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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
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

Doing Business As
MARY LANNING HEALTHCARE

Number and street (or P O box if mail is not delivered to street address) | Room/suite
715 NORTH ST JOSEPH AVE

City or town, state or province, country, and ZIP or foreign postal code
HASTINGS, NE 68901

**D Employer identification number**
47-0378779

E Telephone number
(402)463-4521

**G** Gross receipts $ 123,557,488

**F** Name and address of principal officer
ERIC BARBER
715 NORTH ST JOSEPH AVE
HASTINGS, NE 68901

**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 MARYLANNING ORG

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

**L** Year of formation 1915

**M** State of legal domicile NE

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
ADVANCING OUR TRADITION OF SERVICE, EDUCATION AND COMMUNITY INVOLVEMENT, MARY LANNING HEALTHCARE IS DEDICATED TO EXCELLENCE, OFFERING HOPE, HEALTH AND HEALING

**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** | 6 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 5 |
| **5** | Total number of individuals employed in calendar year 2013 (Part V, line 2a) | **5** | 1,136 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 153 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 182,877 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | 0 |

| | | Prior Year | Current Year |
|---|---|---|---|
| Revenue **8** | Contributions and grants (Part VIII, line 1h) | 1,531,890 | 966,008 |
| **9** | Program service revenue (Part VIII, line 2g) | 113,975,564 | 120,103,220 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 1,475,204 | 1,312,181 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 4,113,414 | 1,091,757 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 121,096,072 | 123,473,166 |
| Expenses **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 331,620 | 213,571 |
| **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) | 59,926,430 | 63,445,127 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 54,425,002 | 54,222,550 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 114,683,052 | 117,881,248 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 6,413,020 | 5,591,918 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| Net Assets or Fund Balances **20** | Total assets (Part X, line 16) | 152,040,846 | 168,002,623 |
| **21** | Total liabilities (Part X, line 26) | 57,163,837 | 51,008,268 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 94,877,009 | 116,994,355 |

## Part II Signature Block

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

**Sign Here**

****** | 2014-11-06
Signature of officer | Date

ERIC BARBER PRESIDENT
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| BARBARA J FAJEN | | | | P00400874 |

Firm's name ▶ SEIM JOHNSON LLP | Firm's EIN ▶ 47-6097913

Firm's address ▶ 18081 BURT STREET SUITE 200
OMAHA, NE 680224722 | Phone no (402) 330-2660

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

ADVANCING OUR TRADITION OF SERVICE, EDUCATION AND COMMUNITY INVOLVEMENT, MARY LANNING HEALTHCARE IS DEDICATED TO EXCELLENCE, OFFERING HOPE, HEALTH AND HEALING

**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 $ 89,387,652 including grants of $ 213,571 ) (Revenue $ 120,103,220 )

MARY LANNING HEALTHCARE (MLH) PROVIDES HEALTHCARE SERVICES TO THE GENERAL PUBLIC AND OPERATES ROUTINE SERVICE BEDS, ICU BEDS, OUTPATIENT SERVICES, A HOME HEALTH PROGRAM, AND A SCHOOL OF NURSING MLH TAKES ITS RESPONSIBILITIES FOR PROVIDING BENEFITS TO THE SURROUNDING COMMUNITIES SERIOUSLY THIS IS DEMONSTRATED IN NUMEROUS WAYS THE HOSPITAL ABSORBED OVER $27 MILLION IN COSTS DURING 2013 OVER $8 MILLION OF THAT AMOUNT RELATES TO CARE PROVIDED TO MEDICARE AND MEDICAID PATIENTS WITH AN ADDITIONAL $1 9 MILLION IN CARE TO THE UNINSURED IN THE FORM OF CHARITY CARE MUCH ATTENTION HAS BEEN PAID TO THE RESPONSIBILITIES OF TAX EXEMPT ORGANIZATIONS FROM THE INFORMATION SUMMARIZED HERE, IT IS CLEAR THAT THE CONTRIBUTIONS OF THE HOSPITAL FAR EXCEED FUNDS THAT WOULD BE GENERATED BY A CORPORATE TAX STRUCTURE

**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** ▶ 89,387,652

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | Yes | |
| 2 | Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | Yes | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | No |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | Yes | |
| 11 | If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.* | 11a | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII* | 11b | Yes | |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX* | 11d | | No |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X* | 11f | Yes | |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII* | 12a | | 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** | | No |
| **23** | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | **23** | Yes | |
| **24a** | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 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 | 51 | | |
| 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 | 1,136 | | |
| 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 | | | |
| 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** | 6 | | |
| | 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** | 5 | | |
| **2** | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . | **2** | | | No |
| **3** | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . | **3** | | | No |
| **4** | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . | **4** | | | No |
| **5** | Did the organization become aware during the year of a significant diversion of the organization's assets? . | **5** | | | No |
| **6** | Did the organization have members or stockholders? . . . . . | **6** | | | No |
| **7a** | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . | **7a** | | | No |
| **b** | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . | **7b** | | | No |
| **8** | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | | |
| **a** | The governing body? . . . . . | **8a** | | Yes | |
| **b** | Each committee with authority to act on behalf of the governing body? . . . . . | **8b** | | Yes | |
| **9** | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* . . . . . | **9** | | | No |

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

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

**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

▶SHAWN NORDBY 715 N ST JOSEPH AVE
HASTINGS, NE 68901 (402) 461-5344

**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 | | | |
| (1) JEFF S ANDERSON<br>CHAIR | 1 00<br>0 00 | X | | X | | | | 0 | 0 | 0 |
| (2) MICHELE BEVER<br>VICE-CHAIR | 1 00<br>0 00 | X | | X | | | | 0 | 0 | 0 |
| (3) CLARENCE GARY ANDERSON<br>SECRETARY | 1 00<br>40 00 | X | | X | | | | 0 | 104,613 | 15,263 |
| (4) DENNIS KRIENERT<br>TREASURER | 1 00<br>0 00 | X | | X | | | | 0 | 0 | 0 |
| (5) MICHAEL ALLEN<br>TRUSTEE | 1 00<br>0 00 | X | | | | | | 0 | 0 | 0 |
| (6) CALVIN JOHNSON<br>TRUSTEE | 1 00<br>0 00 | X | | | | | | 0 | 0 | 0 |
| (7) ERIC BARBER<br>PRESIDENT/CEO (EFFECTIVE 9/13) | 40 00<br>0 00 | | | X | | | | 123,919 | 0 | 18,708 |
| (8) MICHAEL SKOCH MD<br>CHIEF MEDICAL OFFICER | 40 00<br>0 00 | | | X | | | | 394,115 | 0 | 30,935 |
| (9) RONDA EHLY<br>CHIEF NURSING OFFICER | 40 00<br>0 00 | | | X | | | | 180,587 | 0 | 22,466 |
| (10) SHAWN NORDBY<br>CHIEF FINANCIAL OFFICER | 40 00<br>0 00 | | | X | | | | 145,676 | 0 | 21,628 |
| (11) BRUCE CUTRIGHT<br>VP HUMAN RESOURCES | 40 00<br>0 00 | | | X | | | | 171,776 | 0 | 10,522 |
| (12) MARK CALLAHAN<br>CHIEF OPERATING OFFICER | 40 00<br>0 00 | | | X | | | | 232,100 | 0 | 26,211 |
| (13) SHAWN RIGGS<br>VP AMBULATORY SERVICES | 40 00<br>0 00 | | | X | | | | 131,579 | 0 | 24,691 |
| (14) CHARLENE SANDERS<br>VP QUALITY | 40 00<br>0 00 | | | X | | | | 39,742 | 0 | 9,085 |
| (15) BENJAMIN FAGO<br>PHYSICIAN | 40 00<br>0 00 | | | | | X | | 423,375 | 0 | 32,444 |
| (16) KALPESH GANATRA<br>PHYSICIAN | 40 00<br>0 00 | | | | | X | | 627,298 | 0 | 31,799 |
| (17) JAMES NEALON<br>PHYSICIAN | 40 00<br>0 00 | | | | | X | | 492,499 | 0 | 31,690 |

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

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W- 2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| (18) MATTHEW STRITT<br>PHYSICIAN | 40 00<br>0 00 | | | | | X | | 484,149 | 0 | 31,107 |
| (19) THOMAS ZUSAG<br>PHYSICIAN | 40 00<br>0 00 | | | | | X | | 599,561 | 0 | 24,844 |
| | | | | | | | | | | |
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| | | | | | | | | | | |
| **1b** **Sub-Total** | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** | | | | | | | | 4,046,376 | 104,613 | 331,393 |

**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 ▶ 41

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

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| MCKESSON INFORMATION BOX 98347 CHICAGO IL 60693 | SOFTWARE SUPPORT | 1,101,618 |
| SS PSYCHIATRY GROUP 4110 HARGORD STREET GRAND ISLAND NE 68803 | PHYSICIAN COVERAGE | 1,059,838 |
| SIEMENS MEDICAL SOLUTIONS DEPT CH 14195 PALATINE IL 60055 | SOFTWARE SUPPORT | 957,725 |
| ROSCH COMMERCIAL BUILDERS 322 W SOUTH STREET HASTINGS NE 68901 | GENERAL CONTRACTOR | 617,594 |
| GE HEALTHCARE PO BOX 96483 CHICAGO IL 60693 | SOFTWARE SUPPORT | 546,959 |

