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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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

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

C Name of organization
MERITER HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
202 SOUTH PARK STREET

City or town, state or province, country, and ZIP or foreign postal code
MADISON, WI 537151596

D Employer identification number
39-0806367

E Telephone number
(608) 417-6000

G Gross receipts $ 428,447,741

F Name and address of principal officer
JAMES WOODWARD
202 SOUTH PARK STREET
MADISON, WI 537151596

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

H(b) Are all subordinates 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 MERITER COM

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

L Year of formation 1898

M State of legal domicile WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
MERITER HOSPITAL, INC IS A NOT FOR PROFIT, LOCALLY GOVERNED COMMUNITY HOSPITAL MERITER HOSPITAL PROVIDES A COMPREHENSIVE ARRAY OF PATIENT-FOCUSED INPATIENT AND OUTPATIENT SERVICES TO MEET THE HEALTH-RELATED NEEDS OF OUR COMMUNITY

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**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	3,107
6	Total number of volunteers (estimate if necessary)	**6**	508
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	50,858
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-775,185

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	587,378	225,340
	9 Program service revenue (Part VIII, line 2g)	378,521,188	386,834,240
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	8,381,083	10,498,408
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,640,795	10,034,961
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	400,130,444	407,592,949
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	116,904	203,518
	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)	181,215,529	183,210,637
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶927,149		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	170,216,300	167,714,315
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	351,548,733	351,128,470
	19 Revenue less expenses Subtract line 18 from line 12	48,581,711	56,464,479

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	682,175,251	732,436,308
	21 Total liabilities (Part X, line 26)	313,942,372	289,641,337
	22 Net assets or fund balances Subtract line 21 from line 20	368,232,879	442,794,971

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2014-10-21

BETH ERDMAN CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
RACHEL BECKER				P00966076

Firm's name ▶ DELOITTE TAX LLP — Firm's EIN ▶ 86-1065772

Firm's address ▶ 555 EAST WELLS STREET SUITE 1400
MILWAUKEE, WI 53202 — Phone no (414) 271-3000

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 or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

MERITER HOSPITAL, INC IS DEDICATED TO PROVIDING EXCEPTIONAL HEALTH CARE AND LIVING BY ITS MISSION TO HEAL, TEACH AND SERVE

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 $ 312,305,228 including grants of $ 203,518) (Revenue $ 393,312,118)

MERITER HOSPITAL, INC IS A 448-BED COMMUNITY HOSPITAL THAT WAS RECOGNIZED IN 2010 AND 2011 AS A THOMPSON REUTER 100 TOP HOSPITALS AND PATIENTS RATED IN THE TOP 10 PERCENT IN THE NATION IN TERMS OF THEIR OVERALL HOSPITAL RATING AND WILLINGNESS TO RECOMMEND TO FAMILY AND FRIENDS THIS YEAR MERITER DEDICATED SIGNIFICANT TIME AND RESOURCES TO IMPLEMENT AN ELECTRONIC MEDICAL RECORD SYSTEM INCLUDING MYCHART, MERITER CARE AND CARE EVERYWHERE IN FURTHER EFFORTS TO IMPROVE PATIENT SAFETY, QUALITY CARE AND OPERATIONAL EFFICIENCY AS WISCONSIN'S FIFTH LARGEST HOSPITAL, MERITER HOSPITAL, INC SERVES THE COMMUNITY BY PROVIDING A COMPREHENSIVE ARRAY OF SERVICES AND IS PROUD TO DELIVER MORE BABIES THAN ANY OTHER HOSPITAL IN THE STATE, TO RECEIVE CYCLE III ACCREDITATION FROM THE SOCIETY OF CHEST PAIN CENTERS, AND TO BE AWARDED A THREE-YEAR ACCREDITATION IN COMPUTED TOMOGRAPHY (CT) MERITER MEDICAL STAFF PROVIDES PATIENTS WITH THE GREATEST CHOICE OF HEALTH CARE PROVIDERS INCLUDING MERITER MEDICAL GROUP, INC , UNIVERSITY OF WISCONSIN MEDICAL FOUNDATION PHYSICIANS AND CERTIFIED NURSE-MIDWIVES AND A WIDE ARRAY OF INDEPENDENT MEDICAL PROVIDERS MERITER PROVIDES SOLUTIONS TO MANY HEALTH CARE NEEDS SUCH AS THE REGION'S ONLY HOSPITAL-BASED DENTAL CLINIC, CHILD AND ADOLESCENT PSYCHIATRY SERVICES, SEXUAL ASSAULT NURSE EXAMINER (SANE) SERVICES, AND PROVIDES SUPPORT TO NEW FAMILIES THROUGH THE BREASTFEEDING HELP LINE AND MOTHER-BABY HOUR, A FREE EDUCATIONAL SUPPORT PROGRAM IN 2013, MERITER WAS A 2013 RECIPIENT OF THE NATIONAL RESEARCH CORPORATIONS' INNOVATIVE BEST PRACTICE AWARD FOR THE THIRD CONSECUTIVE YEAR, MERITER WAS NAMED "MOST WIRED" BY HOSPITALS & HEALTH NETWORKS MAGAZINE

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** ▶ 312,305,228

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	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *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 other assistance to or for foreign individuals? *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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or 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**	Yes	
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 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, 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 or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	163		
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	3,107		
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	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*		3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		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	0		
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 or note to any line 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**	16		
	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**	12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

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

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ BETH ERDMAN 202 SOUTH PARK STREET
MADISON, WI 53715 (608) 417-5811

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

Check if Schedule O contains a response or note to any line 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			

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)** . . . . . ▶								1,031,835	5,842,594	593,220

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 ▶ 99

			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**	Yes	
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
JH FINDORFF AND SON INC 300 SOUTH BEDFORD STREET MADISON WI 53703	CONSTRUCTION	6,527,528
UNIVERSITY OF WISCONSIN HOSPITAL AND CLI 750 HIGHLAND AVENUE MADISON WI 53792	INTERNS, RESIDENTS, MED-FLIGHT AND TEACH	4,244,926
EPIC 1979 MILKY WAY LANE VERONA WI 53593	INFORMATION SYSTEMS	3,155,662
UW MEDICAL FOUNDATION 750 HIGHLAND AVENUE MADISON WI 53792	INTERNS AND RESIDENTS	3,151,836
UNIVERSITY OF WISCONSIN 750 HIGHLAND AVENUE MADISON WI 53792	MEDICAL SERVICES	1,598,836
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 ▶ 54		

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	225,340			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		225,340			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	622110	376,369,975	376,369,975		
	b	340B REBATES	622000	3,100,190	3,100,190		
	c	MGT CONTRACT SERVICE	541600	1,797,363	1,797,363		
	d						
	e						
	f	All other program service revenue		5,566,712	4,891,329	39,833	635,550
	g	**Total.** Add lines 2a–2f . . . . . ▶		386,834,240			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		10,350,337		1,424	10,348,913
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					

		(i) Real	(ii) Personal				
	6a	Gross rents	2,675,907					
	b	Less rental expenses	2,686,871					
	c	Rental income or (loss)	-10,964					
	d	Net rental income or (loss) . . . . . ▶			-10,964		7,580	-18,544

		(i) Securities	(ii) Other				
	7a	Gross amount from sales of assets other than inventory	16,974,053	1,114,431			
	b	Less cost or other basis and sales expenses	16,984,008	956,405			
	c	Gain or (loss)	-9,955	158,026			
	d	Net gain or (loss) . . . . . ▶			148,071			148,071
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		444,275				
	b	Less cost of goods sold . . b		227,508				
	c	Net income or (loss) from sales of inventory . . ▶			216,767	216,767		
		Miscellaneous Revenue	Business Code					
	11a	INCOME FROM UNCONSOLIDATED SUBS	900099		6,936,494	6,936,494		
	b	CAFETERIA REVENUE	722210		1,219,809	0	2,021	1,217,788
	c	CHILD CARE REVENUE	624410		844,063			844,063
	d	All other revenue			828,792			828,792
	e	**Total.** Add lines 11a–11d . . . . . ▶			9,829,158			
	12	**Total revenue.** See Instructions . . . . . ▶			407,592,949	393,312,118	50,858	14,004,633

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 or note to any line 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	164,518	164,518		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	39,000	39,000		
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	15,625		15,625	
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	141,599,245	136,558,312	5,040,933	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	5,013,576	4,835,093	178,483	
9 Other employee benefits	26,513,798	25,569,907	943,891	
10 Payroll taxes	10,068,393	9,709,958	358,435	
11 Fees for services (non-employees)				
a Management	14,960,813	260,521	14,700,292	
b Legal	-56,340		-56,340	
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)	16,722,713	16,118,151	604,562	
12 Advertising and promotion	390,317	374,080	16,237	
13 Office expenses	1,261,440	927,296	334,144	
14 Information technology				
15 Royalties . .				
16 Occupancy	12,009,136	11,509,556	499,580	
17 Travel	148,619	142,436	6,183	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	9,701,197		9,701,197	
21 Payments to affiliates	899,999			899,999
22 Depreciation, depletion, and amortization	22,664,717	21,721,865	942,852	
23 Insurance	716,189	686,396	29,793	
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	51,661,323	49,512,212	2,149,111	0
b STATE REVENUE ASSESSMEN	11,551,824	11,551,824	0	0
c TEST FEES	10,350,000	10,350,000		0
d EQUIPMENT RENTAL & MAIN	5,573,649	5,341,785	231,864	0
e All other expenses	9,158,719	6,932,318	2,199,251	27,150
25 **Total functional expenses.** Add lines 1 through 24e	351,128,470	312,305,228	37,896,093	927,149
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 or note to any line in this Part X . . . . . ☑

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		153,077	1	157,101
	2	Savings and temporary cash investments		47,092,142	2	42,431,403
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		24,740,068	4	33,050,779
	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		121,604,435	7	147,555,936
	8	Inventories for sale or use		3,491,652	8	4,635,740
	9	Prepaid expenses and deferred charges		3,052,438	9	3,465,292
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 519,309,809			
	b	Less accumulated depreciation	10b 309,369,228	214,274,020	10c	209,940,581
	11	Investments—publicly traded securities		231,422,874	11	252,846,623
	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		36,344,545	15	38,352,853
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		682,175,251	16	732,436,308
Liabilities	17	Accounts payable and accrued expenses		41,717,353	17	43,012,846
	18	Grants payable			18	
	19	Deferred revenue		21,889	19	28,867
	20	Tax-exempt bond liabilities		226,356,749	20	215,663,272
	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		9,641,372	23	11,468,856
	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		36,205,009	25	19,467,496
	26	**Total liabilities.** Add lines 17 through 25		313,942,372	26	289,641,337
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		362,492,778	27	437,286,276
	28	Temporarily restricted net assets		5,437,099	28	5,204,693
	29	Permanently restricted net assets		303,002	29	304,002
		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		368,232,879	33	442,794,971
	34	Total liabilities and net assets/fund balances		682,175,251	34	732,436,308

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	407,592,949
2	Total expenses (must equal Part IX, column (A), line 25)	2	351,128,470
3	Revenue less expenses Subtract line 2 from line 1	3	56,464,479
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	368,232,879
5	Net unrealized gains (losses) on investments	5	-3,585,874
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	21,683,487
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	442,794,971

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line 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	Yes	
	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		

Additional Data

Software ID:
Software Version:
EIN: 39-0806367
Name: MERITER HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
JAMES WOODWARD CEO/PRESIDENT	29 00 21 00	X		X				0	1,104,727	37,377
DAVE BOYER CHAIR THROUGH 6/13, BOARD MEMBER	3 00 4 00	X		X				9,375	9,375	0
VIRGINIA GRAVES VICE CHAIR/CHAIR	3 00 3 00	X		X				6,250	6,250	0
GEORGE KAMPERSCHROER VICE CHAIR	2 00 1 00	X		X				0	0	0
BARBARA FINLEY BOARD MEMBER	1 00 1 00	X						0	0	0
HOLLY CREMER-BERKENSTADT BOARD MEMBER	1 00 1 00	X						0	0	0
CATHERINE DURHAM BOARD MEMBER	1 00 1 00	X						0	0	0
EILEEN MERSHART BOARD MEMBER	1 00 1 00	X						0	0	0
PAT RICHTER END 06-13 BOARD MEMBER	1 00 1 00	X						0	0	0
JULIE SCHURR MD BOARD MEMBER	1 00 1 00	X						0	0	0
LAURENCE ROTHSTEIN MD BOARD MEMBER	1 00 1 00	X						0	0	0
BRADLEY MANNING MD BOARD MEMBER	1 00 1 00	X						0	0	0
MARGARET NOREUIL RN PHD BOARD MEMBER	1 00 2 00	X						0	0	0
MICHAEL GOLDROSEN MD BOARD MEMBER	1 00 1 00	X						0	0	0
BARBARA SWAN BOARD MEMBER	1 00 1 00	X						0	0	0
SEAN DILWEG START 06-13 BOARD MEMBER	1 00 1 00	X						0	0	0
CATE RANHEIM MD BOARD MEMBER	49 00 1 00	X						0	260,120	5,477
LINDA HOFF END 12-13 CFO/SECRETARY/TREASURER	35 00 15 00			X				0	1,028,826	49,026
KEVIN BOREN END 11-13 HSP CFO/ASST TREASURER	35 00 15 00			X				0	318,178	33,791
GEOFFREY PRIEST MD CMO/ASST SECRETARY	40 00 10 00			X				0	489,061	43,820
SUE ERICKSON EXECUTIVE/ASST TREASURER	49 00 1 00			X				0	320,564	46,818
BETH ERDMAN START 12-13 SECRETARY/TREASURER	35 00 15 00			X				0	179,279	24,519
KERRA GUFFEY CHIEF INFORMATION OFFICER	38 00 12 00				X			0	416,259	36,693
TAMARA SAUNAITIS CHIEF HUMAN RESOURCE OFFICER	45 00 5 00				X			0	342,598	36,414
PATRICIA GRUNWALD CHIEF NURSING OFFICER	49 00 1 00				X			0	372,869	51,988

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MARY REINKE END 09-13 CHIEF PLANNING AND MARKETING OFFICER	50 00 0 00				X			0	330,226	8,685
LOUIS S BRYSH PHYSICIAN	50 00 0 00					X		272,214	0	43,165
ROGER SLATER FORMER EXECUTIVE	0 00 0 00						X	0	214,770	64
WILLIAM J HERBERT DIR PHARMACY & MTL SVCS	50 00 0 00					X		208,089	0	52,265
SUSAN TOTH FORMER BOARD MEMBER	0 00 50 00						X	0	449,492	28,392
DENISE GOMEZ DIR APPLICATIONS & HIM	50 00 0 00					X		188,897	0	32,034
SHERRY CASALI DIR EMERGENCY SERVICES	50 00 0 00					X		176,008	0	36,121
CHRISTINA JACKSON DIR PAT CARE SYS SUPPORT	50 00 0 00					X		171,002	0	26,571

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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.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** 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—2012.** 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—2013.** 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—2012.** 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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		
Return Reference	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. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

