-	20,405
Loss from wholly owned subsidiary	(31,091)	-	31,091	-
Gain on disposal of equipment	250	-	-	250
Other income, net	38,113	-	31,091	69,204
Revenues in Excess of (Less Than) Expenses	1,188,108	(31,091)	31,091	1,188,108
Contributions Restricted for Purchases of Equipment	87,530	-	-	87,530
Net Assets Released from Restrictions for Capital	22,836	-	-	22,836
Change in Unrestricted Net Assets	$ 1,298,474	$ (31,091)	$ 31,091	$ 1,298,474

Madison Community Hospital
Schedules of Net Patient Service Revenue
Years Ended June 30, 2013 and 2012

	2013	2012
Patient Service Revenue		
Routine services	$ 1,763,603	$ 1,546,092
Coronary care	37,752	25,771
Observation beds	953,678	1,056,482
Nursery	51,117	61,350
Operating room	1,384,836	1,252,690
Delivery and labor room	62,071	68,748
Anesthesiology	335,036	387,607
Radiology	4,567,002	4,039,049
Laboratory	2,071,174	1,851,043
Inhalation therapy	527,661	642,045
Cardiac rehab	111,894	67,100
Ambulance	508,580	403,995
Physical therapy	943,960	894,573
Speech therapy	102,794	142,255
Electrocardiology	493,234	326,732
Occupational therapy	610,130	510,077
Central supply	1,798,647	1,551,733
Pharmacy	2,394,317	2,476,906
Emergency room	814,400	718,275
Summerer Clinic	917,501	946,298
Northland Family Practice	633,242	289,139
Diabetes education	29,619	23,398
Hospice	67,737	77,078
Home health	260,180	240,669
Charity care	(181,405)	(80,372)
Total patient service revenue	21,258,760	19,518,733
Contractual Adjustments		
Medicare	4,439,306	3,746,417
Medicaid	621,454	691,095
Blue Cross and other	1,534,273	1,288,284
Total contractual adjustments	6,595,033	5,725,796
Net Patient Service Revenue	$ 14,663,727	$ 13,792,937

Madison Community Hospital
Schedules of Gains and Other Support
Years Ended June 30, 2013 and 2012

	2013	2012
Gains and Other Support		
Clinic	$ 119,539	$ 117,514
Meals	95,511	86,567
Rehab	9,648	8,528
Rent	950	4,425
Sales of medical records	2,140	1,899
Grants	244,820	34,045
Electronic health record incentive	208,556	-
Other	4,342	17,721
Total gains and other support	$ 685,506	$ 270,699

	2013	2012
Routine Services		
Salaries and wages	$ 1,327,502	$ 1,374,392
Supplies and other expenses	154,730	63,458
	1,482,232	1,437,850
Coronary Care		
Salaries and wages	9,368	7,944
Nursing Administration		
Salaries and wages	183,102	114,204
Nursery		
Salaries and wages	22,722	29,721
Operating Room		
Salaries and wages	161,725	153,641
Delivery and Labor Room		
Salaries and wages	17,239	15,859
Anesthesiology		
Salaries and wages	280,470	258,214
Supplies and other expenses	437	275
	280,907	258,489
Radiology		
Salaries and wages	580,439	512,169
Supplies and other expenses	192,680	207,321
	773,119	719,490
Laboratory		
Salaries and wages	271,380	285,580
Supplies and other expenses	416,042	410,061
	687,422	695,641
Nuclear Medicine & Ultrasounds		
Salaries and wages	181,760	179,068
Supplies and other expenses	51,294	99,927
	233,054	278,995
Ambulance		
Salaries and wages	184,374	173,606
Supplies and other expenses	19,770	18,121
	204,144	191,727

	2013	2012
Physical Therapy		
Salaries and wages	$ 307,188	$ 309,266
Supplies and other expenses	11,437	10,114
	318,625	319,380
Speech Therapy		
Salaries and wages	67,893	76,719
Supplies and other expenses	10,020	7,458
	77,913	84,177
Occupational Therapy		
Salaries and wages	173,791	126,036
Supplies and other expenses	11,918	10,055
	185,709	136,091
Central Supply		
Salaries and wages	95,710	91,976
Supplies and other expenses	366,660	294,955
	462,370	386,931
Pharmacy		
Salaries and wages	187,830	198,260
Supplies and other expenses	954,635	1,003,574
	1,142,465	1,201,834
Emergency Room		
Salaries and wages	79,562	84,802
Supplies and other expenses	421,719	422,767
	501,281	507,569
Summerer Clinic		
Salaries and wages	458,770	445,253
Supplies and other expenses	13,696	13,693
	472,466	458,946
Northland Family Practice		
Salaries and wages	281,956	130,008
Supplies and other expenses	40,764	19,187
	322,720	149,195
Hospice		
Salaries and wages	53,808	56,131
Supplies and other expenses	4,369	4,467
	58,177	60,598

Madison Community Hospital
Schedules of Expenses
Years Ended June 30, 2013 and 2012

	2013	2012
Home Health		
Salaries and wages	$ 148,546	$ 146,665
Supplies and other expenses	17,915	18,786
	166,461	165,451
Dietary		
Salaries and wages	315,346	301,610
Supplies and other expenses	124,752	112,663
	440,098	414,273
Plant Operations		
Salaries and wages	222,633	206,775
Supplies and other expenses	227,556	217,385
	450,189	424,160
Medical Records		
Salaries and wages	165,768	159,839
Supplies and other expenses	40,592	8,374
	206,360	168,213
Housekeeping		
Salaries and wages	84,858	93,329
Supplies and other expenses	65	315
	84,923	93,644
Laundry and Linen		
Salaries and wages	36,854	42,198
Supplies and other expenses	69,899	56,767
	106,753	98,965
Administrative Services		
Salaries and wages	742,259	648,363
Supplies and other expenses	1,347,834	1,220,094
	2,090,093	1,868,457
Clinic		
Supplies and other expenses	48,540	53,193
Unassigned Expenses		
Employee benefits	1,125,032	1,092,204
Depreciation	611,041	623,586
	1,736,073	1,715,790
Total expenses	$ 12,926,250	$ 12,210,428