**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 ▶ 99

**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 | 18 | | | |
| | c | Fundraising events . . . . | 1c | | | | |
| | d | Related organizations . . . | 1d | 965,990 | | | |
| | 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 . . . . . ▶ | | 966,008 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | ALL OTHER PATIENT REVE | 621300 | 79,003,993 | 79,003,993 | | |
| | b | NET MEDICARE REVENUE | 621300 | 32,984,527 | 32,984,527 | | |
| | c | NET MEDICAID REVENUE | 621300 | 4,929,983 | 4,929,983 | | |
| | d | MEANINGFUL USE INCENTI | 621300 | 1,285,386 | 1,285,386 | | |
| | e | RADIOLOGY SCHOOL | 621300 | 88,671 | 88,671 | | |
| | f | All other program service revenue | | 1,810,660 | 1,810,660 | | |
| | g | **Total.** Add lines 2a–2f . . . . . ▶ | | 120,103,220 | | | |
| | 3 | Investment income (including dividends, interest, and other similar amounts) . . . . . ▶ | | 8,209 | | | 8,209 |
| | 4 | Income from investment of tax-exempt bond proceeds . . ▶ | | 884,981 | | | 884,981 |
| | 5 | Royalties . . . . . ▶ | | | | | |
| | | | (i) Real / (ii) Personal | | | | |
| | 6a | Gross rents | 279,005 | | | | |
| | b | Less rental expenses | 5,471 | | | | |
| | c | Rental income or (loss) | 273,534 | | | | |
| | d | Net rental income or (loss) . . . . . ▶ | | 273,534 | | | 273,534 |
| | | | (i) Securities / (ii) Other | | | | |
| | 7a | Gross amount from sales of assets other than inventory | 418,991 | | | | |
| | b | Less cost or other basis and sales expenses | 0 | | | | |
| | c | Gain or (loss) | 418,991 | | | | |
| | d | Net gain or (loss) . . . . . ▶ | | 418,991 | | | 418,991 |
| 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 | 193,814 | | | | |
| | b | Less cost of goods sold . . b | 78,851 | | | | |
| | c | Net income or (loss) from sales of inventory . . ▶ | | 114,963 | | | 114,963 |
| | | Miscellaneous Revenue | Business Code | | | | |
| | 11a | CAFETERIA | 722210 | 520,383 | | | 520,383 |
| | b | | | | | | |
| | c | | | | | | |
| | d | All other revenue . . . . | | 182,877 | | 182,877 | |
| | e | **Total.** Add lines 11a–11d . . . . . ▶ | | 703,260 | | | |
| | 12 | **Total revenue.** See Instructions . . . . . ▶ | | 123,473,166 | 120,103,220 | 182,877 | 2,221,061 |

## 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 | 213,571 | 213,571 | | |
| 2 Grants and other assistance to individuals in the United States See Part IV, line 22 | | | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees | 1,771,545 | | 1,771,545 | |
| 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 | 47,200,998 | 39,689,694 | 7,511,304 | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) | 3,147,996 | 2,661,667 | 486,329 | |
| 9 Other employee benefits | 8,086,328 | 6,837,084 | 1,249,244 | |
| 10 Payroll taxes | 3,238,260 | 2,652,112 | 586,148 | |
| 11 Fees for services (non-employees) | | | | |
| a Management | | | | |
| b Legal | 271,180 | | 271,180 | |
| c Accounting | 69,606 | | 69,606 | |
| d Lobbying | | | | |
| e Professional fundraising services See Part IV, line 17 | | | | |
| f Investment management fees | 109,567 | | 109,567 | |
| g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) | 2,230,383 | 2,230,383 | | |
| 12 Advertising and promotion | | | | |
| 13 Office expenses | 1,905,862 | 198,252 | 1,707,610 | |
| 14 Information technology | | | | |
| 15 Royalties | | | | |
| 16 Occupancy | 1,074,971 | 1,074,971 | | |
| 17 Travel | 326,295 | 270,826 | 55,469 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials | | | | |
| 19 Conferences, conventions, and meetings | 394,020 | 221,824 | 172,196 | |
| 20 Interest | 1,324,166 | 1,324,166 | | |
| 21 Payments to affiliates | | | | |
| 22 Depreciation, depletion, and amortization | 8,930,294 | 7,559,193 | 1,371,101 | |
| 23 Insurance | 1,169,776 | 476,325 | 693,451 | |
| 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 | 16,867,128 | 16,818,018 | 49,110 | |
| b CONTRACTED SERVICES | 9,520,098 | 5,211,220 | 4,308,878 | |
| c BAD DEBT EXPENSE | 7,726,654 | | 7,726,654 | |
| d REPAIRS | 1,933,833 | 1,789,307 | 144,526 | |
| e All other expenses | 368,717 | 159,039 | 209,678 | |
| 25 **Total functional expenses.** Add lines 1 through 24e | 117,881,248 | 89,387,652 | 28,493,596 | 0 |
| 26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) | | | | |

**Part X Balance Sheet**

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

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash–non-interest-bearing | | 3,486 | 1 | 3,588 |
| | 2 | Savings and temporary cash investments | | 5,743,936 | 2 | 6,428,778 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 14,879,823 | 4 | 18,513,401 |
| | 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 | | 865,590 | 7 | 708,421 |
| | 8 | Inventories for sale or use | | 2,635,092 | 8 | 2,505,644 |
| | 9 | Prepaid expenses and deferred charges | | 1,142,319 | 9 | 1,757,460 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a 158,729,595 | | | |
| | b | Less accumulated depreciation | 10b 92,372,743 | 67,782,889 | 10c | 66,356,852 |
| | 11 | Investments—publicly traded securities | | 29,973,868 | 11 | 36,917,514 |
| | 12 | Investments—other securities See Part IV, line 11 | | 27,218,168 | 12 | 33,154,716 |
| | 13 | Investments—program-related See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | 761,157 | 14 | 380,578 |
| | 15 | Other assets See Part IV, line 11 | | 1,034,518 | 15 | 1,275,671 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 152,040,846 | 16 | 168,002,623 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 11,888,042 | 17 | 13,246,520 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 27,185,000 | 20 | 24,815,000 |
| | 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 | | 1,732,665 | 23 | 2,096,247 |
| | 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 | | 16,358,130 | 25 | 10,850,501 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 57,163,837 | 26 | 51,008,268 |
| 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 | | 68,691,762 | 27 | 85,237,410 |
| | 28 | Temporarily restricted net assets | | 3,020,527 | 28 | 3,399,084 |
| | 29 | Permanently restricted net assets | | 23,164,720 | 29 | 28,357,861 |
| | | **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 | | 94,877,009 | 33 | 116,994,355 |
| | 34 | Total liabilities and net assets/fund balances | | 152,040,846 | 34 | 168,002,623 |

## 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 | 123,473,166 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 117,881,248 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 5,591,918 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 94,877,009 |
| 5 | Net unrealized gains (losses) on investments | 5 | 4,492,289 |
| 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 | 12,033,139 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 116,994,355 |

## 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 | | |

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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**
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

**Employer identification number**
47-0378779

**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 C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

**2013**

**Open to Public Inspection**

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

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

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

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

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

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

| Name of the organization | Employer identification number |
|---|---|
| THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION | 47-0378779 |

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in) | (a) 2010 | (b) 2011 | (c) 2012 | (d) 2013 | (e) Total |
|---|---|---|---|---|---|
| 2a Lobbying nontaxable amount | | | | | |
| b Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| c Total lobbying expenditures | | | | | |
| d Grassroots nontaxable amount | | | | | |
| e Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| f Grassroots lobbying expenditures | | | | | |

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

| | *For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.* | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | Yes | | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | Yes | | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | | No | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | 350 |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? | Yes | | 22,320 |
| j | Total Add lines 1c through 1i | | | 22,670 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

## Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

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

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

## Part IV Supplemental Information

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

| Return Reference | Explanation |
|---|---|
| PART II-B, LINE 1 | A LUNCHEON WITH SENATOR LES SEILER WAS ATTENDED BY ERIC BARBER, CEO, AND MEMBERS OF THE BOARD TO DISCUSS MEDICAID EXPANSION A PORTION OF DUES PAID TO AHA, NHA, NRHA AND NABHO ARE FOR LOBBYING PURPOSES IN ADDITION, $9,750 PAID TO MCDERMOTT, WILL & EMERY LLP, ON BEHALF OF THE MEDICARE DEPENDENT RURAL HOSPITAL COALITION, SUPPORTS LOBBYING ACTIVITY CONDUCTED BY THAT ORGANIZATION |
| | |
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**Part IV Supplemental Information *(continued)***

| 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**
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

**Employer identification number**
47-0378779

## 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 | b (c) Two years back | (d) Three years back | (e) Four years back |
|---|---|---|---|---|---|---|
| 1a | Beginning of year balance | 23,899,866 | 20,694,745 | 17,842,614 | 15,975,895 | 14,499,723 |
| b | Contributions | | | | 87,241 | 67,547 |
| c | Net investment earnings, gains, and losses | 5,326,567 | 3,205,121 | 3,119,278 | 1,850,255 | 1,873,061 |
| d | Grants or scholarships | | | | | |
| e | Other expenditures for facilities and programs | | | 267,147 | 70,777 | 464,436 |
| f | Administrative expenses | | | | | |
| g | End of year balance | 29,226,433 | 23,899,866 | 20,694,745 | 17,842,614 | 15,975,895 |

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

- a Board designated or quasi-endowment ▶ 0 %
- b Permanent endowment ▶ 100 000 %
- c Temporarily restricted endowment ▶ 0 %