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. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		10,885,926		10,885,926
b Buildings		281,542,822	139,221,816	142,321,006
c Leasehold improvements		639,372	343,706	295,666
d Equipment		218,230,595	169,194,336	49,036,259
e Other		8,011,094	609,370	7,401,724
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				209,940,581

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. 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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) DUE FROM MERITER FOUNDATION	7,059,911
(2) OTHER LONG TERM ASSETS	2,734,701
(3) INVESTMENTS IN JOINT VENTURES	28,558,241
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	38,352,853

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
RETIREMENT LIABILITY	18,193,588
INSURANCE RESERVES	556,000
ASSET RETIREMENT OBLIGATION	717,908
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	19,467,496

2. Liability for uncertain tax positions 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** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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**

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

Return Reference	Explanation
PART X, LINE 2	THE HOSPITAL ACCOUNTS FOR INCOME TAXES IN ACCORDANCE WITH ASC SUBTOPIC 740-10, INCOME TAXES - OVERALL THIS GUIDANCE ADDRESSES THE DETERMINATION OF HOW TAX BENEFITS CLAIMED OR EXPECTED TO BE CLAIMED ON A TAX RETURN SHOULD BE RECORDED IN THE FINANCIAL STATEMENTS UNDER ASC 740-10, THE HOSPITAL MUST RECOGNIZE THE TAX BENEFIT FROM AN UNCERTAIN TAX POSITION ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITION WILL BE SUSTAINED ON EXAMINATION BY THE TAXING AUTHORITIES, BASED ON THE TECHNICAL MERITS OF THE POSITION THE TAX BENEFITS RECOGNIZED IN THE FINANCIAL STATEMENTS FROM SUCH A POSITION ARE MEASURED BASED ON THE LARGEST BENEFIT THAT HAS A GREATER THAN FIFTY PERCENT LIKELIHOOD OF BEING REALIZED UPON ULTIMATE SETTLEMENT ASC 740-10 ALSO PROVIDES GUIDANCE ON DERECOGNITION, CLASSIFICATION, INTEREST AND PENALTIES ON INCOME TAXES, AND ACCOUNTING IN INTERIM PERIODS, AND REQUIRES INCREASED DISCLOSURES AS OF DECEMBER 31, 2013 AND 2012, THE HOSPITAL DOES NOT HAVE A LIABILITY FOR UNRECOGNIZED TAX BENEFITS THE HOSPITAL FILES INFORMATIONAL TAX RETURNS IN THE U S FEDERAL JURISDICTION THE HOSPITAL IS SUBJECT TO U S FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS AFTER 2008 THERE ARE NO CURRENT OR ONGOING EXAMINATIONS BY ANY TAXING AUTHORITY AS OF DECEMBER 31, 2013 AND 2012 THE HOSPITAL'S POLICY IS TO RECORD INTEREST AND PENALTIES ON UNCERTAIN TAX PROVISIONS AS INCOME TAX EXPENSE AS OF DECEMBER 31, 2013 AND 2012, THE HOSPITAL HAS NO ACCRUED INTEREST OR PENALTIES RELATED TO UNCERTAIN TAX POSITIONS

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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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.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 50000 0000000000 %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and 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)		13,293	5,952,970	0	5,952,970	1 670 %
b Medicaid (from Worksheet 3, column a)		25,051	57,626,801	37,427,023	20,199,778	5 670 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		963	2,417,279	2,285,415	131,864	0 040 %
d **Total** Financial Assistance and Means-Tested Government Programs		39,307	65,997,050	39,712,438	26,284,612	7 380 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	71	19,759	777,969	9,047	768,922	0 220 %
f Health professions education (from Worksheet 5)	55	4,780	5,851,435	6,300	5,845,135	1 640 %
g Subsidized health services (from Worksheet 6)	4	2,750	2,155,000	0	2,155,000	0 610 %
h Research (from Worksheet 7)						0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	115	5,706	614,282	400	613,882	0 170 %
j **Total.** Other Benefits	245	32,995	9,398,686	15,747	9,382,939	2 640 %
k **Total.** Add lines 7d and 7j	245	72,302	75,395,736	39,728,185	35,667,551	10 020 %

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						0 %
2	Economic development	1		3,344		3,344	0 %
3	Community support	6		6,427		6,427	0 %
4	Environmental improvements	1		1,980		1,980	0 %
5	Leadership development and training for community members						0 %
6	Coalition building	2	130	6,933		6,933	0 %
7	Community health improvement advocacy	1	50	126		126	0 %
8	Workforce development	5	24	6,386		6,386	0 %
9	Other						0 %
10	**Total**	16	204	25,196		25,196	

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	1,071,757		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	73,354,354
6	Enter Medicare allowable costs of care relating to payments on line 5	6	75,831,998
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-2,477,644
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, primary website address, and state license number	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
	See Additional Data Table										

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 MERITER HOSPITAL INC

If reporting on Part V, Section B for a single hospital facility 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 persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url)			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ 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 as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 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 500 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 ☐ Residency			
i ☐ 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 individual'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 Section C)			
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 individual's eligibility under the facility's FAP?	**17**	Yes	
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 Section C)			

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 individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

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 individual 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 individual 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. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
MERITER HOSPITAL, INC	PART V, SECTION B, LINE 3 FOUR FOCUS GROUPS WERE SCHEDULED IN AUGUST 2012 TO SEEK INPUT AND PRIORITIZE THE HEALTH ISSUES HEALTHY DANE USED THE HEALTHY PEOPLE 2020 CATEGORIES TO GUIDE THE INVITATION LIST OF KEY COMMUNITY STAKEHOLDERS FORTY-ONE COMMUNITY STAKEHOLDERS PARTICIPATED IN THE FOCUS GROUPS A HEALTHY DANE MEMBER SERVED AS THE FOCUS GROUP HOST AND PRESENTED HCI DATA ON THE TOP SIX HEALTH ISSUES FOCUS GROUP MEMBERS WERE ASKED TO COMPLETE A COMMUNITY ADVISORY PRIORITIZATION MATRIX AND SELECT THE RATING (5-STRONGLY AGREE, 4-AGREE, 3-NEUTRAL, 2-DISAGREE, 1-STRONGLY DISAGREE) THAT BEST DESCRIBED THEIR AGREEMENT WITH THE FOLLOWING STATEMENTS -IN MY OPINION, THIS IS A SERIOUS HEALTH NEED WITHIN THIS COMMUNITY (SEVERITY)-IN MY OPINION, ADDRESSING THIS HEALTH NEED IS VERY IMPORTANT TO THIS COMMUNITY (IMPORTANCE)-IN MY OPINION, ADDRESSING THIS HEALTH NEED WILL IMPROVE THE QUALITY OF LIFE WITHIN THIS COMMUNITY (IMPACT)-IN MY OPINION, THERE ARE NO RESOURCES FOR ADDRESSING THIS HEALTH NEED WITHIN THIS COMMUNITY (EXISTING RESOURCES) ATTENDEES INCLUDED BOB POWER, EXEC DIREC,COLONIAL CLUB SENIOR CENTERCHRISTINE RADER, DIVISION DIR,MARCH OF DIMESBONNIE LOUGHRAN, EXEC DIR,NAMI OF DANE COUNTYBRENDA DOTTL, RN,STOUGHTON HOSPITAL HOME HEALTHALISON PRANGE, EXEC DIR,AMERICAN CANCER SOCIETYCARRIE WALL, EXEC DIR, YMCA OF DANE COUNTYNICOLE L VESELY, PROGRAM COORD UW HEALTHJENNIFER ELLESTAD, COMM ADVOCACY, DEAN CLINICKRISTIN BURKI, DIRECTOR OF SERVICES,DOMESTIC ABUSE INTERVENTION SERVICESSALLY ZIRBEL DONISCH, HEALTH SERVICES,MADISON METROPOLITAN SCHOOL DISTRICTBRADLEY D SCHROEDER, EMPLOYEE BENEFIT SPECIALIST,STOUGHTON BUSINESS OWNER-INSURANCECINDY MCGLYNN, DIRECTOR,STOUGHTON SENIOR CENTERAMY L MILLER, COMMUNITY EDUCATION DIRECTOR,OREGON SCHOOL DISTRICTDONNA OLSON, MAYOR,CITY OF STOUGHTON-GOVERNMENTCATHY RIGDON, DIRECTOR, STOUGHTON EMERGENCY MANAGEMENT SERVICESLYNN GREEN, EXEC DIR, DANE COUNTY HUMAN SERVICESDR FLOYD ROSE, EXEC DIR,100 BLACK MEN OF MADISONKELLY ANDERSON, EXEC DIR , RAPE CRISIS CENTERMICHELLE HEITZINGER, EXEC DIR, SUSAN G KOMEN OF SOUTH CENTRAL WIEVA BRUMMEL, LEARNING COORDINATOR,WISCONSIN PERINATAL ASSOCIATIONDAN FOLEY, EXEC DIR, NEIGHBORHOOD HOUSE COMMUNITY CENTERBOBBY PETERSON, EXEC DIR, ABC FOR HEALTHPENNY KASPRZAK, ASSOC DIRL AMERICAN DIABETES ASSOCIATION,SHIVA BIDAR-SIELAFF, CO-CHAIR, LATINO HEALTH COUNCILTOM LUEDTKE, CORP EVENTS DIR, AMERICAN HEART ASSOCIATION,LANNIA SYREN STENZ, EXEC DIR,GILDA'S CLUB OF MADISONKEN TAYLOR, EXEC DIR, WISCONSIN COUNCIL ON CHILDREN AND FAMILIESSANDY ERICKSON, DIRECTOR COMMUNITY IMPACT, UNITED WAY DANE COUNTYSTEVE HINIKER, EXEC DIR, 1000 FRIENDSKENT CRAIG, EXEC DIR, CENTRO HISPANOMURIEL NAGLE, DIRECTOR OF HEALTH PROMOTION,UNIVERSITY HEALTH SERVICESLORRI WENDORF-CORRIGAN, NEIGHORHOOD SERVICES COORD, COMMUNITY DEVELOPMENT DIVISION, CITY OF MADISON,JULIE WILLEMS VAN DIJK, RN, PHD UW-MADISON, POPULATION HEALTH DEPT
MERITER HOSPITAL, INC	PART V, SECTION B, LINE 4 UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS, ST MARY'S HOSPITAL - SSM HEALTHCARE, STOUGHTON HOSPITAL
MERITER HOSPITAL, INC	PART V, SECTION B, LINE 5D THE HOSPITAL CONDUCTED A PUBLIC LAUNCH OF A HEALTHYDANE WEBSITE (HEALTHYDANE ORG), IN ADDITION TO POSTING ON MERITER COM, FOUND AT WWW MERITER COM/ABOUT-MERITER/COMMUNITY-GIVING/COMMUNITY-HEALTH-NEEDS-ASSESSMENT
MERITER HOSPITAL, INC	PART V, SECTION B, LINE 7 MERITER DOES NOT ADDRESS ALL NEEDS IDENTIFIED IN THE ASSESSMENT THESE AREAS INCLUDE CANCER, SEXUALLY TRANSMITTED INFECTIONS, STROKE/UNCONTROLLED HYPERTENSION, ASTHMA , DRUGS/UNINTENTIONAL POISONINGS MANY OF THESE CONCERNS AREA BEING ADDRESSED BY MERITER AND OTHER COMMUNITY ORGANIZATIONS THROUGH PROGRAMS AND SERVICES ALTHOUGH NOT AS A PRIORTITY AREA AS MERITER FOCUSES ON THE MANY FACTORS ITS PRIORITY AREAS AFFECTING BIRTH OUTCOMES AND DIABETES, AREAS SUCH AS HYPERTENSION, CANCER AND ASTHMA WILL LIKELY BE IMPROVED FROM THE EFFORTS CERTAINLY, THESE HEALTH NEEDS ARE IMPORTANT AND MERIT FOCUSED ATTENTION HOWEVER, DUE TO LIMITED RESOURCES, MERITER CANNOT ADDRESS ALL CONCERNS AT THE SAME LEVEL WITHIN THIS IMPLEMENTATION PLAN FURTHERMORE, SOME OF THE ISSUES ARE BEING ADDRESSED BY OTHER HOSPITALS IN THE AREA (SPECIFICALLY ASTHMA AND HYPERTENSITON)

Part V Facility Information *(continued)*

Section D. 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? 7

	Name and address	Type of Facility (describe)
1	MAX W POHL DENTAL CLINIC 202 S PARK ST MADISON, WI 53715	DENTAL SERVICES
2	MERITER REHABILITATION MEDICINE 202 S PARK ST MADISON, WI 53715	REHABILITATION SERVICES
3	WOMAN CARE CLINIC 20 S PARK ST MADISON, WI 53715	GYNECOLOGICAL SERVICES
4	CHILD & ADOLESCENT PSYCHIATRY 8001 RAYMOND ROAD MADISON, WI 53719	INPATIENT PSYCHIATRY SERVICES
5	MERITER NEWSTART 1015 GAMMON LANE MADISON, WI 53719	SUBSTANCE ABUSE TREATMENT PROGRAM
6	MERITER WELLNESS CENTER 501 W BELTLINE HIGHWAY SUITE 207 MADISON, WI 53713	CARDIOVASCULAR AND PULMONARY REHABILITATION AND NUTRITION
7	CENTER FOR PERINATAL CARE 202 S PARK ST MADISON, WI 53715	PREGNANCY CARE
8		
9		
10		

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 6A	A COMMUNITY BENEFIT REPORT IS FILED ON BEHALF OF MERITER HEALTH SERVICES, MERITER HOSPITAL IS A SUBSIDIARY THE COMMUNITY BENEFIT TEXT IN THIS RETURN REPRESENTS THE HOSPITAL
PART I, LINE 7	COSTING METHODOLOGY THE RATIO OF COSTS TO CHARGES IS BASED ON WORKSHEET 3 OF SCHEDULE H