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

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

## Part VI Land, Buildings, and Equipment. 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 | | 4,326,468 | | 4,326,468 |
| b Buildings | | 88,756,324 | 45,349,746 | 43,406,578 |
| c Leasehold improvements | | | | |
| d Equipment | | 63,314,720 | 47,022,997 | 16,291,723 |
| e Other | | 2,332,083 | | 2,332,083 |
| **Total.** Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 66,356,852 |

**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 | | |
| (3) Other | | |
| (A) STUDENT LOAN AND RESTRICTED FUNDS | 762,892 | F |
| (B) JOINT VENTURES | 399,505 | F |
| (C) BENEFICIAL INTEREST IN FOUNDATION | 4,147,457 | F |
| (D) BENEFICIAL INTEREST IN TRUST | 27,844,862 | F |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 12 )* ▶ | 33,154,716 | |

**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 |
|---|---|---|
| | | |
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| | | |
| | | |
| **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 |
|---|---|
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| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | |

**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 | |
| THIRD PARTY REIMBURSEMENT CONTRACTS | 3,885,428 |
| LIABILITY FOR PENSION BENEFITS | 6,965,073 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 25 )* ▶ | 10,850,501 |

**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 V, LINE 4 | TEMPORARILY RESTRICTED FUNDS ARE HELD FOR CAPITAL ACQUISITION, SCHOLARSHIPS, EDUCATION AND COMMUNITY HEALTH CARE PERMANENTLY RESTRICTED FUND ASSETS ARE HELD IN PERPETUITY WITH THE INCOME USED FOR HOSPITAL OPERATIONS, SCHOLARSHIPS AND RESEARCH |
| PART X, LINE 2 | THE HOSPITAL IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE THE HOSPITAL HAS RECEIVED A DETERMINATION LETTER THAT IT IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE INTERNAL REVENUE CODE THE INTERNAL REVENUE SERVICE HAS ESTABLISHED STANDARDS TO BE MET TO MAINTAIN TAX-EXEMPT STATUS IN GENERAL, SUCH STANDARDS REQUIRE THE HOSPITAL TO MEET A COMMUNITY BENEFIT STANDARD AND COMPLY WITH VARIOUS LAWS AND REGULATIONS THE HOSPITAL ACCOUNTS FOR UNCERTAINTIES IN ACCOUNTING FOR INCOME TAX ASSETS AND LIABILITIES USING GUIDANCE INCLUDED IN FINANCIAL ACCOUNTING STANDARDS BOARD (FASB) ACCOUNTING STANDARDS CODIFICATION ASC 740, INCOME TAXES THE HOSPITAL RECOGNIZES THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED AT DECEMBER 31, 2013, THE HOSPITAL HAD NO UNCERTAIN TAX POSITIONS ACCRUED WITH FEW EXCEPTIONS, THE HOSPITAL IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS BY U S FEDERAL, STATE OR LOCAL AUTHORITIES FOR YEARS BEFORE 2010 |
| PART V, LINE 3A(II) | MARY LANNING HEALTHCARE FOUNDATION AND MARY LANNING HOSPITAL TRUST HOLD ENDOWMENT FUNDS RESTRICTED TO DISTRIBUTION TO MARY LANNING HEALTHCARE THESE FUNDS ARE REFLECTED ON MARY LANNING HEALTHCARE'S BALANCE SHEET IN "INVESTMENTS - OTHER SECURITIES" AND ARE SHOWN ON SCHEDULE D, PART VII THESE FUNDS ARE NOT UNDER THE CONTROL OF MARY LANNING HEALTHCARE |
| | |
| | |
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| | |

**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**
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

**Employer identification number**
47-0378779

## 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<br>☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities<br>☐ 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<br>☐ 100% ☐ 150% ☐ 200% ☑ Other 12500 0000000000 % | 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<br>☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ % | 3b | Yes | |
| c | If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care | | | |
| 4 | Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? | 4 | Yes | |
| 5a | Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? | 5a | Yes | |
| b | If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? | 5b | Yes | |
| c | If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care? | 5c | | No |
| 6a | Did the organization prepare a community benefit report during the tax year? | 6a | 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) | | | 2,206,893 | | 2,206,893 | 2 000 % |
| b Medicaid (from Worksheet 3, column a) | | | 10,864,616 | 5,613,970 | 5,250,646 | 4 770 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | | | | |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 13,071,509 | 5,613,970 | 7,457,539 | 6 770 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 1,096,240 | | 1,096,240 | 1 000 % |
| f Health professions education (from Worksheet 5) | | | 561,392 | | 561,392 | 0 510 % |
| g Subsidized health services (from Worksheet 6) | | | 341,932 | | 341,932 | 0 310 % |
| h Research (from Worksheet 7) | | | | | | |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 164,818 | | 164,818 | 0 150 % |
| j **Total.** Other Benefits | | | 2,164,382 | | 2,164,382 | 1 970 % |
| k **Total.** Add lines 7d and 7j | | | 15,235,891 | 5,613,970 | 9,621,921 | 8 740 % |

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

| | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| 1 Physical improvements and housing | | | | | | |
| 2 Economic development | | | | | | |
| 3 Community support | | | 3,817 | | 3,817 | 0 % |
| 4 Environmental improvements | | | | | | |
| 5 Leadership development and training for community members | | | 66,581 | | 66,581 | 0 060 % |
| 6 Coalition building | | | 1,329 | | 1,329 | 0 % |
| 7 Community health improvement advocacy | | | | | | |
| 8 Workforce development | | | | | | |
| 9 Other | | | | | | |
| 10 **Total** | | | 71,727 | | 71,727 | 0 060 % |

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

**Section A. Bad Debt Expense**

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? | 1 | Yes | | |
| 2 | Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount | 2 | 7,726,654 | | |
| 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 | 28,751,696 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 37,202,945 |
| 7 | Subtract line 6 from line 5 This is the surplus (or shortfall) | 7 | -8,451,249 |
| 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 | | | | | | | | | | |
| | | | | | | | | | | | |
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## 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** MARY LANNING HEALTHCARE

**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 2013 | | | |
| **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) WWW MARYLANNING ORG | | | |
| **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** | Yes | |
| **8a** | Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? | **8a** | | No |
| **b** | If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? | **8b** | | |
| **c** | If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $ | | | |

## Part V Facility Information *(continued)*

| Financial Assistance Policy | | Yes | No |
|---|---|---|---|
| **9** Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? | **9** | Yes | |
| **10** Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care? | **10** | Yes | |
| If "Yes," indicate the FPG family income limit for eligibility for free care 125 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 200 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 |
|---|---|
| MARY LANNING HEALTHCARE | PART V, SECTION B, LINE 3 MARY LANNING HEALTHCARE PARTNERED WITH MULTIPLE ENTITIES TO COMPLETE THE NEEDS ASSESSMENT THE SOUTH HEARTLAND DISTRICT HEALTH DEPARTMENT (SHDHD) WAS THE PRIMARY PARTNER AND CONDUCTED THE NEEDS ASSESSMENT THROUGH MAPP PROCESS OTHER MEMBERS OF THE CORE TEAM INCLUDED REPRESENTATIVES FROM BRODSTONE MEMORIAL HOSPITAL, WEBSTER COUNTY COMMUNITY HOSPITAL, THE CLAY COUNTY HEALTH DEPARTMENT AND A MEMBER OF THE SHDHD BOARD OF HEALTH CORE TEAM MEMBERS SERVED AS THE PLANNING COMMITTEE AND ASSISTED WITH THE IMPLEMENTATION OF THE ASSESSMENT AND THE IDENTIFICATION OF STAKEHOLDERS AS WELL AS PROVIDING IN-KIND AND MONETARY RESOURCES OTHER PARTNERS INCLUDED THE CDC (FIELD TEST SITE FOR THE LOCAL PUBLIC HEALTH SYSTEM PERFORMANCE ASSESSMENT) AND THE NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES WHO COLLECTED THE DATA FOR THE COMMUNITY THEMES AND STRENGTHS SURVEY 70 COMMUNITY STAKEHOLDERS ALSO PARTICIPATED IN THE NEEDS ASSESSMENT PROCESS |
| MARY LANNING HEALTHCARE | PART V, SECTION B, LINE 4 MEMBERS OF THE CORE TEAM INCLUDED REPRESENTATIVES FROM BRODSTONE MEMORIAL HOSPITAL AND WEBSTER COUNTY COMMUNITY HOSPITAL |
| MARY LANNING HEALTHCARE | PART V, SECTION B, LINE 6I MARY LANNING PARTNERED WITH THE SOUTH HEARTLAND DISTRICT HEALTH DEPARTMENT TO COORDINATE OUR IMPLEMENTATION PLAN WITH THEIR COMMUNITY HEALTH IMPROVEMENT PLAN (CHIP) MONTHLY MEETINGS WERE HELD WITH SEVERAL GOALS IN MIND THE FIRST GOAL WAS TO DEFINE A WAY TO COLLECT DATA FROM ALL PARTNER ORGANIZATIONS AND HAVE A COMPATIBLE, CENTRALIZED TOOL FOR STAKEHOLDERS TO INPUT DATA ANOTHER PRIORITY ACTION WAS TO DEVELOP THE PERFORMANCE MEASURES TO BE USED TO EVALUATE PROGRESS ON THE CHIP AS INDIVIDUAL ORGANIZATIONS AND AS THE COMMUNITY AS A WHOLE MARY LANNING WORKED TO DEVELOP TOOLS AND MEASURES WITHIN OUR OWN ORGANIZATION THAT ADDRESS THE NEEDS OF THE COMMUNITY AND ALIGN WITH THE OBJECTIVES OF THE CHIP MEMBERS OF THE MARY LANNING TEAM WORKING ON THE IMPLEMENTATION PLAN MET TO DEFINE HOW THEIR DEPARTMENTS WERE SPECIFICALLY ADDRESSING THE FIVE AREAS IDENTIFIED IN THE NEEDS ASSESSMENT (OBESITY, CANCER, SUBSTANCE ABUSE, MENTAL HEALTH AND ACCESS TO CARE) MANY STRATEGIES FROM THE ORIGINAL IMPLEMENTATION PLAN WERE ALREADY BEING MET AND THE GROUP DISCUSSED HOW DEPARTMENTS COULD CONTINUE TO CREATE PARTNERSHIPS WITH EACH OTHER TO FURTHER DEVELOP FUTURE STRATEGIES HIGHLIGHTS FROM EACH AREA OF NEED INCLUDE THE FOLLOWING OBESITY - PARTICIPATION IN HEALTHY HASTINGS COALITION, COMMUNITY EDUCATION AND OUTREACH DEVELOPMENT WITHIN THE CLINICS, OUTREACH TO MINORITY POPULATIONS FOR DIABETES, INCREASING NUMBER OF BUSINESSES OFFERING WORKSITE WELLNESS OPTIONS CANCER - ESTABLISHMENT OF THE MIDWEST LUNG CANCER SCREENING PROGRAM, PARTICIPATION AND EDUCATION AT COMMUNITY EVENTS PERTAINING TO DIFFERENT TYPES OF CANCER PREVENTION, ASSISTANCE FOR CANCER PATIENTS TO CONNECT WITH SUPPORTIVE RESOURCES MENTAL HEALTH - PARTICIPATION AND COORDINATION OF LOCAL EVENTS TO INCREASE AWARENESS OF MENTAL ILLNESS, DEVELOPED A PROCESS TO IDENTIFY PATIENTS WITH DUAL DIAGNOSIS, ADVOCATED AT THE STATE LEVEL FOR POLICIES THAT SUPPORT MENTAL HEALTH SERVICES SUBSTANCE ABUSE - PARTICIPATED IN DRUG TAKE-BACK EVENTS, ASSISTED WORKSITES WITH TOBACCO-FREE POLICIES, ASSISTED PATIENTS WITH TOBACCO-FREE RESOURCES, TRAINED EMPLOYEES TO BE TOBACCO CESSATION EDUCATORS ACCESS TO CARE - WORKING WITH PARTNERS TO HAVE A FQHC SATELLITE OFFICE IN HASTINGS, DEVELOPING A MEDICAL HOME MODEL FOR MLH CLINICS, SCREENING AND HEALTHCARE CASE MANAGEMENT OFFERED TO HISPANIC COMMUNITY, CONCENTRATED RECRUITMENT OF SPECIALTY PHYSICIANS |
| MARY LANNING HEALTHCARE | PART V, SECTION B, LINE 14G THE FULL POLICY IS AVAILABLE UPON REQUEST, FREE OF CHARGE A SUMMARY OF THE POLICY AND CONTACT INFORMATION IS POSTED ON MARY LANNING HEALTHCARE'S WEBSITE, PRINTED ON BILLING STATEMENTS, POSTED IN ALL ADMISSION AREAS AND PROVIDED IN WRITING TO ALL PATIENTS UPON CHECK IN |
| MARY LANNING HEALTHCARE | PART V, SECTION B, LINE 17E THE FACILITY TAKES REASONABLE EFFORTS TO NOTIFY PATIENTS OF THE FAP BEFORE THE FACILITY OR AUTHORIZED THIRD PARTY PERFORMS ANY COLLECTION ACTIONS HENCE, NO ITEMS WERE CHECKED IN QUESTIONS 16 OR 17 THE EFFORTS/ACTIONS TAKEN BY THE FACILITY BEFORE INITIATING ANY COLLECTION ARE PERSONAL VISITS WITH ALL PATIENTS AND FAP IS DISCUSSED IN DETAIL WHEN FINANCIAL CONCERNS ARE EXPRESSED DURING PHONE CALLS WITH PATIENTS REGARDING COLLECTION ISSUES |

**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? **10**

| | Name and address | Type of Facility (describe) |
|---|---|---|
| **1** | HASTINGS FAMILY CARE<br>223 E 14TH STREET STE 100<br>HASTINGS, NE 68901 | OUTPATIENT CLINIC |
| **2** | LANNING CENTER<br>815 S BURLINGTON AVENUE<br>HASTINGS, NE 68901 | OUTPATIENT CLINIC |
| **3** | HASTINGS FAMILY PRACTICE<br>606 N MINNESOTA<br>HASTINGS, NE 68901 | OUTPATIENT CLINIC |
| **4** | HASTINGS PULMONARY<br>715 N KANSAS AVENUE STE 203<br>HASTINGS, NE 68901 | OUTPATIENT CLINIC |
| **5** | COMMUNITY HEALTH CENTER<br>715 N KANSAS AVENUE<br>HASTINGS, NE 68901 | OUTPATIENT CLINIC |
| **6** | CENTRAL NE GENERAL SURGERY<br>715 N KANSAS AVENUE<br>HASTINGS, NE 68901 | OUTPATIENT CLINIC |
| **7** | BLUE HILL CLINIC<br>102 N PINE STREET<br>BLUE HILL, NE 68930 | OUTPATIENT CLINIC |
| **8** | CENTRAL NE INFECTIOUS DISEASE<br>715 N KANSAS AVENUE<br>HASTINGS, NE 68901 | OUTPATIENT CLINIC |
| **9** | EDGAR CLINIC<br>315 N C STREET<br>EDGAR, NE 68944 | OUTPATIENT CLINIC |
| **10** | SUTTON MEDICAL CLINIC<br>301 S WAY<br>SUTTON, NE 68979 | OUTPATIENT CLINIC |

## 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 3C | NOT APPLICABLE |
| PART I, LINE 6A | NOT APPLICABLE |

| Form and Line Reference | Explanation |
| --- | --- |
| PART I, LINE 7 | THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE WAS A COST-TO-CHARGE RATIO  THE RATIO WAS DERIVED FROM WORKSHEET 2 |
| PART I, LN 7 COL(F) | BAD DEBT EXPENSE IS $7,726,654 |

| Form and Line Reference | Explanation |
|---|---|
| PART II, COMMUNITY BUILDING ACTIVITIES | MLH PARTICIPATES IN NEBRASKA HEALTH INFORMATION INITIATIVE WHICH ALLOWS PHYSICIANS TO VIEW THE ENTIRE RECORD OF A PATIENT THIS BENEFITS THE PATIENT BECAUSE THE DOCTOR SEES THEIR ENTIRE HISTORY INSTEAD OF JUST THE ILLNESS OR INJURY FOR WHICH THEY ARE CURRENTLY BEING TREATED |
| PART III, LINE 2 | MLH RECOGNIZES PATIENT SERVICE REVENUE ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY PAYER COVERAGE ON THE BASIS OF CONTRACTUAL RATES FOR THE SERVICES RENDERED FOR UNINSURED PATIENTS THAT DO NOT QUALIFY FOR CHARITY CARE, MLH RECOGNIZES REVENUE ON THE BASIS OF ITS STANDARD RATES FOR SERVICES PROVIDED ON THE BASIS OF HISTORICAL EXPERIENCE, A SIGNIFICANT PORTION OF MLH'S UNINSURED PATIENTS WILL BE UNABLE TO PAY FOR THE SERVICES PROVIDED THUS, MLH RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS RELATED TO UNINSURED PATIENTS IN THE PERIOD THE SERVICES ARE PROVIDED |

| Form and Line Reference | Explanation |
|---|---|
| PART III, LINE 3 | NOT APPLICABLE |
| PART III, LINE 4 | THERE IS NO FOOTNOTE IN THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSE HOWEVER, THE FOLLOWING IS THE TEXT OF THE FOOTNOTE TITLED "PATIENT RECEIVABLES, NET THE HOSPITAL REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYERS, PATIENTS AND OTHERS ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE HOSPITAL RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS PATIENT RECEIVABLES ARE DUE IN FULL WHEN BILLED ACCOUNTS ARE CONSIDERED DELINQUENT AND SUBSEQUENTLY WRITTEN OFF AS BAD DEBTS BASED ON INDIVIDUAL CREDIT EVALUATION AND SPECIFIC CIRCUMSTANCES OF THE ACCOUNT THE FOLLOWING IS THE TEXT OF THE FOOTNOTE TITLED "NET PATIENT SERVICE REVENUE" THE HOSPITAL HAS AGREEMENTS WITH THIRD-PARTY PAYERS THAT PROVIDE FOR PAYMENTS TO THE HOSPITAL AT AMOUNTS DIFFERENT FROM ITS ESTABLISHED RATES PAYMENT ARRANGEMENTS INCLUDE PROSPECTIVELY DETERMINED RATES PER DISCHARGE, REIMBURSED COSTS, DISCOUNTED CHARGES, AND PER DIEM PAYMENTS NET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYERS, AND OTHERS FOR SERVICES RENDERED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS UNDER REIMBURSEMENT AGREEMENTS WITH THIRD-PARTY PAYERS RETROACTIVE ADJUSTMENTS ARE ACCRUED ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED AND ADJUSTED IN FUTURE PERIODS AS FINAL SETTLEMENTS ARE DETERMINED THE FOLLOWING IS THE TEXT OF THE FOOTNOTE TITLED "CHARITY CARE" THE HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS REVENUE IN THE CONSOLIDATED STATEMENTS OF OPERATIONS |