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	BAD DEBT EXPENSE OF $5,030,287 IS NOT INCLUDED IN THE TOTAL OPERATING EXPENSES FOR PURPOSES OF CALCULATING THE PERCECNTAGE OF TOTAL EXPENSE IN PART I, LINE 7, COLUMN F
PART II, COMMUNITY BUILDING ACTIVITIES	MERITER STRIVES TO HELP CREATE A HEALTHY COMMUNITY INCLUDING A SAFE ENVIRONMENT, INTERCONNECTED NEIGHBORHOODS WITH ADEQUATE AND AFFORDABLE HOUSING, STRONG SCHOOLS AND A PREPARED AND DIVERSE WORKFORCE THROUGH PARTNERSHIPS WITH AREA NON-PROFIT ORGANIZATIONS AND COMMUNITY GROUPS, MERITER IS WORKING TO STRENGTHEN THE COMMUNITY THROUGH SPONSORSHIPS AND INVOLVEMENT IN BAYVIEW COMMUNITY FOUNDATION, GREENBUSH DAY COMMUNITY CELEBRATION, NEIGHBORHOOD HOUSE, AND HABITAT FOR HUMANITY, AND SUPPORT OF A NEIGHBORHOOD HOUSING INITIATIVE ALL OF THESE GROUPS, AND OTHERS, CREATE OPPORTUNITIES FOR SAFE AND AFFORDABLE HOUSING, FAMILY-BASED EVENTS, AND STRENGTHENING THE NEIGHBORHOODS THROUGH RAISING AWARENESS OF COMMUNITY RESOURCES AND NEIGHBORHOOD ASSETS NEIGHBORHOOD HOUSE, IN PARTICULAR, HAS EXPANDED ITS AFTERSCHOOL ACTIVITIES AND SUMMER CAMP PROGRAM THIS PROGRAM INTRODUCED CHILDREN TO AREAS OF THE COMMUNITY MANY HADN'T EXPERIENCED INCLUDING FIELD TRIPS TO THE UNIVERSITY, ZOO AND TO A LOCAL COMMUNITY GARDEN BAYVIEW FOUNDATION IS PART OF BAYVIEW TOWNHOMES, A CDA HOUSING COMMUNITY LOCATED NEXT TO MERITER THE VAST MAJORITY OF BAYVIEW RESIDENTS ARE IMMIGRANTS WITH APPROXIMATELY 80% OF THE TOTAL RESIDENTS IDENTIFYING AS HMONG THE FOUNDATION'S AFTER-SCHOOL, SCHOOL -AGE AND OTHER PROGRAMS ARE VITALLY IMPORTANT TO ASSISTING THE FAMILIES AND THE CHILDREN WITH ASSIMILATION THE PROGRAMS PROVIDE AFTER-SCHOOL TUTORING, COMPUTER SKILLS, ENGLISH LANGUAGE COMPETENCY AND SCHOOL READINESS, SUMMER EDUCATIONAL PROGRAMS AND A FREE LENDING LIBRARY WITHOUT THESE PROGRAMS, THE CHILDREN IN BAYVIEW WOULD FALL DISASTROUSLY BEHIND IN SCHOOL AND LACK THE SOCIAL SKILLS NEEDED FOR ACADEMIC AND EMPLOYMENT SUCCESS THEY WOULD STRUGGLE WITH BASIC LITERACY, SEVERELY IMPAIRING THEIR ABILITY TO EARN A LIVING OR READ A PHYSICIAN'S INSTRUCTIONS IT IS WELL DOCUMENTED THAT LITERACY AND EMPLOYMENT STATUS HAVE AN IMPACT ON HEALTH AS A SOCIAL DETERMINANT MERITER'S EFFORTS IN SUPPORT OF BAYVIEW FOUNDATION, NEIGHBORHOOD HOUSE AND OTHER PROGRAMS ASSOCIATED WITH EMPLOYMENT ARE INVESTMENTS IN THE FUTURE OF THE COMMUNITY WE HOPE TO CREATE A MORE EDUCATED AND BETTER PREPARED COMMUNITY - WHICH WILL BE HEALTHIER MERITER LED THE WAY IN ESTABLISHING A WORK-FORCE HOUSING INITIATIVE FOR A RAPIDLY CHANGING NEIGHBORHOOD THE INITIATIVE, WHICH INCLUDES PARTNERS FROM OTHER AREA EMPLOYERS, HAS GROWN IN TO A SEPARATE ORGANIZATION WHICH PROVIDES HOME-BUYER EDUCATION, BUDGETING, AND OTHER FINANCIAL LITERACY FINALLY, MERITER IS WORKING WITH COMMUNITY GROUPS SUCH AS THE URBAN LEAGUE TO FUND TRAINING PROGRAMS, SCHOLARSHIPS AND TUTORING PROGRAMS THROUGH SUPPORT OF EDUCATIONAL PROGRAMS, MERITER IS HELPING INCREASE JOB OPPORTUNITIES FOR AREA RESIDENTS, THEREBY INCREASING JOB SECURITY

Form and Line Reference	Explanation
PART III, LINE 3	AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE AND REASONABLE EFFORTS TO COLLECT FROM THE PATIENT HAVE BEEN EXHAUSTED, MERITER FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST-DUE PATIENT BALANCES WITHIN COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED MERITER ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE MERITER'S POLICIES AFTER APPLYING THE COST-TO-CHARGE RATION, THE SHARE OF BAD DEBT EXPENSE IN 2013 WAS $3,180,287 AT CHARGED ($1,071,757 AT COST)
PART III, LINE 4	THE AUDITED FINANCIAL STATEMENTS CONTAIN A REFERENCE TO THE HOSPITAL'S BAD DEBT EXPENSE POLICY ON PAGES 14-15 OF THE ATTACHED AUDITED FINANCIAL STATEMENTS THE HOSPITAL REPORTS ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD PARTY PAYERS, PATIENTS AND OTHERS THE HOSPITAL PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON THE REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING ECONOMIC CONDITIONS COSTING METHODOLOGY THE RATIO OF PATIENT CARE COST TO CHARGES IS APPLIED TO THE BAD DEBT ATTRIBUTABLE TO PATIENT ACCOUNTS THAT ARE REPORTED ON LINE 2 THE RATIO OF COSTS TO CHARGES IS BASED ON WORKSHEET 3 OF SCHEDULE H

Form and Line Reference	Explanation
PART III, LINE 8	THE MEDICARE SHORTFALL WAS NOT INCLUDED AS A COMMUNITY BENEFIT
PART III, LINE 9B	WE NOTIFY PATIENTS OF THEIR FINANCIAL RESPONSIBILITY AS WELL AS OUR CHARITY CARE POLICY OUR COLLECTION AGENCIES ARE EDUCATED ON OUR FAHCP (FINANCIAL ASSISTANCE FOR HEALTH CARE PROGRAM) AND WE FOLLOW WHA (WISCONSIN HOSPITAL ASSOCIATION) GUIDELINES OUR POLICY STATES "PATIENT ACCOUNTS IN THE PROCESS OF FINANCIAL AID REVIEW WILL NOT KNOWINGLY BE SENT TO COLLECTIONS "

Form and Line Reference	Explanation
PART VI, LINE 2	MERITER JOINED THREE OTHER HOSPITALS IN DANE COUNTY, UNIVERSITY OF WISCONSIN HOSPITAL AND CLINICS, STOUGHTON HOSPITAL, AND ST MARY'S - SSM OF WISCONSIN, ALONG WITH PUBLIC HEALTH MADISON AND DANE COUNTY IN THE ASSESSMENT OF THE HEALTH OF DANE COUNTY SECONDARY DATA WAS COLLECTED AND AGGREGATED BY HEALTHY COMMUNITIES INSTITUTE THE DATA WAS VERIFIED IN COMMUNITY FOCUS GROUPS AND THE GROUPS PROVIDED INSIGHT AND IDEAS TO ADDRESS IDENTIFIED NEEDS
PART VI, LINE 3	WE NOTIFY PATIENTS OF THEIR FINANCIAL RESPONSIBILITY AS WELL AS OUR CHARITY CARE POLICY OUR COLLECTION AGENCIES ARE EDUCATED ON OUR FAHCP (FINANCIAL ASSISTANCE FOR HEALTH CARE PROGRAM) AND WE FOLLOW WHA (WISCONSIN HOSPITAL ASSOCIATION) GUIDELINES OUR POLICY STATES "PATIENT ACCOUNTS IN THE PROCESS OF FINANCIAL AID REVIEW WILL NOT KNOWINGLY BE SENT TO COLLECTIONS "

Form and Line Reference	Explanation
PART VI, LINE 4	DANE COUNTY IS LOCATED IN SOUTH-CENTRAL WISCONSIN AND IS HOME TO WISCONSIN'S CAPITAL, MADISON, WHICH IS ALSO THE COUNTY SEAT THE COUNTY IS NEARLY 1,200 SQUARE MILES OF URBAN, SUBURBAN AND RURAL COMMUNITIES DANE COUNTY HAS APPROXIMATELY 572,000 ACRES (ABOUT 72% OF THE TOTAL LAND) IN AGRICULTURAL USE, AND IT LEADS WISCONSIN IN THE TOTAL MARKET VALUE OF AGRICULTURAL PRODUCTS CORN IS THE LARGEST CROP, FOLLOWED BY HAY AND SOYBEANS THE COUNTY HAS THE SECOND LARGEST CATTLE HERD IN THE STATE, INCLUDING 51,000 DAIRY COWS DESPITE THESE STRONG AGRICULTURAL UNDERPINNINGS, DANE COUNTY IS CLASSIFIED BY THE UNITED STATES CENSUS BUREAU AS A METROPOLITAN AREA IN ADDITION TO BEING THE CENTER FOR STATE AND COUNTY GOVERNMENT, DANE COUNTY IS ALSO HOME TO WISCONSIN'S FLAGSHIP PUBLIC UNIVERSITY, THE UNIVERSITY OF WISCONSIN - MADISON AS A RESULT, EDUCATIONAL SERVICES IS THE LARGEST INDUSTRY SUB-SECTOR IN THE COUNTY, FOLLOWED BY FOOD SERVICES, PROFESSIONAL AND TECHNICAL SERVICES, HOSPITALS, AND ADMINISTRATIVE AND SUPPORT SERVICES DANE COUNTY IS THE SECOND MOST DENSELY POPULATED COUNTY IN WISCONSIN, AND MADISON IS THE SECOND LARGEST CITY IN THE STATE THE POPULATION OF DANE COUNTY GREW 14 4% BETWEEN 2000 AND 2010, BRINGING THE TOTAL POPULATION TO 488,073 MADISON HAS 233,209 RESIDENTS, ALMOST HALF OF THE COUNTY'S POPULATION AMONG ITS RESIDENTS ARE MORE THAN 42,000 UW STUDENTS THE ETHNIC/RACIAL DEMOGRAPHICS OF DANE COUNTY ARE CHANGING SINCE 2000, THE PERCENTAGE OF THE POPULATION THAT IS WHITE DECREASED FROM 87 4% TO 81 9% THE GREATEST GROWTH AMONG MINORITY GROUPS WAS SEEN IN THE HISPANIC POPULATION COMPARED WITH WISCONSIN AS A WHOLE, DANE COUNTY HAS MORE ETHNIC DIVERSITY, A LARGER PERCENT OF FOREIGN-BORN RESIDENTS (7 4%), AND A LARGER PERCENT THAT SPEAKS A LANGUAGE OTHER THAN ENGLISH IN THE HOME (11% IN DANE COUNTY, 14 8% IN MADISON) MINORITIES ARE MORE CONCENTRATED IN THE CITY OF MADISON OVER HALF OF ALL STUDENTS IN MADISON PUBLIC SCHOOLS ARE OF RACIAL/ETHNIC MINORITY GROUPS HMONG ARE ONE OF THE LARGEST ASIAN GROUPS IN DANE COUNTY, AND DANE COUNTY HAS ONE OF THE LARGEST HMONG POPULATIONS IN WISCONSIN EXAMINATION OF DATA FOR DANE COUNTY REVEALS A LARGE GAP IN EDUCATION AND INCOME BETWEEN AN AFFLUENT MAJORITY POPULATION AND A GROWING LOW-INCOME, LESS EDUCATED POPULATION THE PERCENT OF THE POPULATION THAT HAS AT LEAST A BACHELOR'S DEGREE IS MUCH HIGHER IN DANE COUNTY THAN IN WISCONSIN AND THE U S , AND IT IS HIGHER YET IN MADISON (DANE COUNTY 45 4%, MADISON 52 2%, WISCONSIN 25 8%, U S 27 9%) 8 HOWEVER, DANE COUNTY'S CURRENT 86% HIGH SCHOOL GRADUATION RATE IS ONE OF THE LOWEST AMONG WISCONSIN COUNTIES LATELY, MUCH ATTENTION HAS BEEN PAID TO THE ACHIEVEMENT GAP AND LOWER GRADUATION RATES FOR SOME RACIAL MINORITY GROUPS IN MADISON, BUT OTHER OF DANE COUNTY'S 16 PUBLIC SCHOOL DISTRICTS FACE THE SAME CHALLENGE IN 2011, THE FOUR-YEAR GRADUATION RATE FOR ALL STUDENTS IN THE MADISON METROPOLITAN SCHOOL DISTRICT WAS 73 7% (NOT INCLUDING GED OR OTHER HIGH SCHOOL CERTIFICATES) BUT THERE WAS CONSIDERABLE VARIATION BY RACIAL GROUP THE MEDIAN HOUSEHOLD INCOME FOR DANE COUNTY IS $60,519 AS COMPARED TO $51,598 IN WISCONSIN MADISON'S MEDIAN HOUSEHOLD INCOME IS $52,550, WHICH IS LOWER THAN HOUSEHOLD INCOMES IN THE REMAINDER OF DANE COUNTY DESPITE THE HIGH MEDIAN HOUSEHOLD INCOME AND A RELATIVELY LOW UNEMPLOYMENT RATE (5 4%), DANE COUNTY IS FACED WITH AN INCREASING NUMBER OF PEOPLE LIVING IN POVERTY 11 6% OF DANE COUNTY RESIDENTS LIVE BELOW THE FEDERAL POVERTY LEVEL (2006-2010), A STATISTIC THAT IS COMPARABLE TO THE STATE POVERTY RATE IN MADISON, THE POVERTY RATE IS HIGHER AT 17 9% ACCORDING TO THE CENTER ON WISCONSIN STRATEGY, 31 5% OF STUDENTS IN DANE COUNTY ARE ELIGIBLE FOR FEDERAL FREE OR REDUCED-PRICE SCHOOL LUNCH IN 2012, AN INCREASE FROM 2000 WHEN ONLY 17 4% OF STUDENTS WERE ELIGIBLE IN THE CITY OF MADISON, OVER HALF OF ALL PUBLIC SCHOOL STUDENTS ARE ELIGIBLE POVERTY LEVELS ARE PARTICULARLY STRIKING FOR CHILDREN IN THE COUNTY TO BE EFFECTIVE, HEALTH PROGRAMS MUST BE MEETING A TANGIBLE NEED OF THE COMMUNITY TO MEET THE NEED, THEY MUST BE PRESENTED TO AND ACCESSIBLE BY THE VERY PEOPLE WHO NEED THEM MOST A STUDY OF DEMOGRAPHICS IS NECESSARY TO ENLIGHTEN THE PLANNING AND MARKETING PROCESS AND, ULTIMATELY, TO MOVE THE DIAL TOWARD BETTER COMMUNITY HEALTH
PART VI, LINE 5	MERITER IS A LOCALLY MANAGED AND A LOCALLY GOVERNED HOSPITAL THE COMMUNITY-BASED BOARD OF DIRECTORS IS COMMITTED TO PROTECTING THE HEALTH OF THE COMMUNITY THROUGH SUSTAINING SEVERAL OF MERITER'S PROGRAMS AND SERVICES THAT ONLY MERITER PROVIDES SEVERAL YEARS AGO, THE BOARD MADE A PLEDGE TO CONTINUE TO PROVIDE CHILD AND ADOLESCENT PSYCHIATRIC SERVICES EVEN WHEN OTHER PROVIDERS CHOSE NOT TO PROVIDE SUPPORT SIMILARLY, MERITER PROVIDES THE ONLY HOSPITAL BASED DENTAL RESIDENCY PROGRAM IN THE AREA THIS SERVICE OFFERS AN OPTION FOR THOSE WHO CANNOT BE SEEN IN A STANDARD DENTAL OFFICE WHETHER THAT REASON IS FOR AN ILLNESS OR A BEHAVIORAL OR COGNITIVE DISABILITY FURTHERMORE, THE MERITER'S DENTAL CLINIC IS ONE OF ONLY A HANDFUL OF DENTAL CLINICS INT EH COUNTY THAT ACCEPTS MEDICAL ASSISTANCE BOTH OF THESE SERVICES OFTEN OPERATE AT A LOSS FOR THE ORGANIZATION HOWEVER, THE BOARD AND LEADERSHIP ARE COMMITTED TO ENSURING THAT MERITER CONTINUE TO PROVIDE THIS RESOURCE TO THE COMMUNITY