| Form and Line Reference | Explanation |
| --- | --- |
| PART III, LINE 8 | FOR-PROFIT SPECIALITY HOSPITALS HAVE BEEN CARVING OUT CERTAIN HIGH-MARGIN SERVICES, LEAVING GENERAL ACUTE CARE HOSPITALS WITH LOWER-MARGIN MEDICARE SERVICES THIS INDICATES THAT MEDICARE LOSSES CAN BE A RESULT OF RENDERING THESE LOWER-MARGIN SERVICES RATHER THAN INEFFICIENT OPERATIONS |
| PART III, LINE 9B | ACCOUNTS WILL BE SCREENED FOR APPROPRIATE REFERRAL TO FINANCIAL ASSISTANCE VS BAD DEBT WRITE OFF DURING THE COLLECTION PROCESS THE FINANCIAL ASSISTANCE POLICY DOES INCLUDE PROVISION FOR IMPLIED CHARITY CARE IF THERE IS SUFFICIENT KNOWLEDGE TO DETERMINE THAT THE PATIENT MEETS THE QUALIFYING FACTORS OF THE PROGRAM |

| Form and Line Reference | Explanation |
| --- | --- |
| PART VI, LINE 2 | A NEEDS ASSESSMENT WAS CONDUCTED IN 2013 IN PARTNERSHIP WITH SOUTH HEARTLAND DISTRICT HEALTH DEPARTMENT UTILIZING THE MAPP PROCESS SOUTH HEARTLAND AND MARY LANNING STAFF PARTNERED WITH OUR COMMUNITY STAKEHOLDERS TO DEFINE THE PRIORITY COMMUNITY NEEDS AND DEVELOP AN ACTION PLANS FROM THE ASSESSMENT DATA |
| PART VI, LINE 3 | MLH INFORMS AND EDUCATES PATIENTS BY POSTING SIGNS IN ALL ADMISSION AREAS AND PATIENT ROOMS BROCHURES ARE AVAILABLE IN ADMISSION AREAS ALL NON-INSURED INPATIENTS ARE PERSONALLY VISITED AND PATIENTS MAY HAVE DISCUSSIONS WITH A FINANICAL COUNSELOR AT ANYTIME DURING THE BILLING/COLLECTION PROCESS |

| Form and Line Reference | Explanation |
| --- | --- |
| PART VI, LINE 4 | MLH'S PRIMARY SERVICE AREA IS ADAMS COUNTY WITH A SECONDARY AREA INCLUDING MERRICK, HALL, HAMILTON, KEARNEY, CLAY, FRANKLIN, WEBSTER, AND NUCKOLLS COUNTIES THE ESTIMATED POPULATION OF ADAMS COUNTY IS 35,000 AND THE SECONDARY SERVICE AREA IS 93,000 ADAMS COUNTY IS 563 SQ MILES FIFTEEN PERCENT OF THE POPULATION IN ADAMS COUNTY IS MEDICARE AGE OR OLDER |
| PART VI, LINE 5 | MARY LANNING CURRENTLY PROMOTES HEALTH IN THE COMMUNITY THROUGH OUTREACH TO A WIDE VARIETY OF COMMUNITY ORGANIZATIONS MUCH FOCUS IS ALREADY PLACED ON THE FIVE PRIORITY NEED AREAS IDENTIFIED IN THE CHNA MANY DEPARTMENTS WITHIN MARY LANNING PARTICIPATE IN COMMUNITY COALITIONS, PROVIDE OUTREACH TO WORKSITES AND COMMUNITY MEMBERS INCLUDING MINORITIES AND LOW INCOME GROUPS, EDUCATE AND PROVIDE LOW COST OR NO COST SCREENINGS AND CARE |

| Form and Line Reference | Explanation |
| --- | --- |
| PART VI, LINE 6 | NOT APPLICABLE |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 47-0378779
**Name:** THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

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

**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?
_____

| | Name and address | Type of Facility (describe) |
|---|---|---|
| 1 | HASTINGS FAMILY CARE<br>223 E 14TH STREET STE 100<br>HASTINGS,NE 68901 | OUTPATIENT CLINIC |
| 2 | LANNING CENTER<br>815 S BURLINGTON AVENUE<br>HASTINGS,NE 68901 | OUTPATIENT CLINIC |
| 3 | HASTINGS FAMILY PRACTICE<br>606 N MINNESOTA<br>HASTINGS,NE 68901 | OUTPATIENT CLINIC |
| 4 | HASTINGS PULMONARY<br>715 N KANSAS AVENUE STE 203<br>HASTINGS,NE 68901 | OUTPATIENT CLINIC |
| 5 | COMMUNITY HEALTH CENTER<br>715 N KANSAS AVENUE<br>HASTINGS,NE 68901 | OUTPATIENT CLINIC |
| 6 | CENTRAL NE GENERAL SURGERY<br>715 N KANSAS AVENUE<br>HASTINGS,NE 68901 | OUTPATIENT CLINIC |
| 7 | BLUE HILL CLINIC<br>102 N PINE STREET<br>BLUE HILL,NE 68930 | OUTPATIENT CLINIC |
| 8 | CENTRAL NE INFECTIOUS DISEASE<br>715 N KANSAS AVENUE<br>HASTINGS,NE 68901 | OUTPATIENT CLINIC |
| 9 | EDGAR CLINIC<br>315 N C STREET<br>EDGAR,NE 68944 | OUTPATIENT CLINIC |
| 10 | SUTTON MEDICAL CLINIC<br>301 S WAY<br>SUTTON,NE 68979 | OUTPATIENT CLINIC |

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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
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

**Employer identification number**
47-0378779

## 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) MARY LANNING HEALTHCARE FOUNDATION<br>715 NORTH ST JOSEPH AVENUE<br>HASTINGS,NE 68901 | 47-0800042 | 501(C)(3) | 188,571 | | | | TO ASSIST WITH THE OPERATING COSTS OF FUNDRAISING |
| (2) ADAMS COUNTY CLERK<br>500 WEST 4TH STREET<br>HASTINGS,NE 68901 | 47-6006427 | 501(C)(1) | 25,000 | | | | TO ASSIST WITH OPERATING COSTS OF THE AMBULANCE SERVICE |
| | | | | | | | |
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| | | | | | | | |
| | | | | | | | |

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

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

**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 |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
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| | | | | | |
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| | | | | | |

**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 | MARY LANNING HEALTHCARE ONLY MAKES CONTRIBUTIONS AND GRANTS TO CHARITABLE OR GOVERNMENTAL TAX EXEMPT ENTITIES THE HOSPITAL VERIFIES THE TAX EXEMPT STATUS OF THE GRANT RECIPIENTS PRIOR TO MAKING THE GRANT TERMS OF THE GRANT STATE THAT THE FUNDS ARE ONLY TO BE USED FOR CHARITABLE PURPOSES |

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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
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

**Employer identification number**
47-0378779

## 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** | | No |
| **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** | | No |
| **3** | Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III | | | |
| | ☐ Compensation committee | ☐ Written employment contract | | |
| | ☑ Independent compensation consultant | ☑ Compensation survey or study | | |
| | ☐ Form 990 of other organizations | ☑ Approval by the board or compensation committee | | |
| **4** | During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization | | | |
| **a** | Receive a severance payment or change-of-control payment? | **4a** | | No |
| **b** | Participate in, or receive payment from, a supplemental nonqualified retirement plan? | **4b** | Yes | |
| **c** | Participate in, or receive payment from, an equity-based compensation arrangement? | **4c** | | No |
| | If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III | | | |
| | **Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.** | | | |
| **5** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of | | | |
| **a** | The organization? | **5a** | | No |
| **b** | Any related organization? | **5b** | | No |
| | If "Yes," to line 5a or 5b, describe in Part III | | | |
| **6** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of | | | |
| **a** | The organization? | **6a** | | No |
| **b** | Any related organization? | **6b** | | No |
| | If "Yes," to line 6a or 6b, describe in Part III | | | |
| **7** | For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III | **7** | | No |
| **8** | Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III | **8** | | No |
| **9** | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)? | **9** | | |

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

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

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

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

## Part III Supplemental Information

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 | HOUSING ALLOWANCE DURING 2013, THE HOSPITAL PAID ERIC BARBER $3,200 IN MORTGAGE ASSISTANCE PAYMENTS, THIS AMOUNT WAS ADDED TO HIS TAXABLE WAGES ON HIS 2013 W-2 HEALTH OR SOCIAL CLUB DUES A COUNTRY CLUB MEMBERSHIP IS PROVIDED TO ERIC BARBER, MARK CALLAHAN, SHAWN NORDBY AND BRUCE CUTRIGHT, FOR PERSONAL USE THE VALUE OF THE MEMBERSHIP WAS INCLUDED AS TAXABLE WAGES IN THEIR 2013 W-2'S CHAUFFEUR VEHICLES OWNED BY MARY LANNING HEALTHCARE AND DRIVERS EMPLOYED BY THE HOSPITAL ARE MADE AVAILABLE TO PHYSICIANS WHO CHOOSE TO USE THEM FOR TRAVEL TO CLINICS IN OTHER CITIES SUCH TRAVEL IS STRICTLY FOR HOSPITAL BUSINESS PURPOSES, AND THE PROVISION OF CARS AND DRIVERS ENABLES THE PHYSICIANS TO PERFORM VARIOUS ADMINISTRATIVE TASKS DURING THE TRAVEL TIME PHYSICIANS ARE NOT REQUIRED TO "ACCOUNT" TO THE HOSPITAL FOR THE NUMBER OF MILES DRIVEN, AS THE ENTIRE TRAVEL COST IS A HOSPITAL BUSINESS EXPENSE |
| PART I, LINE 4B | THE HOSPITAL CONTRIBUTED $20,000 TO A 457(F) ACCOUNT FOR ERIC BARBER, THIS AGREEMENT IS ONGOING FOR $20,000 ANNUALLY FOR 5 YEARS, AT THAT TIME, MR BARBER WILL RECEIVE THE BALANCE IN THE ACCOUNT |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 47-0378779
**Name:** THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