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	WI

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

Part I General Information on Grants and Assistance

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

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) MERITER FOUNDATION 202 S PARK STREET MADISON,WI 537151596	23-7098688	501(C)(3)	18,160				HOSPITAL PROGRAMS
(2) MERITER HEALTH SERVICES 202 S PARK STREET MADISON,WI 537151596	39-1412318	501(C)(3)	86,244				HEALTH SERVICES PROGRAMS

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 2

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 0

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) HOSPITAL SCHOLARSHIPS	26	39,000			

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2	GRANTS ARE MADE UPON A SPECIFIC PROJECT REQUEST AND ONLY MADE TO ORGANIZATIONS THAT WE HAVE A WORKING RELATIONSHIP WITH AND SHARE A COMMON GOAL OF COMMUNITY BENEFIT GRANTS ARE ONLY MADE TO 501 (C)(3) ORGANIZATIONS WHICH MUST COMPLETE FORM 990S AND ANNUAL REPORTS PART III - SCHOLARSHIPS ARE AWARDED TO INDIVIDUALS WHO HAVE SUBMITTED REQUIRED APPLICATION AND SUPPORTING DOCUMENTATION A SELECTION COMMITTEE REVIEWS THE REQUESTS, EVALUATES EACH APPLICATION BASED UPON FINANCIAL NEED, ACADEMIC RECORD, EXTRA CURRICULAR WORK/VOLUNTEERING, RECOMMENDATION AND ESSAY

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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, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

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**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ 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**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 1A	BUSINESS CLUB DUES WERE PAID FOR ONE PERSON THE BUSINESS CLUB IS AN IRC SECTION 501(C)(7) THERE WERE 2 CHARTER FLIGHTS RELATED TO THE AFFILIATION WITH UNITYPOINT HEALTH AIRLINE COSTS (FOR SPOUSE) WERE PAID FOR ONE BOARD MEMEBR AND ONE DOCTOR TO ATTEND THE GOVERANCE INSTITUTE
PART I, LINES 4A-B	SEVERANCE PAYMENTS LINDA HOFF - $262,267, KEVIN BOREN - $12,069, MARY REINKE - $51,440
PART I, LINES 4A-B	2 INDIVIDUALS WERE PAID SUPPLEMENTAL NONQUALIFIED RETIREMENT, JAMES WOODWARD - $ 96,983 AND LINDA HOFF - $20,438
PART I, LINE 7	SYSTEM WIDE PERFORMANCE MEASURES, WITH A FINANCIAL THRESHOLD COMPONENT, MUST BE MET TO QUALIFY FOR THE OVERALL INCENTIVE ONCE MET, VARIOUS ESTABLISHED GOALS ARE MEASURED WHICH INCLUDE SPECIFIC PERFORMANCE IMPROVEMENT SAVINGS, DAYS CASH ON HAND, OPERATING MARGIN

Additional Data

Software ID:
Software Version:
EIN: 39-0806367
Name: MERITER HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
JAMES WOODWARD CEO/PRESIDENT	(I) (II)	0 616,060	0 248,877	0 239,790	0 17,666	0 19,711	0 1,142,104	0 0
CATE RANHEIM MD BOARD MEMBER	(I) (II)	0 255,837	0 4,000	0 283	0 3,296	0 2,181	0 265,597	0 0
LINDA HOFF END 12-13 CFO/SECRETARY/TREASURER	(I) (II)	0 373,164	0 272,620	0 383,042	0 27,504	0 21,522	0 1,077,852	0 0
KEVIN BOREN END 11-13 HSP CFO/ASST TREASURER	(I) (II)	0 201,002	0 56,844	0 60,332	0 15,932	0 17,859	0 351,969	0 0
GEOFFREY PRIEST MD CMO/ASST SECRETARY	(I) (II)	0 340,987	0 88,063	0 60,011	0 25,124	0 18,696	0 532,881	0 0
SUE ERICKSON EXECUTIVE/ASST TREASURER	(I) (II)	0 225,995	0 66,468	0 28,101	0 31,539	0 15,279	0 367,382	0 0
BETH ERDMAN START 12-13 SECRETARY/TREASURER	(I) (II)	0 157,758	0 21,213	0 308	0 17,729	0 6,790	0 203,798	0 0
KERRA GUFFEY CHIEF INFORMATION OFFICER	(I) (II)	0 284,435	0 94,603	0 37,221	0 17,425	0 19,268	0 452,952	0 0
TAMARA SAUNAITIS CHIEF HUMAN RESOURCE OFFICER	(I) (II)	0 254,306	0 86,710	0 1,582	0 15,606	0 20,808	0 379,012	0 0
PATRICIA GRUNWALD CHIEF NURSING OFFICER	(I) (II)	0 245,381	0 63,725	0 63,763	0 34,335	0 17,653	0 424,857	0 0
MARY REINKE END 09-13 CHIEF PLANNING AND MARKETING OFFICER	(I) (II)	0 202,330	0 27,696	0 100,200	0 4,312	0 4,373	0 338,911	0 0
LOUIS S BRYSH PHYSICIAN	(I) (II)	201,657 0	40,922 0	29,635 0	25,241 0	17,924 0	315,379 0	0 0
ROGER SLATER FORMER EXECUTIVE	(I) (II)	0 4,273	0 45,012	0 165,485	0 64	0 0	0 214,834	0 0
WILLIAM J HERBERT DIR PHARMACY & MTL SVCS	(I) (II)	172,963 0	27,490 0	7,636 0	33,275 0	18,990 0	260,354 0	0 0
SUSAN TOTH FORMER BOARD MEMBER	(I) (II)	0 444,422	0 5,000	0 70	0 3,150	0 25,242	0 477,884	0 0
DENISE GOMEZ DIR APPLICATIONS & HIM	(I) (II)	157,108 0	25,448 0	6,341 0	15,012 0	17,022 0	220,931 0	0 0
SHERRY CASALI DIR EMERGENCY SERVICES	(I) (II)	144,576 0	31,050 0	382 0	23,314 0	12,807 0	212,129 0	0 0
CHRISTINA JACKSON DIR PAT CARE SYS SUPPORT	(I) (II)	153,253 0	17,294 0	455 0	10,583 0	15,988 0	197,573 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	WISC HEALTH & EDUCATIONAL FACILITIES	39-1337855	97710BBH4	05-21-2008	87,090,000	SERIES 2008A/B/C - CURRENT REFUNDING OF BONDS ISSUED 8/1/2006 AND 8/16/2006		X		X		X
B	WISC HEALTH & EDUCATIONAL FACILITIES	39-1337855	97710BJV5	08-13-2009	49,166,284	SERIES 2009 - CONSTRUCT & EQUIP HOSPITAL FACILITIES		X		X		X
C	WISC HEALTH & EDUCATIONAL FACILITIES	39-1337855	97710BG71	06-08-2011	39,633,991	SERIES 2011 - CONSTRUCT & EQUIP HOSPITAL FACILITIES		X		X		X
D	WISC HEALTH & EDUCATIONAL FACILITIES	39-1337855		08-09-2012	45,200,000	SERIES 2012A AND 2012 B - REFUNDING OF BONDS ISSUED 5/21/2008		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	52,150,000	1,890,000	600,000	2,285,000
2	Amount of bonds legally defeased				
3	Total proceeds of issue	87,090,000	49,408,076	39,640,079	45,200,000
4	Gross proceeds in reserve funds	3,674,516	3,674,516		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	649,525	825,789	579,750	
8	Credit enhancement from proceeds	719,723			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	44,907,771	44,907,771	39,060,329	
11	Other spent proceeds	85,720,752			45,200,000
12	Other unspent proceeds				
13	Year of substantial completion	2009	2009	2011	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X		X	
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X		X		X		X
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X	X		X		X	
b	Exception to rebate?	X			X		X		X
c	No rebate due?		X		X		X		X
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X			X		X		X
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X	X	
b	Name of provider	PIPER JAFFREY							
c	Term of hedge	9 900000000000						9 900000000000	
d	Was the hedge superintegrated?		X						X
e	Was the hedge terminated?		X						X

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
SCHEDULE K, PART II, LINE 4	SERIES 2009 THE AMOUNT SHOWN HERE CONSISTS OF $3,673,358 IN A DEBT SERVICE FUND RESERVE FUND, PLUS $1,158 OF DEBT SERVICE FUND DEPOSITS

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	WISC HEALTH & EDUCATIONAL FACILITIES	39-1337855		08-09-2012	20,000,000	SERIES 2012 C - CONSTRUCT & EQUIP HOSPITAL FACILITIES		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	386,000			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	20,023,683			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	15,482,407			
11	Other spent proceeds				
12	Other unspent proceeds	4,541,276			
13	Year of substantial completion				

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X							
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X						
c	Are there any research agreements that may result in private business use of bond-financed property?		X						
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %							
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5	0 %							
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X							

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

Return Reference	Explanation
FORM 990, PART III, LINE 2	THE FINAL PHASE OF A THREE YEAR CONSTRUCTION PROJECT FOR THE WOMEN'S BIRTHING CENTER AND FAMILY CARE SUITES WAS FINISHED

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	DAVID BOYER AND GEORGE KAMPERSCHROER HAVE A BUSINESS RELATIONSHIP

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	MERITER HEALTH SERVICES, INC (MHS) IS THE SOLE VOTING MEMBER OF MERITER HOSPITAL, INC

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	MERITER HEALTH SERVICES, INC (MHS) IS THE SOLE VOTING MEMBER OF MERITER HOSPITAL, INC AND, AS SUCH, THE MERITER HEALTH SERVICES, INC BOARD ELECTS THE MEMBERS OF THE MERITER HOSPITAL, INC BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	THE FOLLOWING ACTIONS REQUIRE THE PRIOR AUTHORIZATION OR APPROVAL OF THE MERITER HEALTH SERVICES, INC BOARD AS VOTING MEMBER OF THE CORPORATION, (A) MERGER, CONSOLIDATION OR DISSOLUTION OF THE CORPORATION, (B) AMENDMENT OR RESTATEMENT OF THE ARTICLES OF INCORPORATION OF THE CORPORATION, (C) A SALE, LEASE, EXCHANGE, OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, THE PROPERTY AND ASSETS OF THE CORPORATION, (D) THE ESTABLISHMENT, FORMATION, ACQUISITION, MERGER, CONSOLIDATION OR DISSOLUTION OF ANY SUBSIDIARY CORPORATION OF THE CORPORATION, (E) THE ADOPTION OF THE AGGREGATE ANNUAL OPERATING AND CAPITAL BUDGETS OF THE CORPORATION, (F) AGGREGATE BORROWING FOR PERIODS OF ONE (1) YEAR OR LESS FOR ANY PURPOSE IN EXCESS OF A DOLLAR AMOUNT TO BE ESTABLISHED BY THE VOTING MEMBER FROM TIME TO TIME, AND AGGREGATE BORROWING FOR PERIODS OF MORE THAN ONE (1) YEAR FOR ANY PURPOSE IN EXCESS OF A DOLLAR AMOUNT TO BE ESTABLISHED BY THE VOTING MEMBER FROM TIME TO TIME. FOR THE PURPOSE OF THIS SUBPARAGRAPH, THE TERM AGGREGATE BORROWING MEANS BORROWINGS NOT PREVIOUSLY INCLUDED IN THE OPERATING AND/OR CAPITAL BUDGETS, AND INCLUDES BUT IS NOT LIMITED TO LEASE AGREEMENTS AND CONTRACTS FOR SALE, (G) THE PURCHASE, SALE, LEASE, DISPOSITION, HYPOTHECATION, EXCHANGE, GIFT, PLEDGE, AND ENCUMBRANCE OF ANY ASSET, REAL OR PERSONAL, WITH A VALUE IN EXCESS OF A DOLLAR AMOUNT TO BE ESTABLISHED BY THE VOTING MEMBER FROM TIME TO TIME, NOT PREVIOUSLY INCLUDED IN THE CAPITAL BUDGET, (H) THE APPOINTMENT OF THE INDEPENDENT AUDITOR AND CORPORATE COUNSEL

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	MERITER CONTRACTS WITH AN OUTSIDE PUBLIC ACCOUNTING FIRM TO PREPARE ALL INCOME TAX RETURNS MERITER'S ACCOUNTING DEPARTMENT STAFF COMPLETES AND THE CONTROLLER REVIEWS THE COMPREHENSIVE TAX ORGANIZER PROVIDED BY THE TAX FIRM THE CONTROLLER AND THE TAX FIRM WORK TOGETHER TO PREPARE TAX RETURNS TO REFLECT INFORMATION THAT AFFECTS THE FORM 990 TWO WEEKS PRIOR TO FILING, THE RETURNS WILL BE POSTED TO THE BOARD GOVERNANCE INTERNAL WEB SITE ACCOMPANIED BY A MEMO HIGHLIGHTING THE KEY POINTS OF INTEREST FOR THE FILING YEAR AND CONTAINING THE ANTICIPATED FILING DATE IN ADDITION TO PROVIDING CONTACT INFORMATION FOR FURTHER INQUIRY BY THE BOARD

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	THE HOSPITAL BOARDS OF DIRECTORS CONSISTENTLY MONITOR AND ENFORCE COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY ON A PROACTIVE BASIS, DECLARATIONS OF POTENTIAL CONFLICTS OF INTEREST ARE SIGNED WHEN EACH DIRECTOR JOINS THE BOARD AND ANNUALLY THEREAFTER THE CEO AND BOARD CHAIR MONITOR THE POTENTIAL CONFLICTS DISCLOSED BY BOARD MEMBERS AND MANAGE ATTENDANCE AT MEETINGS AND PARTICIPATION IN VOTES ACCORDING TO THE ISSUE ON THE AGENDA INDIVIDUAL DIRECTORS ALSO MONITOR THEIR POTENTIAL CONFLICTS AND RECUSE THEMSELVES FROM BOARD DISCUSSION AND/OR VOTES AS REQUIRED BY THE CIRCUMSTANCES THE PROCESS OF MANAGING CONFLICTS OF INTEREST IS RECORDED IN THE MEETING MINUTES BELOW IS THE 2013 CONFLICT OF INTEREST DISCLOSURE DRS ROTHSTEIN AND PRIEST ARE MEMBERS OF PHYSICIAN PLUS INVESTMENT GROUP LLP WHICH IS A 1/5 OWNER OF PHYSICIANS PLUS INSURANCE CORPORATION WHERE MERITER HEALTH SERVICES OWNS THE REMAINING 4/5 DR ROTHSTEIN IS THE MANAGING PARTNER OF PPIG LLP AND DR PRIEST IS A NON-VOTING MEMBER OF SAME DR MANNING, MERITER HOSPITAL BOARD MEMBER IS A MEMBER OF UW MEDICAL FOUNDATION DR GOLDROSEN IS A PARTNER OF ASSOCIATED PHYSICIANS, LLP MERITER PAYS TEACHING STIPENDS TO UW MEDICAL FOUNDATION PHYSICIANS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	THE MERITER HEALTH SERVICES, INC BOARD OF DIRECTORS APPROVES EXECUTIVE COMPENSATION PHILOSOPHY AND STRATEGY THE BOARD OF DIRECTORS AUTHORIZES A SUB-COMMITTEE OF THE BOARD TO MAKE COMPENSATION DECISIONS WHILE RETAINING OVERSIGHT OF SAID COMMITTEE AN EXTERNAL HUMAN RESOURCES CONSULTING FIRM IS ENGAGED BY THE BOARD OF DIRECTORS' SUB-COMMITTEE THIS FIRM COLLECTS AND REVIEWS ALL ORGANIZATIONAL INFORMATION, COMPENSATION DATA, AND BACKGROUND INFORMATION MATCHING ALL EXECUTIVE POSITIONS TO SURVEY BENCHMARKS USING THIS INFORMATION THE CONSULTING FIRM PRODUCES ESTIMATED MARKET VALUES FOR EACH EXECUTIVE AND RECOMMENDS ANY NECESSARY CHANGES WITH EXECUTIVE COMPENSATION TO THE BOARD COMMITTEE FOR THEIR DECISION

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 18	BECAUSE THE ORGANIZATION FILED ITS FORM 1023 BEFORE JULY 1987 AND DID NOT HAVE A COPY OF FORM 1023 ON THAT DATE, IT IS NOT REQUIRED TO MAKE ITS FORM 1023 AVAILABLE FOR PUBLIC INSPECTION

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	AS PRIVATE CORPORATIONS, THE GOVERNING DOCUMENTS ARE NOT MADE PUBLIC THE CONFLICT OF INTEREST POLICY IS NOT GENERALLY MADE PUBLIC, BUT WOULD BE DISCLOSED TO INTERESTED PARTIES IN THE CONTEXT OF ANY ISSUE THAT MIGHT ARISE FINANCIAL INFORMATION CONTAINED WITHIN THE 990S IS AVAILABLE TO THE PUBLIC ON GUIDESTAR AND ARE AVAILABLE UPON REQUEST OF ADMINISTRATION

Return Reference	Explanation
FORM 990, PART VII	THE COMPENSATION PAID TO BOARD MEMBERS REFLECTS PAYMENT FOR THEIR SERVICES AS PHYSICIANS TO MERITER MEDICAL GROUP, INC , A RELATED ORGANIZATION, NOT REMUNERATION FOR THEIR PARTICIPATION ON THE BOARD OF TRUSTEES FOR MERITER HOSPITAL, INC OR MERITER HEALTH SERVICES, INC

Return Reference	Explanation
FORM 990, PART XI, LINE 9	SWAP GAIN LOSS 5,542,628 MINIMUM PENSION AND UNRECOGNIZED RETIREE MED BENEFITS 15,618,851 ASSETS RELEASED FROM RESTRICTION -555,974 RELEASED FOR CAPITAL AND OTHER 555,974 INVESTMENT GAIN LOSS FOUNDATION 0 TEMPORARY RESTRICTED TRANSFER FOUNDATION 741,910 OTHER -219,902

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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" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
MERITER HOSPITAL INC

Employer identification number
39-0806367

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on 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" on 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
(1) MERITER HEALTH SERVICES INC 202 SOUTH PARK STREET MADISON, WI 537151596 39-1412318	PARENT OF MERITER ENTITIES - SUPPORT NONPROFIT SUBSIDIARIES	WI	501(C)(3)	LINE 11, TYPE II 50	MERITER HOSPITAL INC	Yes	
(2) MERITER FOUNDATION INC 202 SOUTH PARK STREET MADISON, WI 537151596 23-7098688	CHARITABLE SUPPORT FOR HEALTH CARE NEEDS	WI	501(C)(3)	LINE 7 170(B)(1)(A)	MERITER HEALTH SERVICES INC		No
(3) MERITER MEDICAL GROUP INC 202 SOUTH PARK STREET MADISON, WI 537151596 05-0545222	CLINICAL SUPPORT OF MERITER HOSPITAL, INC	WI	501(C)(3)	LINE 11, TYPE II 50	MERITER HOSPITAL INC	Yes	
(4) SHARED MAGNETIC RESONANCE IMAGING FACILITY 1104 JOHN NOLEN DRIVE MADISON, WI 53713 39-1534744	MEDICAL TECHNOLOGY	WI	501(C)(3)	LINE 11, TYPE I 509	MERITER HOSPITAL INC	Yes	

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on 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
(1) MERITER UWMF PHYSICIAN CONTRACTING LLC 202 SOUTH PARK STREET MADISON, WI 537151596 39-1998819	HEALTH CARE CONTRACTING SERVICES	WI	N/A									

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" on 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) MERITER HEALTH ENTERPRISES 202 SOUTH PARK STREET MADISON, WI 537151596 39-1293620	HOME HEALTH AND MEDICAL LAB	WI	N/A	C					No
(2) HCP CORPORATION 202 SOUTH PARK STREET MADISON, WI 537151596 39-1177562	REAL ESTATE MANAGEMENT	WI	N/A	C	409,494	1,445,389	100 000 %	Yes	
(3) MERITER MANAGEMENT SERVICES INC 202 SOUTH PARK STREET MADISON, WI 537151596 39-1458235	MANAGEMENT COMPANY	WI	N/A	C					No
(4) PHYSICIANS PLUS INSURANCE INC 22 EAST MIFFLIN STREET MADISON, WI 53701 39-1565691	CENTRALIZED MANAGEMENT SERVICES	WI	N/A	C					No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e	Yes	
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		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		No
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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on 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 sections 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	

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 39-0806367
Name: MERITER HOSPITAL INC

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MERITER FOUNDATION INC	C	1,142,149	COST
MERITER MEDICAL GROUP	D	120,580,679	FMV
MERITER HEALTH ENTERPRISES	J	1,233,800	FMV
MERITER MANAGEMENT SERVICES INC	J	624,766	FMV
MERITER FOUNDATION INC	J	79,888	FMV
MERITER FOUNDATION INC	M	899,999	FMV
MERITER HEALTH ENTERPRISES	M	10,611,460	FMV
MERITER HEALTH SERVICES	M	1,640,000	FMV
MERITER MANAGEMENT SERVICES INC	M	12,489,988	FMV
MERITER MEDICAL GROUP	M	1,307,170	FMV
MERITER HEALTH SERVICES	B	86,244	COST
MERITER HEALTH ENTERPRISES	L	1,972,620	FMV
MERITER MEDICAL GROUP	L	68,779	FMV
PHYSICIANS PLUS INSURANCE CORP	P	462,835	FMV
MERITER MANAGEMENT SERVICES INC	D	467,654	FMV
MERITER HEALTH ENTERPRISES	E	177,415	FMV
MERITER HEALTH SERVICES	D	19,140,606	FMV
PHYSICIANS PLUS INSURANCE CORP	D	388,436	FMV

OFFICERS CERTIFICATE
REGARDING FINANCIAL REPORTING

I hereby certify that I have made, or have caused to be made under my supervision. a review of the transactions and conditions of Meriter Hospital, Inc. during the accounting period covered by the attached financial statements. The examination did not disclose. and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes an even of default. To the best of my knowledge, the attached financial statements represent Meriter Hospital, Inc.'s condition in accordance with GAAP

Dated April 30, 2014

MERITER HOSPITAL, INC.

By: _____

Name: Beth Erdman

Its: CFO

KPMG

MERITER HOSPITAL, INC.

Consolidated Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

MERITER HOSPITAL, INC.

Table of Contents

KPMG LLP
Suite 1500
777 East Wisconsin Avenue
Milwaukee, WI 53202-5337

Independent Auditors' Report

The Board of Directors
Meriter Hospital, Inc :

We have audited the accompanying consolidated financial statements of Meriter Hospital, Inc. (the Hospital), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of unrestricted revenues, expenses, and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider 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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mercer Hospital, Inc as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in accordance with U.S generally accepted accounting principles

KPMG LLP

Milwaukee, Wisconsin
April 15, 2014

MERITER HOSPITAL, INC.

Consolidated Balance Sheets

December 31, 2013 and 2012

(In thousands)

Assets		2013	2012
Current assets			
Cash and cash equivalents	$	42,448	48,949
Marketable securities		2,245	195
Current portion of assets limited as to use		6,087	15,436
Patient accounts receivable, net of allowance for uncollectibles of approximately $7,363 and $5,888 in 2013 and 2012, respectively		38,027	28,636
Other receivables		22,087	3,587
Inventories		4,636	3,492
Prepaid expenses		3,741	3,348
Total current assets		119,271	103,643
Marketable securities less current portion		248,052	226,628
Assets limited as to use less current portion		12,053	8,597
Property and equipment			
Land		19,528	18,123
Land improvements		2,371	2,144
Buildings and building improvements		307,932	297,822
Equipment		237,262	218,212
		567,093	536,301
Less accumulated depreciation and amortization		319,831	295,796
		247,262	240,505
Construction in progress		5,346	16,541
Property and equipment, net		252,608	257,046
Investments in joint ventures		28,558	25,386
Loans receivable less current portion		—	960
Interest in net assets of Meriter Foundation, Inc.		7,060	6,975
Other noncurrent assets		4,031	4,425
Total assets	$	671,633	633,660

See accompanying notes to consolidated financial statements.

Liabilities and Net Assets	2013	2012
Current liabilities		
Accounts payable	$ 22,290	20,866
Accrued wages and other employee benefits	18,079	16,902
Third-party payor payables	2,000	2,000
Claims payable and other	5,573	4,534
Current portion of long-term debt	7,311	7,272
Total current liabilities	55,253	51,574
Accrued pension and postretirement benefits	18,802	36,226
Long-term debt, net of current portion	219,601	222,924
Other noncurrent liabilities	15,573	17,158
Total noncurrent liabilities	253,976	276,308
Total liabilities	309,229	327,882
Net assets:		
Unrestricted	356,895	300,038
Temporarily restricted	5,205	5,437
Permanently restricted	304	303
Total net assets	362,404	305,778
Total liabilities and net assets	$ 671,633	633,660

MERITER HOSPITAL, INC.

Consolidated Statements of Unrestricted Revenues,
Expenses, and Changes in Net Assets

Years ended December 31, 2013 and 2012

(In thousands)

	2013	2012
Unrestricted revenues, gains and other support		
Net patient service revenue before bad debt	$ 435,110	410,301
Provision for bad debts	6,301	4,277
Net patient service revenue	428,809	406,024
Other operating revenue	18,112	20,775
Equity income of joint venture investments	6,937	5,292
Net assets released from restrictions for operations	418	259
Total unrestricted revenues, gains and other support	454,276	432,350
Expenses		
Salaries and wages	192,891	184,768
Employee benefits	48,455	46,118
Supplies and other	150,371	147,125
Interest	8,952	7,764
Depreciation and amortization	27,871	27,706
Total expenses	428,540	413,481
Excess of revenues, gains and other support over expenses before nonoperating income	25,736	18,869
Nonoperating income (loss):		
Contributions	369	584
Investment income	11,399	9,088
Net gain (loss) on sale of property and equipment	780	(297)
Change in net unrealized gains and losses on trading securities	(3,657)	5,991
Change in interest in net assets of Meriter Foundation, Inc.	259	332
Change in fair value of interest rate swap agreements	5,543	386
Total nonoperating income, net	14,693	16,084
Excess of revenues, gains and other support over expenses	$ 40,429	34,953

(Continued)

MERITER HOSPITAL, INC.

Consolidated Statements of Unrestricted Revenues,
Expenses, and Changes in Net Assets

Years ended December 31, 2013 and 2012

(In thousands)

	2013	2012
Unrestricted net assets		
Excess of revenues, gains and other support over expenses	$ 40,429	34,953
Net assets released from restrictions for property and equipment	556	1,091
Change in accrued pension and postretirement benefits other than net periodic benefit cost	15,872	4,652
Increase in unrestricted net assets	56,857	40,696
Temporarily restricted net assets:		
Change in interest in net assets of Meriter Foundation, Inc	742	680
Net assets released from restrictions	(974)	(1,350)
Decrease in temporarily restricted net assets	(232)	(670)
Increase in permanently restricted net assets	1	—
Increase in total net assets	56,626	40,026
Net assets:		
Beginning of year	305,778	265,752
End of year	$ 362,404	305,778

See accompanying notes to consolidated financial statements.

MERITER HOSPITAL, INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2013 and 2012

(In thousands)

	2013	2012
Operating activities		
Change in net assets	$ 56,626	40,026
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	27,871	27,706
Provision for uncollectible accounts	6,301	4,277
Net (gain) loss on sale of property and equipment	(780)	297
Distributions from joint venture investments, net	3,764	4,072
Net realized and change in unrealized gains and losses on investments	(938)	(7,951)
Equity income of joint venture investments	(6,937)	(5,292)
Net assets released for operations	418	259
Restricted contributions	(974)	(1,350)
Change in accrued pension and postretirement benefits other than net periodic benefit cost	(15,872)	(4,652)
Change in fair value of interest rate swap agreements	(5,543)	(386)
Changes in assets and liabilities		
Interest in net assets of Meriter Foundation Inc	(85)	417
Patient accounts receivable, net	(15,691)	630
Other assets and liabilities	(18,217)	2,068
Net cash provided by operating activities	29,943	60,121
Investing activities		
Change in assets limited as to use, net	5,843	(9,963)
Purchases of marketable securities	(264,983)	(248,246)
Proceeds from sales of marketable securities	242,497	227,543
Acquisition of property and equipment	(19,277)	(33,889)
Proceeds from sale of property	1,834	26
Payments received on loans receivable	1,244	267
Change in other noncurrent assets and liabilities	3,392	2,943
Net cash used in investing activities	(29,450)	(61,319)
Financing activities.		
Proceeds from issuance of debt	—	68,632
Payments on long-term debt	(7,550)	(50,495)
Net assets released for operations	(418)	(259)
Restricted contributions	974	1,350
Payment of debt issuance costs	—	(75)
Net cash (used in) provided by financing activities	(6,994)	19,153
Net (decrease) increase in cash and cash equivalents	(6,501)	17,955
Cash and cash equivalents.		
Beginning of year	48,949	30,994
End of year	$ 42,448	48,949
Supplemental disclosures of cash flow information		
Cash paid during the year for interest, net of amounts capitalized	$ 8,965	6,805
Cash paid during the year for income taxes	49	14
Property and equipment acquired through capital lease	4,328	2,802

See accompanying notes to consolidated financial statements

(1) Organization

Meriter Hospital, Inc. (the Hospital) is a nonstock, not-for-profit acute care general hospital with 448 licensed beds The Hospital provides comprehensive hospital and outpatient services to residents of Dane County and southern Wisconsin from multiple facilities in Madison, Wisconsin Included in the operations of the Hospital are transactions related to the Friends of Meriter (Auxiliary) and Special Properties (Real Estate).