### 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 | | | | |
| MICHAEL SKOCH MD CHIEF MEDICAL OFFICER | (I) | 360,235 | 33,880 | 0 | 12,500 | 18,435 | 425,050 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RONDA EHLY CHIEF NURSING OFFICER | (I) | 176,587 | 4,000 | 0 | 9,145 | 13,321 | 203,053 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SHAWN NORDBY CHIEF FINANCIAL OFFICER | (I) | 138,577 | 7,099 | 0 | 8,361 | 13,267 | 167,304 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BRUCE CUTRIGHT VP HUMAN RESOURCES | (I) | 163,426 | 8,350 | 0 | 8,361 | 2,161 | 182,298 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MARK CALLAHAN CHIEF OPERATING OFFICER | (I) | 154,970 | 77,130 | 0 | 8,361 | 17,850 | 258,311 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SHAWN RIGGS VP AMBULATORY SERVICES | (I) | 127,579 | 4,000 | 0 | 6,841 | 17,850 | 156,270 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BENJAMIN FAGO PHYSICIAN | (I) | 423,375 | 0 | 0 | 12,500 | 19,944 | 455,819 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| KALPESH GANATRA PHYSICIAN | (I) | 627,298 | 0 | 0 | 12,500 | 19,299 | 659,097 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| JAMES NEALON PHYSICIAN | (I) | 492,499 | 0 | 0 | 12,500 | 19,190 | 524,189 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| MATTHEW STRITT PHYSICIAN | (I) | 429,062 | 55,087 | 0 | 12,500 | 18,607 | 515,256 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| THOMAS ZUSAG PHYSICIAN | (I) | 599,561 | 0 | 0 | 12,500 | 12,344 | 624,405 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

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# Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

## Supplemental Information on Tax Exempt Bonds

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

Employer identification number
47-0378779

## 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 | HOSPITAL AUTHORITY NO 1 OF ADAMS COUNTY NE | 47-0762824 | 006060CL9 | 07-01-2008 | 23,725,120 | TWO ADDITIONS TO THE HOSPITAL | | X | | X | | X |
| B | HOSPITAL AUTHORITY NO 1 OF ADAMS COUNTY NE | 47-0762824 | | 08-20-2013 | 3,680,000 | REFUND PRIOR ISSUES (3/26/98 & 9/1/03) | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 2,425,000 | 230,000 | | |
| 2 | Amount of bonds legally defeased | | | | |
| 3 | Total proceeds of issue | 24,173,708 | 3,680,000 | | |
| 4 | Gross proceeds in reserve funds | 1,752,102 | | | |
| 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 | 22,421,606 | | | |
| 11 | Other spent proceeds | 3,680,000 | 3,680,000 | | |
| 12 | Other unspent proceeds | | | | |
| 13 | Year of substantial completion | 2011 | 2005 | | |

| | | 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 | | | | | |
| 15 | Were the bonds issued as part of an advance refunding issue? | | X | | X | | | | |
| 16 | Has the final allocation of proceeds been made? | X | | X | | | | | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | 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 | | | | |
| 2 | Are there any lease arrangements that may result in private business use of bond-financed property? | | 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 | | | | |
| b | If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? | | | | | | | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | | X | | X | | | | |
| d | If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? | | | | | | | | |
| 4 | Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶ | | | | | | | | |
| 5 | Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶ | | | | | | | | |
| 6 | Total of lines 4 and 5 | | | | | | | | |
| 7 | Does the bond issue meet the private security or payment test? | | X | | 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 | | | | |
| 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 | | | | |

## 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 | | | | |
| 2 | If "No" to line 1, did the following apply? | | | | | | | | |
| a | Rebate not due yet? | | X | X | | | | | |
| b | Exception to rebate? | X | | X | | | | | |
| c | No rebate due? | 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 | | | | |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? | | X | | 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 | | 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 | | | | |
| 7 | Has the organization established written procedures to monitor the requirements of section 148? | | 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 | | | | |

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

| Return Reference | Explanation |
|---|---|
| SCHEDULE K, PART IV, LINE 2C | (A) ISSUER NAME HOSP AUTHORITY NO 1 OF ADAMS COUNTY NE DATE THE REBATE COMPUTATION WAS PERFORMED 06/30/2013 |
| PART II, LINE 3 | THE TOTAL PROCEEDS DO NOT AGREE TO THE ISSUE PRICE IN PART I, COLUMN (E) DUE TO INVESTMENT EARNINGS |

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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
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

**Employer identification number**
47-0378779

## 990 Schedule O, Supplemental Information

| Return Reference | Explanation |
|---|---|
| FORM 990, PART VI, SECTION B, LINE 11 | A COPY OF FORM 990 WAS PROVIDED TO THE MEMBERS OF THE BOARD AND WAS REVIEWED WITH THOSE MEMBERS PRIOR TO FILING THE RETURN |
| FORM 990, PART VI, SECTION B, LINE 12C | EACH EMPLOYEE AND BOARD MEMBER MUST ANNUALLY COMPLETE A CONFLICT SURVEY AND SIGN A CONFLICT OF INTEREST STATEMENT |
| FORM 990, PART VI, SECTION B, LINE 15 | AN EXECUTIVE COMPENSATION REVIEW IS PERFORMED ANNUALLY IN 2010, THE BOARD HIRED AN INDEPE<br>NDENT CONSULTANT, GRANT THORTON, TO PERFORM A REVIEW OF EXECUTIVE COMPENSATION |
| FORM 990, PART VI, SECTION C, LINE 19 | ALL GOVERNING DOCUMENTS, THE CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAI<br>LABLE UPON REQUEST THROUGH MARY LANNING HEALTHCARE'S ADMINISTRATIVE OFFICES |
| FORM 990, PART VII, SECTION A, COLUMN B | CLARENCE (GARY) ANDERSON IS EMPLOYED BY MARY LANNING TRUST |
| FORM 990, PART XI, LINE 9 | CHANGE IN BENEFICIAL INTEREST OF FOUNDATION 537,744 CHANGE IN BENEFICIAL INTEREST OF TRUST 5,193,142 PENSION RELATED CHANGES 6,302,253 |
| FORM 990, PART XI, LINE 2C | THE BOARD OF TRUSTEES OF THE ORGANIZATION ASSUMES RESPONSIBILITY FOR OVERSIGHT OF THE AUDI<br>T OF ITS FINANCIAL STATEMENTS AND THE SELECTION OF AN INDEPENDENT ACCOUNTANT THIS PROCESS<br>HAS NOT CHANGED FROM THE PRIOR YEAR |
| FORM 990, PART IV, LINE 13 | FORM 990, PART IV, LINE 13 IS ANSWERED "NO" BECAUSE MARY LANNING HEALTHCARE'S PRIMARY PROG<br>RAM SERVICE IS THE PROVISION OF MEDICAL CARE THROUGH ITS HOSPITAL HOWEVER, IT ALSO CONDUC<br>TS A NURSING SCHOOL IN CONJUNCTION WITH CREIGHTON UNIVERSITY AND A RADIOLOGY SCHOOL SCHED<br>ULE E HAS NOT BEEN PREPARED BECAUSE THE ORGANIZATION DOES NOT CHECK BOX 2, PART I OF SCHED<br>ULE A TO INDICATE IT IS A "SCHOOL" BOTH THE NURSING SCHOOL AND THE RADIOLOGY SCHOOL ARE O<br>PERATED ON A RACIALLY NONDISCRIMINITORY BASIS |

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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
THE MARY LANNING MEMORIAL HOSPITAL ASSOCIATION