The Hospital is a member of a corporate group, of which Meriter Health Services, Inc (MHS) is the parent corporation Meriter Foundation, Inc (the Foundation), Meriter Management Services, Inc. (MMS), and Physicians Plus Insurance Corporation (PPIC) are affiliates within this corporate group.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The consolidated financial statements include the accounts of the Hospital and its subsidiaries The subsidiaries are:

Meriter Medical Group, Inc (Meriter Clinics) – is a not-for-profit organization that supports certain employed physicians and physician's clinics

HCP Corporation (HCP) – is involved in real estate activities and is wholly owned by the Hospital

All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) Interest in Net Assets of the Foundation

The Hospital recognizes its interest in the net assets of the Foundation and adjusts that interest for its share of the change in net assets of the Foundation as change in interest in net assets of the Foundation Because the Hospital can influence the timing and amount of distributions from the Foundation, amounts contributed to the Foundation for the Hospital with no further restriction are classified as unrestricted net assets Amounts contributed to the Foundation for the Hospital with further donor restriction are classified as either temporarily or permanently restricted net assets.

The Hospital periodically requests funds from the Foundation for capital or other needs. Such requests are received by the Foundation, and if approved, funds are released Such releases of funds are reported in the accompanying consolidated financial statements as net assets released from restrictions.

(c) Use of Estimates

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

(Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid money market investments and short-term investments with original maturities of three months or less excluding amounts held as assets limited as to use

(e) Investments in Marketable Securities

The Hospital records all investments at fair value in the consolidated balance sheets Investment income or loss (including realized gains and losses on investments, changes in unrealized gains and losses on trading securities, interest, and dividends) is included in excess of revenues, gains, and other support over expenses unless the income or loss is restricted by law

The Hospital classifies investments in marketable securities as current for those that mature within one year All investments in marketable securities with maturities greater than one year are classified as noncurrent

The Hospital's investments are exposed to various risks, such as interest rate, market, and credit risk Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements

(f) Derivative Financial Instruments

The Hospital, at times, uses variable rate debt to finance construction of facilities and equipment The debt obligations expose the Hospital to variability in interest payments due to changes in interest rates Management believes that it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management enters into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Hospital exposes itself to credit risk and market risk Credit risk is the failure of the counterparty to perform under the terms of the derivative contract When the fair value of a derivative contract is positive, the counterparty owes a payment to the Hospital if the contract is terminated When the fair value of the derivative contract is negative, the Hospital would owe any termination payment to the counterparty. The Hospital minimizes the risk in derivative instruments by entering into transactions with counterparties who comply with the requirements stated in the Hospital's derivatives policy

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates The market risk is managed by limiting the types of market risk that may be undertaken and negotiating terms that limit the ability of the counterparty to terminate the contract at inopportune times.

The Hospital assesses interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging

(In thousands)

opportunities. In addition to the use of derivatives, the Hospital's investment policy requires certain investment strategies for hedging variable rate risk.

The Hospital has entered into certain interest rate swap agreements, designated as cash flow hedges Since the Hospital does not use hedge accounting, the quarterly settlements paid or received are recorded as a component of interest expense. The change in fair value of derivative instruments is recorded as a nonoperating expense in the accompanying consolidated statements of unrestricted revenues, expenses and changes in net assets

(g) Investments in Joint Ventures

The Hospital has investments in organizations that are not majority owned or controlled The Hospital accounts for its investments in these organizations using the equity method of accounting

(h) Assets Limited as to Use

Assets whose use is limited, reported at fair value, include assets held by trustees under bond indenture agreements, bond proceeds held in escrow for capital expenditures, and deferred compensation investments. Deferred compensation investments are restricted for the deferred compensation plan, with a deferred compensation payable approximately equal to the fair value of the investments recorded by the Hospital

(i) Inventories

Inventories are valued at the lower of cost on the FIFO (first-in, first-out) basis or market

(j) Property and Equipment

Property and equipment are recorded at cost Depreciation is calculated over the estimated useful lives of the respective depreciable assets on the straight-line method Leasehold improvements are depreciated over the shorter of their estimated useful lives or the lease term. The estimated useful lives as of December 31, 2013 and 2012 are as follows.

Land improvements	10–15 years
Buildings and building improvements	10–50 years
Equipment	3–20 years

(k) Long-Lived Assets

The Hospital periodically assesses the carrying value of long-lived assets (including property and equipment and investments in joint ventures) in accordance with Accounting Standards Codification (ASC) Topic 360, *Property, Plant, and Equipment.* Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable Long-lived assets that are to be disposed of by sale are reported at the lower of their carrying value or fair value less cost to sell and are not depreciated No impairments to long-lived assets were recorded in 2013 and 2012

(l) Capitalized Interest

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. During the years ended December 31, 2013 and 2012, capitalized interest expense totaling $184 and $595, respectively, was offset by interest income on debt service funds of $20 and $5, respectively

(m) Unamortized Debt Issuance Costs

Financing costs associated with the issuance of bonds and notes are capitalized and are included in other noncurrent assets in the accompanying consolidated balance sheets These costs are being amortized using the effective-interest method over the lives of the respective debt issues. Amounts amortized were approximately $241 and $914 for the years ended December 31, 2013 and 2012, respectively

(n) Unrestricted, Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those assets whose use has been limited by donors to a specific purpose or time period Permanently restricted net assets have been restricted by donors to be maintained in perpetuity All other net assets, including board-designated or appropriated amounts, are reported as unrestricted net assets

Temporarily restricted net assets and income from permanently restricted net assets are available for various programs at the Hospital's facilities

(o) Contributions and Donor Restrictions

The Hospital reports contributions of cash and other assets as unrestricted or as temporarily restricted depending on the existence of donor stipulations that limit the use of support When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of unrestricted revenues, expenses, and changes in net assets as net assets released from restrictions

(p) Nonoperating Income (Loss)

Transactions deemed by management to be ongoing or central to the provision of healthcare services are reported as unrestricted revenues, gains, and other support, and expenses. Peripheral or incidental transactions, including contributions, investment income, gain (loss) on sale of property and equipment change in net unrealized gains and losses on trading securities, change in interest in net assets of Meriter Foundation, Inc., and change in fair value of interest rate swap agreements are reported as nonoperating income (loss)

(q) Excess of Revenues, Gains, and Other Support over Expenses

The consolidated statements of unrestricted revenues, expenses, and changes in net assets include excess revenues, gains and other support over expenses. Changes in unrestricted net assets which are excluded from excess of revenues, gains and other support over expenses, consistent with industry

practice, include changes in accrued pension and postretirement benefits other than net pension benefit cost, and net assets released from restriction for property and equipment.

(r) Net Patient Service Revenue

Net patient service revenue is reported at the estimated realizable amounts from patients and third-party payors for services rendered.

The Medicare program pays for inpatient and outpatient, medical education, and certain other services at predetermined rates under its prospective payment system. Payments under Medicare's prospective payment system are not subject to retroactive adjustment. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. Provisions for settlements and adjustments are estimated in the period the related services are rendered and adjusted in future periods as final reimbursements are determined.

Net patient service revenue from managed care contracts, other than the contract with PPIC and Unity Health Insurance, is based upon discounts from established charges and prospectively determined per diem rates.

(s) Electronic Health Records Incentive Payments

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

The incentive payment is recognized when management is reasonably assured that the Hospital has complied with the conditions set forth by Medicare and Medicaid. Approximately $575 and $3,765 in incentive payments were recognized in other revenue for the years ended December 31, 2013 and 2012, respectively. The Hospital's attestation of compliance with the meaningful use criteria is subject to audit by the federal government or its designee. Additionally, EHR incentive payments are subject to retrospective adjustment upon final settlement of the applicable cost report from which payments were initially calculated.

(t) Charity and Partially Reimbursed Care Programs

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

The Hospital is a provider under the Title XIX Wisconsin Medical Assistance (Medicaid) Program. Under this program, the Hospital is legally bound to accept the amount determined by the State of Wisconsin (the State) as payment in full for each patient's charges

(u) Income Taxes

The Hospital is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes pursuant to Section 501(a) of the Code The Hospital is, however, subject to federal and state income taxes on any unrelated business income under the provisions of Section 511 of the Code

HCP is a taxable entity for both federal and Wisconsin income tax purposes

The Hospital accounts for income taxes in accordance with ASC Subtopic 740-10, *Income Taxes – Overall* This guidance addresses the determination of how tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements Under ASC 740-10, the Hospital must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740-10 also provides guidance on derecognition, classification, interest and penalties on income taxes, and accounting in interim periods, and requires increased disclosures As of December 31, 2013 and 2012, the Hospital does not have a liability for unrecognized tax benefits

The Hospital files informational tax returns in the U.S federal jurisdiction. The Hospital is subject to U S federal tax examinations by tax authorities for years after 2008 There are no current or ongoing examinations by any taxing authority as of December 31, 2013 and 2012.

The Hospital's policy is to record interest and penalties on uncertain tax provisions as income tax expense As of December 31, 2013 and 2012, the Hospital has no accrued interest or penalties related to uncertain tax positions

(v) Functional Expenses

The expenses included in the consolidated statements of revenues, expenses, and changes in net assets are primarily related to providing healthcare-related services.

(w) Reclassification

Certain 2012 amounts have been reclassified to conform to the 2013 financial statement presentation.

(In thousands)

(3) Net Patient Service Revenue and Concentrations of Credit Risk

The percentages of net patient service revenue attributable to third-party payor programs for the years ended December 31, 2013 and 2012 are as follows

	2013	2012
Medicare	24%	24%
Medicaid	9	10
Managed care programs	39	38
Other	28	28
	100%	100%

Included in net patient service revenue are net capitation payments of $65,442 and $81,258 for the years ended December 31, 2013 and 2012, respectively, related to the Hospital's managed care contract with PPIC Under this agreement, the Hospital receives monthly capitation payments based on the number of covered members, regardless of services actually performed by the Hospital Also as part of this contract, the Hospital shares the risk for payment of covered members' defined benefits, which is limited by a stop-loss insurance policy When a covered service is provided to the member by an organization other than the Hospital, these payments are netted against the Hospital gross capitation payments and are included in the net capitation above.

Included in net patient service revenue are net capitation payments of $49,441 and $34,064 for the years ended December 31, 2013 and 2012, respectively, related to the Hospital's managed care contract with Unity Under this agreement, effective January 1, 2011, the Hospital receives monthly capitation payments based on the number of covered members, regardless of services actually performed by the Hospital

Concentration of Credit Risk

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

	2013	2012
Commercial	44%	43%
Medicaid, Medicare, and other governmental	44	41
Managed care programs	11	15
Patients	1	1
	100%	100%

Patients' accounts receivable are reduced by an allowance for uncollectible accounts In evaluating the collectibility of patients' accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts

(In thousands)

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 historical reimbursement by payor For receivables associated with patient responsibility (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 patients are screened against the Hospital's charity care policy and uninsured discount policy For any remaining patient responsibility balance, the Hospital records a provision for bad debts in the period of service on the basis of its past experience, which indicates that patients may be unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the discounted rates and the amount actually collected after all reasonable collection efforts have been exhausted is charged off against the provision for bad debt or uncompensated care, dependent on the Hospital's policies.

The Hospital's allowance for uncollectible accounts for self-pay patients, which includes insured patients and residual copayments and deductibles for which managed care has already paid, increased by $1,475 to $7,363 for fiscal year 2013, from $5,888 for fiscal year 2012. The allowance for uncollectible accounts provided coverage of approximately 98.3% and 97.2% of the self-pay accounts for 2013 and 2012, respectively. In addition, the Hospital's self-pay write-offs, including certain charity care write-offs identified during the collection process, decreased $959 to $12,520 for fiscal year 2013 from $13,479 for fiscal year 2012 The Hospital has not changed its charity care or uninsured discount policies during fiscal year 2013 or 2012 The Hospital does not maintain a material allowance for uncollectible amounts from third-party payors, nor did it have significant write-off from third party payors.

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 services rendered For uninsured patients that do not qualify for charity care, the Hospital recognized revenue for services provided (on the basis of discounted rates, as provided by policy) On the basis of historical experience, the Hospital's provision for bad debts related to uninsured patients is recognized in the period the services are provided Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized for the years ended December 31, 2013 and 2012 from these major payor sources is as follows:

		2013	2012
Medicare	$	105,357	97,945
Medicaid		38,719	39,610
Managed care programs		170,972	155,695
Other (including self–pay)		120,062	117,051
Net patient services revenues	$	435,110	410,301

Medicare cost reports have been audited by the Medicare fiscal intermediary through 2009. Changes in the Medicare or Medicaid programs and reduction of funding levels could have an adverse effect on the Hospital. Net patient service revenue for the years ended December 31, 2013 and 2012 includes approximately $1,753 and $2,993, respectively, of favorable retrospectively determined prior year settlements with third-party payors

(Continued)

(In thousands)

During February 2009, the Economic Recovery Act was signed into Wisconsin law retroactive to July 1, 2008 Pursuant to this program, hospitals within the State are required to remit payment to the State under a tax assessment formula. The Hospital has included its related assessment of $11,552 and $11,558 for 2013 and 2012, respectively, as supplies and other expenses in the accompanying consolidated statements of unrestricted revenues, expenses, and changes in net assets

The aforementioned assessment program increases the amount of federal matching for the Medicaid program, which is then passed on to hospitals as increased Medicaid reimbursement. The State s assessment program prohibits the use of assessment revenue to supplant current revenue used to support existing hospital payment levels The State distributes the assessment revenue as increased rates for both Medicaid and Medicaid Health Maintenance Organization (HMO) patients The incremental reimbursement from the assessment programs is in excess of the tax assessments paid

(4) Charity and Partially Reimbursed Care

The level of services provided under charity care programs for the years ended December 31, 2013 and 2012 is summarized as follows

		2013	2012
Costs incurred for services provided under the charity care program	$	7,176	7,564

The estimated cost of services provided under the charity care program was calculated using a cost to charge ratio as defined by the Wisconsin Hospital Association (WHA) for the annual Community Benefits Inventory for Social Accountability (CIBSA) statewide survey It is calculated by taking adjusted patient care costs divided by adjusted patient care charges

In addition to providing charity care, the Hospital provides other programs and services for the general community. These programs and services consist of health promotion and education, health clinics and screenings counseling, and medical research.

The Hospital is a provider under the Medicaid program and is legally bound to accept the amount determined by the State as payment in full for each patient's charges The following summarizes cost in excess of reimbursement for services provided under the Medicaid program for the years ended December 31

		2013	2012
Costs incurred in excess of partial reimbursement for services provided under the Medicaid program	$	37,733	34,761

(Continued)

(In thousands)

(5) Assets Limited as to Use and Investments in Marketable Securities

The composition of assets limited as to use at December 31, 2013 and 2012 is as follows

		2013	2012
Under bond indenture agreements – held by trustee for debt service			
Cash and cash equivalents	$	5,338	4,471
U.S. government securities and municipals		403	759
Certificates of deposit		597	1,716
Interest receivable		3	8
		6,341	6,954
Bond proceeds in escrow for capital expenditures:			
Cash and cash equivalents		4,541	13,277
Under deferred compensation agreement – held by trustee			
Mutual funds		7,258	3,802
	$	18,140	24,033

As the maturity of the assets in the table above is short term in nature, the cost of the assets approximate fair value

Marketable securities consist of the following at December 31, 2013 and 2012:

		2013		2012	
		Cost	Fair value	Cost	Fair value
U S. government and municipals	$	28,748	28,363	53,307	54,286
U S corporate bonds		17,232	17,158	12,645	12,864
Equities		17,447	20,764	9,471	9,385
Foreign obligations		2,791	2,706	1,287	1,338
Mutual funds		161,449	158,053	126 583	130,608
Alternative investments		20,647	23,253	17,940	18,342
	$	248,314	250,297	221,233	226 823

The mutual funds above are broad in nature and do not present significant concentration risk

(Continued)

(In thousands)

Investment return comprises the following for the years ended December 31, 2013 and 2012.

	2013	2012
Dividends and interest	$ 6,804	7,128
Net realized gains	4,595	1,960
Change in net unrealized gains and losses on trading securities	(3,657)	5,991
Total investment return	$ 7,742	15,079

Investment return included in the accompanying consolidated statements of unrestricted revenues, expenses, and changes in net assets for the years ended December 31, 2013 and 2012 is as follows

	2013	2012
Investment income	$ 11,399	9,088
Change in net unrealized gains and losses on trading securities	(3,657)	5,991
Total investment return	$ 7,742	15,079

(6) Joint Ventures

The Hospital's ownership percentage and carrying amount for investments in significant joint venture arrangements at December 31, 2013 and 2012 are as follows

	2013		2012	
	Percentage owned	Carrying value	Percentage owned	Carrying value
Shared Magnetic Resonance Imaging Facility, Inc	50 00%	$ 14,397	50 00%	$ 12 007
Wisconsin Dialysis Inc	45 00	3,947	45 00	3,206
Madison Surgery Center	33 33	3,726	33 33	3,882
Madison United Healthcare Linen, Ltd	33.33	3 037	33 33	3,029
Other	36 46% – 50 00%	3,451	36 46% – 50 00%	3,262
		$ 28,558		$ 25,386

Total assets of Shared Magnetic Resonance Imaging Facility, Inc , Madison Surgery Center, Madison United Healthcare Linen, Ltd, and Wisconsin Dialysis, Inc. approximated $62,581 and $56,595 at December 31, 2013 and 2012, respectively, and total liabilities approximated $5,135 and $4,681 at December 31, 2013 and 2012, respectively For the years ended December 31. 2013 and 2012, total net revenues of the four joint ventures approximated $64,093 and $63,866, respectively. and net income approximated $15,697 and $16,494. respectively.

(Continued)

During 2013 and 2012, the Hospital received cash distributions of $4,364 and $4,850, respectively, from joint ventures, and the Hospital paid capital contributions of $600 and $778, respectively, to joint ventures

Other joint ventures include Generations Fertility Care, Madison Environmental Resourcing, Inc., Nursing Simulation Lab Transformations Surgery Center, and Wisconsin Sleep, Inc.

(Continued)

(In thousands)

(7) Long-Term Debt

Long-term debt at December 31, 2013 and 2012 consists of the following

	2013	2012
Revenue bonds:		
Wisconsin Health and Educational Facilities Authority (WHEFA)		
Revenue Bonds, Series 1992A, payable in annual installments, including principal and interest to December 2022, in amounts ranging from $525 to $1,055, interest rates ranging from 6.00% to 6.30%, (effective interest rate of 4.71% in both in 2013 and 2012)	$ 7,625	8,250
Adjustable Rate Revenue Bonds, Series 2002, principal payable in annual installments starting in 2010 through 2032, in amounts ranging from $500 to $3,270; interest payable monthly, rate adjusted daily (.06% and 0.18% at December 31, 2013 and 2012, and effective interest rate of 3.6% in both 2013 and 2012)	25,000	25,500
Adjustable Rate Revenue Bonds, Series 2008C, principal payable in annual installments starting in 2019 through 2035, in amounts ranging from $110 to $5,655, interest payable monthly; rate adjusted daily (0.5% and 0.16% at December 31, 2013 and 2012, and effective interest rate of 0.57% in both 2013 and 2012)	34,940	34,940
Fixed Rate Revenue Bonds, Series 2009, principal payable in annual installments starting in 2012 through 2038, in amounts ranging from $925 to $3,460, interest rates ranging from 4.0% to 6.0% (effective interest rate of 5.9% in both 2013 and 2012)	48,110	49,075
Fixed Rate Revenue Bonds, Series 2011, principal payable in annual installments starting in 2012 through 2041, in amounts ranging from $300 to $4,500, interest rates ranging from 3.0% to 6.0% (effective interest rate of 5.91% in both 2013 and 2012)	39,400	39,700

(Continued)

(In thousands)

	2013	2012
Fixed Rate Revenue Bonds, Series 2012A, principal payable in annual installments starting in 2013 through 2024, in amounts ranging from $1,325 to $1,550, interest rates of 2.16%, (effective interest rate of 2.24% and 2 23% in 2013 and 2012, respectively)	$ 16,600	17,925
Fixed Rate Revenue Bonds, Series 2012B, principal payable in annual installments starting in 2013 through 2026, in amounts ranging from $960 to $2.175 interest rates payable monthly, rate adjusted daily 1 28% and 1.24% in 2013 and 2012, and effective interest rate of 1 33% in both 2013 and 2012)	24,150	25,100
Fixed Rate Revenue Bonds, Series 2012C, principal payable in annual installments starting in 2013 through 2037, in amounts ranging from $1,005 to to $1,375, interest rates of 2 43% in both 2013 and 2012 (effective interest rate of 2 47% in both 2013 and 2012)	19,615	20,000
Unamortized bond premiums	3	65
Total revenue bonds, including unamortized premiums	215,443	220,555
Notes payable		
Green Tech Land CO LLC-Fitchburg Land Note	—	881
Monona Clinic Tax Incremental Financing (TIF) Note, principal and interest payments due annually from 2013 through 2027 (fixed interest rate of 6 00%)	2,108	2,550
Promissory Note, Series 2007, monthly installments including principal and interest to December 27, 2018, principal payments of $200 per year with outstanding amount due at maturity, variable rate interest at one-month LIBOR plus 75 basis points	2,817	3,016
Total notes payable	4 925	6,447

(Continued)

(In thousands)

	2013	2012
Capital leases-various		
Monthly payments including principal and interest of $68.8 with payments though dates ranging from 2014 through 2019 (interest rates ranging from 2.07% to 3.469%)	$ 6,544	3,194
Total capital leases	6,544	3,194
Total long-term debt	226,912	230,196
Less current maturities	7,311	7,272
Long-term portion	$ 219,601	222,924

The Series 1992A, 2002, 2008C, 2009, 2011, 2012A, 2012B, and 2012C bonds are collateralized by pledged revenues of the Hospital. In addition, the bond agreements require maintenance of certain debt service coverage ratios, limit additional borrowings, and require compliance with various other restrictive covenants. Management believes the Hospital was in compliance with all financial covenants for the years ended December 31, 2013 and 2012

The bond agreements require that various amounts be held on deposit with a trustee for bond redemption interest payments, and future capital expenditures (note 5)

The Revenue Bonds Series 2002 are demand bonds backed by a letter of credit expiring in December 2014 The letter of credit is secured by a note issued under the Master Indenture and shares in the collateral pledged for the Series 1992A. In the event the remarketing agent is unable to remarket the bonds, the bank would draw on the letter of credit to purchase the bonds. Repayment of any draws under the letter of credit by the Hospital to the bank is required at 36 months for the 2002 bonds, with the earliest payment due at least 366 days from the date of the draws

The Hospital has an outstanding line of credit totaling $5,000 No amounts were drawn as of December 31, 2013 and 2012

Future principal maturities for all long-term debt as of December 31, 2013 under the original debt documents are summarized as follows

2014	$ 7,311
2015	7,744
2016	8,273
2017	8,461
2018	8,343
Thereafter	186,780
	$ 226,912

(Continued)

(In thousands)

(8) Derivative Instruments and Hedging Activities

On March 3, 2005, the Hospital entered into an interest rate swap agreement with an original notional amount of $27,000 and maturity of 2032 to manage interest rate risk on its Revenue Bonds, Series 2002 Under the swap, the Hospital pays a fixed rate of 3 46% and receives a variable rate equal to 67% of LIBOR At December 31. 2013 and 2012, the fair value of the swap is approximately $(3,331) and $(6.195), respectively, and is included in other noncurrent liabilities in the accompanying consolidated balance sheets

On December 22, 2005, the Hospital entered into two forward swap agreements with original notional amounts of $23 750 for the Series 2006A and $28.400 for the Series 2006B The start date for each of the swaps was August 1, 2006, coinciding with the date the Hospital issued Series 2006A and Series 2006B tax-exempt floating rate bonds in the same amount The Series 2006A and 2006B bonds were retired in 2008 with the proceeds of the Series 2008A and 2008B bonds. Then in 2012, the 2008A and 2008B bonds were retired with the proceeds of the Series 2012A and 2012B bonds, however, the swaps still remain in place Under the swaps, the Hospital pays a fixed rate of 3 53% and 3 54%, respectively, and receives a variable rate of 63 00% of LIBOR plus 30 basis points. At December 31, 2013 and 2012, the fair value of the swaps is approximately $(4,200) and $(6,879), respectively, and is included in other noncurrent liabilities in the accompanying consolidated balance sheets

The interest rate swap agreements at December 31, 2013 and 2012 consist of the following

Type	Balance sheet location	Original notional	Outstanding notional amount, December 31, 2013	Maturity date	Fixed pay rate	Effective rate (net cash received and paid) 2013	2012	Counterparty
Series 2002 bonds	Other liabilities	$ 27 000	25,000	December 2032	3 46%	3 45%	3 49%	US Bank
Series 2008A bonds	Other liabilities	23,750	16,600	December 2024	3 53	3 17	3 17	Piper Jaffray
Series 2008B bonds	Other liabilities	28 400	24 '50	December 2026	3 54	3 13	3 19	Piper Jaffray

(9) Medical Malpractice Coverage

The Hospital had primary medical malpractice insurance coverage on an occurrence basis through a commercial carrier with limits of $1,000 per occurrence and $3.000 per policy year through September 30, 2003 Starting October 1, 2003, the coverage was replaced with a claims–made policy through a commercial carrier with the same limits of $1,000 per occurrence and $3.000 per policy year. The policy is renewed annually in October The Hospital has provided for an estimated tail liability related to its claims-made policy The Injured Patient's and Families' Compensation Fund of the State of Wisconsin will cover claim awards in excess of these limits.

(In thousands)

(10) Related-Party Transactions

The following is a summary of financial data arising from transactions with affiliated organizations that are included in the Hospital's consolidated financial statements as of and for the years ended December 31, 2013 and 2012 See note 3 regarding transactions with PPIC.

		2013	2012
Consolidated balance sheets:			
Other receivables	$	19,276	730
Interest in net assets of Meriter Foundation, Inc		7,060	6,975
Loans receivable (current and noncurrent portions)		—	1,244
Consolidated statements of unrestricted revenues, expenses and changes in net assets:			
Other operating revenue	$	4,320	4,568
Supplies and other expenses		28,052	28,095

Transactions with affiliates include sales and purchases of administrative and laboratory services, purchases of information systems and telecommunication services, space rental, loan interest income, and unrestricted contributions from the Foundation Typically the intercompany balances are paid off within six months of the transaction occurring

Net assets of the Foundation are invested in 40% and 41% fixed income funds, 49% and 48% equity funds, 10% and 10% alternative funds, and 1% and 1% cash at December 31, 2013 and 2012, respectively Amounts are advanced from the Foundation to the Hospital for specified purposes, which are reported by the Hospital in the consolidated statements of unrestricted revenues, expenses and changes in net assets The Foundation contributed $369 and $584 of unrestricted amounts to the Hospital in 2013 and 2012, respectively, which are recorded in nonoperating income as contributions

The Hospital has a managed care contract with PPIC, which provides for monthly capitation payments based on the number of covered members See note 3

In addition to transactions with affiliates, the Hospital has entered into transactions with joint venture organizations. A summary of operating expenses for the years ended December 31, 2013 and 2012 is as follows

		2013	2012
Madison Environmental Resourcing, Inc	$	53	72
Madison United Healthcare Linen, Ltd		1,494	1,449
Wisconsin Dialysis, Inc.		259	210
Shared Magnetic Resonance Imaging Facility, Inc		362	301

(Continued)

(In thousands)

(11) Fair Value of Financial Instruments

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by the Hospital in estimating the fair value of its financial instruments:

- The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments – cash and cash equivalents, other receivables, inventories, prepaid expenses, other current assets, accounts payable and accrued wages and other employee benefits, third-party payor payables, claims payable, and deferred revenue.
- Assets limited as to use and marketable securities – cash and cash equivalents, common stocks and mutual funds, are measured using quoted market prices at the reporting date multiplied by the quantity held. U S Treasury obligations, U S. government agencies, corporate obligations, and foreign securities are measured using other observable inputs The carrying value equals fair value These amounts are based on valuations by external investment managers and the custodian banks, which are based on observable market prices, observable inputs other than quoted prices such as pricing services, indexes, estimates, appraisals, assumptions and other methods that are reviewed by management When a ready market for investments does not exist, management s valuations for certain mutual funds and alternative investments are recorded using net asset value as a practical expedient in estimating fair value
- The fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and the Hospital The carrying value equals fair value
- Fair value of the Hospital's fixed rate long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Hospital for debt of the same remaining maturities. For variable rate debt, carrying amounts approximate fair value Fair value was estimated using quoted market prices based upon the Hospital's current borrowing rates for similar types of long-term debt securities

The following table presents the carrying amounts and estimated fair values of the Hospital's financial instruments not carried at fair value at December 31, 2013 and 2012 The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	$ 226 912	231,874	230,196	240,825

(Continued)

(b) Fair Value Hierarchy

ASC Topic 820, *Fair Value Measurements* (ASC Topic 820), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels are defined as follows as interpreted for use by the Hospital

- Level 1 – Inputs into fair value methodology are based on quoted unadjusted market prices in active markets for identical assets or liabilities
- Level 2 – Inputs into the fair value methodology are based on quoted prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. The inputs are generally seen as observable in active markets for similar items for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument
- Level 3 – Inputs into the fair value methodology are unobservable and significant to the fair value measurement. Often these types of investments are valued based on historical cost or investments and then adjusted by shared earnings of a partnership or cooperative which can require some varying degree of judgment

For Level 3 alternative investments, the Hospital uses net asset value as a practical expedient in estimating fair value; however, it is possible that the redemption rights of certain investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and consequently the fair value of the Corporation's interests in the funds. The redemption frequency of this fund is generally a notice period of 65 days

(Continued)

(In thousands)

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2013:

	December 31, 2013	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and cash equivalents	$ 42,448	42,448	—	—
Marketable securities and assets limited as to use excluding interest receivable of $8:				
Cash and cash equivalents	9,882	9,882	—	—
U.S. government and municipals	28,759	—	28,759	—
U.S. corporate bonds	17,158		17,158	—
Certificates of deposit	603		603	—
Foreign obligations	2,707	—	2,707	—
Equities	20,764	20,764	—	—
Mutual funds	165,311	165,311	—	—
Alternative investments	23,253	—	—	23,253
Total assets	$ 310,885	238,405	49,227	23,253
Liabilities				
Interest rate swap agreements	$ 7,531	—	7,531	—
Total liabilities	$ 7,531	—	7,531	—

(Continued)

(In thousands)

The following table presents assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012

	December 31, 2012	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets:				
Cash and cash equivalents	$ 48,949	48,949	—	—
Marketable securities and assets limited as to use excluding interest receivable of $8				
Cash and cash equivalents	17,748	17,748	—	—
U S government and municipals	55,045	—	55,045	—
U S corporate bonds	12,864	—	12,864	—
Certificates of deposit	1,716	—	1,716	—
Foreign obligations	1,338	—	1,338	—
Equities	9,385	9,385	—	—
Mutual funds	134,410	134,410	—	—
Alternative investments	18,342	—	—	18,342
Total assets	$ 299,797	210,492	70,963	18,342
Liabilities				
Interest rate swap agreements	$ 13,074	—	13,074	—
Total liabilities	$ 13,074	—	13,074	—

(Continued)

(In thousands)

The following table is a rollforward of the investment classified within Level 3 of the fair value hierarchy as defined above:

	Hedge funds
Fair value at December 31, 2011	$ 6,626
Gains/losses and investment income, net	716
Sales	—
Purchases	11,000
Fair value at December 31, 2012	18,342
Gains/losses and investment income, net	2,373
Sales	(2,340)
Purchases	4,878
Fair value at December 31, 2013	$ 23,253

There were no transfers of investments between Level 1 and Level 2 for the years ended December 31, 2013 and 2012.