**Employer identification number**
47-0378779

**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 |
|---|---|---|---|---|---|
| | | | | | |
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**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)** MARY LANNING HEALTHCARE FOUNDATION<br>741 N DENVER AVE<br>HASTINGS, NE 68901<br>47-0800042 | FUNDRAISING ACTIVITIES | NE | 501(C)(3) | LINE 11C, III-FI | THE MARY LANNING HOSPITAL ASSOCIATION | Yes | |
| **(2)** MARY LANNING HOSPITAL TRUST<br>122 N HASTINGS AVE<br>HASTINGS, NE 68901<br>47-6000224 | INVESTMENT MANAGEMENT | NE | 501(C)(3) | LINE 11B, II | THE MARY LANNING HOSPITAL ASSOCIATION | Yes | |
| | | | | | | | |
| | | | | | | | |
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**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? | | (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 | |
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**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 | No |
| | | | | | | | | | |
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**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 | | No |
| **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 | | No |
| **e** Loans or loan guarantees by related organization(s) | 1e | | No |
| **f** Dividends from related organization(s) | 1f | | No |
| **g** Sale of assets to related organization(s) | 1g | | No |
| **h** Purchase of assets from related organization(s) | 1h | | No |
| **i** Exchange of assets with related organization(s) | 1i | | No |
| **j** Lease of facilities, equipment, or other assets to related organization(s) | 1j | | No |
| **k** Lease of facilities, equipment, or other assets from related organization(s) | 1k | | No |
| **l** Performance of services or membership or fundraising solicitations for related organization(s) | 1l | | No |
| **m** Performance of services or membership or fundraising solicitations by related organization(s) | 1m | 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 | | No |
| **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 |
|---|---|---|---|
| **(1)** MARY LANNING HOSPITAL TRUST | C | 775,000 | CASH TRANSFER |
| **(2)** MARY LANNING HEALTHCARE FOUNDATION | B | 188,571 | CASH TRANSFER |
| **(3)** MARY LANNING HEALTHCARE FOUNDATION | C | 190,990 | CASH TRANSFER |
| | | | |
| | | | |
| | | | |

**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 | |
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## Part VII Supplemental Information

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

| Return Reference | Explanation |
|---|---|

The Mary Lanning Memorial Hospital Association d/b/a

# Mary Lanning Healthcare and Affiliate

Hastings, Nebraska

## Consolidated Financial Statements and Supplementary Information December 31, 2013 and 2012

Together with Independent Auditor's Report

The Mary Lanning Memorial Hospital Association d/b/a
**Mary Lanning Healthcare and Affiliate**

## Table of Contents

SEIM JOHNSON

# Independent Auditor's Report

To the Board of Trustees of
The Mary Lanning Memorial Hospital Association d/b/a
Mary Lanning Healthcare and Affiliate
Hastings, Nebraska

## Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Mary Lanning Memorial Hospital Association d/b/a Mary Lanning Healthcare and Affiliate (the Hospital) which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended and the related notes to the consolidated financial statements

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits We did not audit the financial statements of the Mary Lanning Healthcare Foundation, for which Mary Lanning Healthcare is the sole corporate member, which statements reflect total assets constituting 3% and 2%, respectively, of consolidated total assets at December 31, 2013 and 2012, and total operating loss constituting (8%) and (13%), respectively of consolidated total operating gain for the years then ended Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mary Lanning Healthcare Foundation, is based solely on the report of other auditors 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 of material misstatement

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

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

## Opinion

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of December 31, 2013 and 2012, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

**Other Matters**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The consolidating information in Exhibits 1-3 is presented for purposes of additional analysis rather than to present the financial position, the results of operations, and changes in net assets and cash flows of the individual organizations and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Sem Johnson, LLP

Omaha, Nebraska,
April 22, 2014

The Mary Lanning Memorial Hospital Association d/b/a
**Mary Lanning Healthcare and Affiliate**

## Consolidated Balance Sheets
## December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 3,754,417 | 1,180,098 |
| Investments | 1,223,570 | 942,708 |
| Receivables - | | |
| Patient, net of allowance for doubtful accounts of $6,812,687 in 2013 and $6,069,495 in 2012 | 13,521,107 | 10,767,524 |
| Other | 1,911,877 | 2,356,888 |
| Inventories | 2,505,644 | 2,635,091 |
| Prepaid expenses | 1,607,345 | 1,142,318 |
| Assets limited as to use - required for current liabilities | 244 | 12,573 |
| Total current assets | 24,524,204 | 19,037,200 |
| Assets limited as to use, net of current portion | 39,880,925 | 34,549,993 |
| Property and equipment, net | 66,356,852 | 67,782,889 |
| Non-compete agreement | 380,578 | 761,157 |
| Other assets, net | 1,237,168 | 1,196,962 |
| Restricted assets | 31,527,557 | 25,955,858 |
| Total assets | $ 163,907,284 | 149,284,059 |
| **LIABILITIES AND NET ASSETS** | | |
| Current liabilities | | |
| Current portion of long-term debt | $ 2,036,655 | 1,835,706 |
| Accounts payable - | | |
| Trade | 3,309,244 | 2,996,484 |
| Property and equipment | 266,935 | 702,394 |
| Accrued salaries and wages | 6,316,275 | 5,800,536 |
| Accrued employee benefits | 2,489,710 | 1,562,497 |
| Estimated third-party payer settlements | 96,592 | 486,640 |
| Other current liabilities | 787,974 | 805,485 |
| Total current liabilities | 15,303,385 | 14,189,742 |
| Liability for pension benefits | 6,965,073 | 13,250,490 |
| Long-term debt, net of current portion | 24,874,592 | 27,081,958 |
| Total liabilities | 47,143,050 | 54,522,190 |
| Commitments and contingencies | | |
| Net assets | | |
| Unrestricted | 85,236,677 | 68,806,011 |
| Temporarily restricted | 2,717,732 | 2,339,175 |
| Permanently restricted | 28,809,825 | 23,616,683 |
| Total net assets | 116,764,234 | 94,761,869 |
| Total liabilities and net assets | $ 163,907,284 | 149,284,059 |

*See notes to consolidated financial statements*

The Mary Lanning Memorial Hospital Association d/b/a
**Mary Lanning Healthcare and Affiliate**

## Consolidated Statements of Operations
## For the Years Ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| UNRESTRICTED REVENUE | | |
| Net patient service revenue | $ 116,918,502 | 113,975,577 |
| Provision for bad debts | (7,726,654) | (5,905,448) |
| Net patient service revenue less provision for bad debts | 109,191,848 | 108,070,129 |
| Other operating revenue | 3,921,263 | 4,029,410 |
| Net assets released from restrictions, Income from beneficial interest in perpetual trusts | 775,000 | 1,255,000 |
| Total revenue | 113,888,111 | 113,354,539 |
| EXPENSES | | |
| Salaries and wages | 48,727,516 | 45,797,288 |
| Employee benefits | 14,852,251 | 14,355,328 |
| Professional medical fees | 2,230,382 | 2,660,538 |
| Supplies | 18,100,922 | 19,769,774 |
| Contracted services | 9,413,660 | 9,776,393 |
| Insurance | 1,169,777 | 905,758 |
| Leases and rentals | 1,131,744 | 1,187,236 |
| Utilities | 1,356,138 | 1,416,548 |
| Depreciation | 8,488,974 | 8,094,855 |
| Interest and amortization | 1,765,485 | 1,943,819 |
| Grants | 140,977 | 193,543 |
| Other | 2,835,072 | 2,765,058 |
| Total expenses | 110,212,898 | 108,866,138 |
| OPERATING INCOME | 3,675,213 | 4,488,401 |
| NONOPERATING REVENUE (EXPENSE) | | |
| Investment income, net | 1,581,912 | 1,526,606 |
| Unrestricted contributions | 170,812 | 131,438 |
| Other | -- | (29,852) |
| Nonoperating revenue, net | 1,752,724 | 1,628,192 |
| EXCESS OF REVENUE OVER EXPENSES | 5,427,937 | 6,116,593 |
| CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES | 4,509,486 | 2,233,931 |
| GIFTS, GRANTS, AND BEQUESTS FOR PURCHASE OF PROPERTY AND EQUIPMENT | -- | 103,248 |
| NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT | 190,990 | 173,010 |
| PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST | 6,302,253 | 1,288,191 |
| INCREASE IN UNRESTRICTED NET ASSETS | $ 16,430,666 | 9,914,973 |

*See notes to consolidated financial statements*

The Mary Lanning Memorial Hospital Association d/b/a
**Mary Lanning Healthcare and Affiliate**

## Consolidated Statements of Changes in Net Assets
## For the Years Ended December 31, 2013 and 2012

| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
|---|---|---|---|---|
| Balance, December 31, 2011 | $ 58,891,038 | 2,269,064 | 20,521,379 | 81,681,481 |
| Excess of revenue over expenses | 6,116,593 | -- | -- | 6,116,593 |
| Change in net unrealized gains and losses on trading securities | 2,233,931 | 119,711 | -- | 2,353,642 |
| Gifts, grants, and bequests for purchase of property and equipment | 103,248 | -- | -- | 103,248 |
| Net assets released from restrictions used for purchase of property and equipment | 173,010 | (173,010) | -- | -- |
| Pension related changes other than net periodic pension cost | 1,288,191 | -- | -- | 1,288,191 |
| Net assets released from restrictions used for operations | -- | (1,255,000) | -- | (1,255,000) |
| Income from beneficial interest in perpetual trusts | -- | 1,255,000 | -- | 1,255,000 |
| Change in value of beneficial interest in perpetual trusts | -- | -- | 3,095,304 | 3,095,304 |
| Restricted gifts and grants | -- | 123,410 | -- | 123,410 |
| Increase in net assets | 9,914,973 | 70,111 | 3,095,304 | 13,080,388 |
| Balance, December 31, 2012 | 68,806,011 | 2,339,175 | 23,616,683 | 94,761,869 |
| Excess of revenue over expenses | 5,427,937 | -- | -- | 5,427,937 |
| Change in net unrealized gains and losses on other than trading securities | 4,509,486 | 349,376 | -- | 4,858,862 |
| Net assets released from restrictions used for purchase of property and equipment | 190,990 | (190,990) | -- | -- |
| Pension related changes other than net periodic pension cost | 6,302,253 | -- | -- | 6,302,253 |
| Net assets released from restrictions used for operations | -- | (775,000) | -- | (775,000) |
| Income from beneficial interest in perpetual trusts | -- | 775,000 | -- | 775,000 |
| Change in value of beneficial interest in perpetual trusts | -- | -- | 5,193,142 | 5,193,142 |
| Restricted gifts and grants | -- | 220,171 | -- | 220,171 |
| Increase in net assets | 16,430,666 | 378,557 | 5,193,142 | 22,002,365 |
| Balance, December 31, 2013 | $ 85,236,677 | 2,717,732 | 28,809,825 | 116,764,234 |