(12) Accrued Pension and Postretirement Benefits

The Hospital participates in the MHS defined–benefit pension plan (the Plan) Benefits under this plan are based primarily on years of service and employees' compensation. The participating corporations make annual contributions to the plan, which are within the minimum and maximum contribution ranges as determined by consulting actuaries. Net periodic pension cost for the MHS plan totaled $4,965 and $6,977 for the years ended December 31, 2013 and 2012, respectively Pension expense allocated to the Hospital was $4,519 and $6 131 for the years ended December 31. 2013 and 2012, respectively

The Hospital also participates in a defined–benefit health insurance plan sponsored by MHS This unfunded plan provides selected healthcare benefits for eligible retired employees. Net periodic benefit recovery for the MHS plan totaled $23 and $(96) for the years ended December 31, 2013 and 2012, respectively Postretirement healthcare benefits recovery allocated to the Hospital was $27 and $(49) for the years ended December 31. 2013 and 2012, respectively The accrued liability for postretirement healthcare benefits for the Hospital was $1,196 and $1,534 for the years ended December 31, 2013 and 2012, respectively

In 2013 and 2012, the Hospital recognized $15,872 and $4,652, respectively, in changes in accrued pension and postretirement benefits other than net periodic benefit cost in the consolidated statements of unrestricted revenues, expenses, and changes in net assets related to changes in net actuarial losses and prior service costs arising during the year For the years ended December 31. 2013 and 2012, the Hospital's total liability for pension benefits was $18,802 and $36,226, respectively

(In thousands)

Data and assumptions relative to the MHS pension and postretirement plans for 2013 and 2012 are as follows:

	Pension benefits		Postretirement benefits	
	2013	2012	2013	2012
Change in benefit obligation				
Benefit obligation at beginning of year	$ 216,202	206,920	1,850	1,314
Service cost	7,909	7,466	142	63
Interest cost	7,580	8,258	62	50
Plan amendments	—	—	(66)	-
Employee contributions	—	—	125	148
Actuarial gain	(11,414)	3,248	(250)	608
Benefits paid	(15,644)	(9,690)	(375)	(333)
Benefit obligation at end of year	204,633	216,202	1,488	1,850
Change in plan assets				
Fair value of plan assets at beginning of year	175,101	159,138	—	—
Actual return on plan assets	16,290	17,653	—	—
Employer contributions	8,000	8,000	250	185
Employee contributions	—	—	125	148
Benefits paid	(15,644)	(9,690)	(375)	(333)
Fair value of plan assets at end of year	183,747	175,101		-
Funded status of the MHS plan	$ (20,886)	(41,101)	(1,488)	(1,850)

	Pension benefits		Postretirement benefits	
	2013	2012	2013	2012
Amounts recognized in the MHS consolidated balance sheets:				
Accrued pension and postretirement benefits	$ (20,886)	(41,101)	(1,488)	(1,850)

(Continued)

(In thousands)

	Pension benefits		Postretirement benefits	
	2013	2012	2013	2012
Amounts recognized as changes in unrestricted net assets				
Net loss (gain)	$ (18,814)	(6,429)	(325)	625
Prior service cost	770	770	191	191
Net change in MHS unrestricted net assets	$ (18,044)	(5,659)	(134)	816
Cumulative amounts recognized in MHS unrestricted net assets subsequent to adoption of ASC 715-20-65				
Beginning of year	$ (72,274)	(77,933)	557	1,373
Prior service cost	(770)	(770)	(191)	(191)
Net gain (loss)	18,814	6,429	325	(625)
End of year	$ (54,230)	(72,274)	691	557
Components of net period benefit cost.				
Service cost	$ 7,909	7,466	143	63
Interest cost	7,580	8,258	62	50
Expected return on plan assets	(12,292)	(11,898)	—	—
Amortization of prior service costs	(770)	(770)	(191)	(191)
Amortization of unrecognized net loss (gain)	3,403	3,922	9	(17)
Benefit cost	$ 5,830	6,978	23	(95)

Assumptions used in accounting for benefit obligations at December 31 were as follows:

	Pension benefits		Postretirement benefits	
	2013	2012	2013	2012
Discount rate	4 34%	3 60%	3 60%	3 60%
Rate of compensation increase	3 25	3 25	NA	NA
Assumed rate of return on plan assets	7 25	7 50	NA	NA

For postretirement benefit obligation measurement purposes, an 7 0% and 8.0% annual medical care cost trend rate of increase for eligible participants was assumed for 2013 and 2012, respectively, with the rate

(Continued)

(In thousands)

assumed to decrease gradually to 4 5% for all participants in 2020 and remain at that level thereafter. The healthcare cost trend rate assumption has a significant effect on the amounts reported.

To develop the expected long-term rate of return on asset assumptions, MHS considered the historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio This resulted in the selection of 7.25% and 7 50% for 2013 and 2012, respectively, as the long-term rate of return on assets assumption

Pension and postretirement benefits are managed in accordance with the Employee Retirement Plan Investment Policy Statement as established and maintained by the Executive Compensation and Retirement Plan Committee (the Committee) of the board of directors. The Committee has established a Retirement Plan Committee (RPC) and delegated primary responsibility for day-to-day plan administration to the RPC The RPC meets at least quarterly and reports decisions made to the Committee. The RPC selects investment managers based on the investment objectives and regularly evaluates each manager's performance based on comparable investment style benchmarks The investment policy guidelines establish asset allocation, quality targets, and performance expectations as well as regular reporting requirements The RPC has established target asset allocation, diversifying each class with multiple managers and differing styles of management. For the years ended December 31, 2013 and 2012, the Hospital's total liability for pension benefits was $18 802 and $36,226, respectively.

The current target allocation and the actual asset allocation as of December 31 are as follows

	Asset allocation target	2013	2012
Cash	—%	1%	6%
Equity	45	47	44
Bonds	40	38	36
Alternatives	15	14	14
	100%	100%	100%

The Hospital adopted ASC Subtopic 715-20-50, *Defined Benefit Plans – Disclosure*, on January 1, 2009 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis ASC Subtopic 715-20-50 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value

Fair values of the Plan's investments are estimated based on prices provided by its investment managers and its custodian bank Fair value for cash and cash equivalents, common stocks and mutual funds, are measured using quoted market prices at the reporting date multiplied by the quantity held. U S Treasury obligations, U.S. government agencies, corporate obligations, and foreign securities are measured using other observable inputs The carrying value equals fair value The Plan has certain investments, principally limited partnerships, for which quoted market prices are not available. The estimated fair value of these

(In thousands)

investments includes estimates, appraisals, assumptions and methods provided by external financial advisors and reviewed by the Plan.

For Level 3 alternative investments, the Hospital elected to apply the concepts of ASC Topic 820 to its alternative investments using net asset value as a practical expedient in estimating fair value; however, it is possible that the redemption rights of certain investments may be restricted by the funds in the future in accordance with the underlying fund agreements. Changes in market conditions and the economic environment may impact the net asset value of the funds and consequently the fair value of the Hospital's interests in the funds. The redemption frequency of this fund is generally a notice period of 65 days

The following table presents the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2013.

	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Investments excluding accrued income of $1,415				
Cash and cash equivalents	$ —	—	—	—
U.S. government and municipals	10,249	10,249	—	—
U.S. corporate bonds	37,099		37,099	-
Foreign obligations	4,381	1,110	3,271	—
Equities	22,917	20,516	2,401	—
Mutual funds	62,638	114	62,524	—
Alternative investments	45,048	-	—	45,048
Total	$ 182,332	31,989	105,295	45,048

(Continued)

(In thousands)

The following table presents the Plan's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets				
Investments excluding accrued income of $834				
Cash and cash equivalents	$ 10,806	10,806	—	—
U. S. government and municipals	11,810	—	11,810	—
U S corporate bonds	35,706		35,706	
Foreign obligations	5,379	—	5,379	—
Equities	304	304	—	—
Mutual funds	94,578	94,578	—	—
Alternative investments	15,684	—	—	15,684
Total	$ 174,267	105,688	52,895	15,684

The following table is a rollforward of the investment classified within Level 3 of the fair value hierarchy as defined above.

	Hedge funds
Fair value at December 31, 2011	$ 11,981
Gains and investment income, net	(897)
Sales	(11,050)
Purchases	15,650
Fair value at December 31, 2012	15,684
Gains and investment income, net	4,312
Sales	(747)
Purchases	25,799
Fair value at December 31, 2013	$ 45,048

(Continued)

(In thousands)

The following reflects future service benefit payments expected to be paid:

	Pension	Postretirement
2014	$ 9,970	166
2015	12,740	150
2016	13,910	160
2017	14,380	160
2018	16,800	160
Succeeding five years	88,360	880

The Hospital's accrued pension and postretirement benefits comprise the following at December 31, 2013 and 2012.

	2013	2012
Accrued pension liability	$ 17,605	34,692
Postretirement healthcare benefits	1,197	1,534
	$ 18,802	36,226

(13) Commitments and Contingencies

The Hospital is subject to various legal proceedings and claims, including environmental matters, which are incidental to its normal business activities. In the opinion of the Hospital, the amount of ultimate liability with respect to these actions will not materially affect the operations or net assets of the Hospital

The Hospital has entered into operating leases for various facilities through 2024 The 2650 Novation Parkway, LLC lease dated October 2008 was originally executed with MHS as the lessee On April 6, 2010, this lease was assigned to the Hospital effective October 2009 and, therefore, has been included in future minimum lease payments. Total rental expense in 2013 and 2012 for operating leases was approximately $5,200 and $5,227, respectively

Total minimum lease obligations at December 31, 2013 are as follows

2014	$ 3,845
2015	3,204
2016	2,712
2017	2,689
2018	2,664
Thereafter	10,018
	$ 25,132

(Continued)

PPIC is a for-profit corporation licensed under the provisions of Wisconsin Statutes as a managed care plan. PPIC contracts with business organizations primarily in the Madison area to provide comprehensive medical care benefits in exchange for prepaid premiums MHS owns 100% and 79 2% of the outstanding shares of PPIC at December 31, 2013 and 2012, respectively

The Hospital had no contractual construction commitments at December 31, 2013

On July 30, 2010, a complaint was filed against MHS and the Meriter Health Services Employee Retirement Plan (the Plan) alleging that the Plan violated various provisions of the Employee Retirement Income Security Act (ERISA) On February 17 2012, the district court granted a motion to certify the case as a class action Discovery is ongoing On January 27, 2014, the parties filed cross motions for partial summary judgment and briefing is ongoing At this stage of the proceeding, MHS is unable to conclude on the likelihood of an unfavorable outcome and therefore has not recorded any reserve related to this litigation in the 2013 or 2012 financial statements. MHS is vigorously defending the action

(14) Affordable Care Act

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (often referred to, collectively, as the Affordable Care Act of the health care reform law), was signed into law on March 23, 2010 The statute will change how health care services are delivered and reimbursed through a variety of mechanisms The law contains stronger anti-fraud enforcement provisions and provides additional funding for enforcement activity

In May 2011 the Centers for Medicare and Medicaid Services issued the final rule establishing a hospital value-based purchasing program (VBP) for acute care hospitals paid under the Medicare Inpatient Prospective Payment System. Beginning in federal fiscal year 2013, value-based incentive payments will be made based upon a provider's achievement of or improvement in a set of clinical and quality measures designed to foster improved clinical outcomes The VBP will start with a 1% reduction in Medicare inpatient payments in federal fiscal year 2013 that will increase annually by 0.25% up to 2% of payments by federal fiscal year 2017 These value based incentives will be withheld and redistributed based on the hospital performance.

The Budget Control Act of 2011 (BCA) mandated significant reductions and spending caps on the federal budget for fiscal years 2013 through 2021 The BCA also created a joint select committee on deficit reduction (the Super Committee) to develop a plan to further reduce the federal deficit. Since the Super Committee failed to act before the mandatory deadline, a 2% reduction in Medicare spending, among other reductions, was to take effect January 1, 2013 in a process known as Sequestration. The BCA also required a 26.5% reduction in the sustainable growth rate formula regarding physician reimbursement under Medicare effective January 1, 2013

On January 2, 2013, the President signed into law the American Taxpayers Relief Act (ATRA), which delayed Sequestration until March 1, 2013 and is now in effect as of March 1, 2013 and will continue until Congress takes further action. The ATRA delays the reduction in physician reimbursement until the end of 2013. As such only the 2% reduction for non-physician payments is effective April 1, 2013

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Hospital believes that it is in material compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs

(15) Subsequent Events

Subsequent events have been evaluated through April 15, 2014, which is the date the financial statements were available to be issued noting no subsequent events requiring recording or disclosure in the consolidated financial statements or related notes to the consolidated financial statements other than those disclosed in note 15.

On January 1, 2014, MHS closed an Affiliation Agreement with UnityPoint Health, an Iowa-based nonstock, not for profit healthcare delivery system, through which MHS joined the UPH system. The affiliation was accomplished by UPH becoming the sole corporate member of MHS and having the ability to approve members of MHS's Board. No consideration was transferred for the net assets of MHS MHS retains the right in certain situations to withdraw from the system