*See notes to consolidated financial statements*

The Mary Lanning Memorial Hospital Association d/b/a
**Mary Lanning Healthcare and Affiliate**

## Consolidated Statements of Cash Flows
## For the Years Ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | $ 22,002,365 | 13,080,388 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 8,488,974 | 8,094,855 |
| Amortization of deferred financing costs | 60,741 | 60,741 |
| Amortization of non-compete agreement | 380,579 | 380,580 |
| Loss on disposal of property and equipment | -- | 29,852 |
| Restricted gifts and grants | (220,171) | (123,410) |
| Change in value of beneficial interest in perpetual trusts | (5,193,142) | (3,095,304) |
| Change in net unrealized gains and losses on other than trading securities | (4,858,862) | (2,353,642) |
| Change in liability for pension benefits | (6,285,417) | (752,090) |
| (Increase) decrease in current assets - | | |
| Patient receivables, net | (2,753,583) | (905,725) |
| Other receivables | 445,011 | (1,772,580) |
| Inventories | 129,447 | (231,222) |
| Prepaid expenses | (465,027) | (19,774) |
| Increase (decrease) in current liabilities - | | |
| Accounts payable - trade | 312,760 | (218,082) |
| Accrued salaries and wages | 515,739 | 496,384 |
| Accrued employee benefits | 927,213 | (19,199) |
| Estimated third-party payer settlements | (390,048) | (2,223,205) |
| Other current liabilities | (17,511) | 146 |
| Net cash provided by operating activities | 13,079,068 | 10,428,713 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment, net | (6,355,049) | (5,998,259) |
| Increase in other assets | (100,947) | (676,796) |
| Deposits to investments, net | (280,862) | (122,856) |
| Deposits to assets limited as to use, net | (459,741) | (1,450,439) |
| Deposits to restricted assets, net | (378,557) | (70,111) |
| Purchase of membership interest in affiliate | -- | (750,000) |
| Net cash used in investing activities | (7,575,156) | (9,068,461) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of long-term debt | 3,450,000 | -- |
| Principal payments on long-term debt | (6,599,764) | (1,491,480) |
| Proceeds from restricted gifts and grants | 220,171 | 123,410 |
| Net cash used in financing activities | (2,929,593) | (1,368,070) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,574,319 | (7,818) |
| CASH AND CASH EQUIVALENTS - Beginning of year | 1,180,098 | 1,187,916 |
| CASH AND CASH EQUIVALENTS - End of year | $ 3,754,417 | 1,180,098 |
| SUPPLEMENTAL SCHEDULE OF CASH FLOWS INFORMATION | | |
| Cash paid during the year for interest, net of amount capitalized | $ 1,722,999 | 1,883,078 |
| Equipment acquired under capital lease obligation | 1,143,347 | 1,879,144 |

*See notes to consolidated financial statements*

## (1) Description of Organization and Summary of Significant Accounting Policies

The following is a description of the organization and summary of significant accounting policies of The Mary Lanning Memorial Hospital Association d/b/a Mary Lanning Healthcare and Affiliate (the Hospital) These policies are in accordance with accounting principles generally accepted in the United States of America

### *A Description of Organization and Principals of Consolidation*

The Mary Lanning Memorial Hospital Association d/b/a Mary Lanning Healthcare and Affiliate, located in Hastings, Nebraska, is a not-for-profit acute care hospital which provides inpatient, outpatient, emergency care, acute rehabilitation, skilled nursing, psychiatric services and physician clinic services

The Mary Lanning Memorial Hospital Association d/b/a Mary Lanning Healthcare sponsors and is the sole corporate member of the Mary Lanning Healthcare Foundation (Foundation) The Foundation was incorporated to support the purposes of the Hospital and the general health care needs of the community

The consolidated financial statements include the accounts of these organizations (collectively referred to here as the "Hospital") All significant intercompany accounts and transactions have been eliminated in consolidation

### *B Industry Environment*

The health care industry is subject to numerous laws and regulations of federal, state and local governments These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursements for patient services, and Medicare and Medicaid fraud abuse Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed

Management believes that the Hospital is in compliance with government laws and regulations as they apply to areas of fraud and abuse While no regulatory inquiries have been made which are expected to have a material effect on the Hospital's consolidated financial statements, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time

As a result of recently enacted federal healthcare reform legislation, substantial changes are anticipated in the United States healthcare system Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement of healthcare providers and the legal obligations of health insurers, providers and employers These provisions are currently slated to take effect at specified times over approximately the next decade

### *C Use of Estimates*

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenue and expenses during the reporting period Actual results could differ from those estimates

*D* *Cash and Cash Equivalents*

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less

*E* *Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenue over expenses unless the income or loss is restricted by donor or law Unrealized gains and losses on investments are excluded from excess of revenue over expenses unless the investments are trading securities

*F* *Inventories*

Inventories are stated at the lower of cost or market Cost is determined principally using the first-in, first-out method

*G* *Patient Receivables, Net*

The Hospital reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts The Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts Patient receivables are due in full when billed Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account

The Hospital also maintains a patient financial assistance policy as described in Note 1(Q)

*H* *Assets Limited as to Use*

Assets limited as to use primarily include assets held by trustees under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements, over which the board retains control and may, at its discretion, subsequently use for other purposes Amounts required to meet current liabilities of the Hospital have been reclassified in the consolidated balance sheets at December 31, 2013 and 2012

*I* *Property and Equipment*

Property and equipment acquisitions are recorded at cost Depreciation is computed using the straight-line method based upon useful lives set forth using general guidelines from the American Hospital Association Guide for Estimated Useful Lives of Depreciable Hospital Assets Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment Such amortization is included in depreciation as well as interest and amortization in the consolidated financial statements The Hospital maintains a capitalization policy of $5,000

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

The Hospital's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable If the sum of expected cash flows is less than the carrying amount of the asset, a loss is recognized

*J* *Non-Compete Agreement*

Effective January 1, 2012, the Hospital entered into a Membership Interest Purchase Agreement (Agreement) to acquire the remaining 50% interest in, and become the 100% member of, the Hastings Imaging Center, LLC The Agreement includes a three year non-compete agreement with the previous 50% member The non-compete agreement was valued at $1,141,737 and is being amortized over the life of the non-compete term Amortization expense of $380,579 and $380,580 is included in the accompanying consolidated statements of operations in 2013 and 2012, respectively

*K* *Deferred Financing Costs*

In connection with the issuance of Hospital Revenue Bonds, the Hospital incurred certain financing costs which are being amortized over the term of the Bonds on the straight-line basis Amortization expense of $60,741 in 2013 and 2012, respectively, is included in the accompanying consolidated statements of operations

*L* *Restricted Assets*

Included in restricted assets is the Hospital's beneficial interest in several perpetual trusts These trusts provide annual income/distributions to the Hospital by the trust's executors with no corresponding transfer of trust assets to the Hospital The beneficial interest in the perpetual trusts are recorded at fair value (see Note 5) and the income from the trusts are reported with total operating revenue in the consolidated statements of operations Changes in the value of the beneficial interest in the perpetual trusts are included in permanently restricted net assets

Restricted assets also includes donor restricted investments held by the Foundation and student loan endowment funds

Restricted assets as of December 31, 2013 and 2012 are summarized as follows

| | 2013 | 2012 |
|---|---|---|
| Beneficial interest in perpetual trusts | $ 27,844,862 | 22,651,720 |
| Donor restricted investments | 2,919,803 | 2,645,963 |
| Student loan endowment funds | 762,892 | 658,175 |
| | $ 31,527,557 | 25,955,858 |

*M* *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity When the Hospital has both restricted and unrestricted net assets available for a particular expense, it is the Hospital's policy to apply restricted net assets before unrestricted

*N* *Endowments*

Hospital endowments consist of funds established to invest permanently restricted donations As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Trustees of the Hospital has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by NUPMIFA In accordance with NUPMIFA, the Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

1 The duration and preservation of the fund
2 The purposes of the organization and the donor-restricted endowment fund
3 General economic conditions
4 The possible effect of inflation and deflation
5 The expected total return from income and the appreciation of investments
6 Other resources of the organization
7 The investment policies of the organization

O *Excess of Revenue Over Expenses*

The consolidated statements of operations include excess of revenue over expenses as a performance indicator Changes in unrestricted net assets which are excluded from the performance indicator, consistent with industry practice, include change in net unrealized gains and losses on other than trading securities, pension related changes other than net periodic pension cost, and contributions of long lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets)

P *Net Patient Service Revenue*

The Hospital has agreements with third-party payers that provide for payments to the Hospital at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined

Q *Charity Care*

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue in the consolidated statements of operations Management's disclosure of charity care costs are described in Note 3

R *Donor-Restricted Gifts*

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

S *Group Health Insurance Costs*

The Hospital is partially self-insured under its employee group health and dental programs, up to certain limits Included in the accompanying consolidated statements of operations is a provision for premiums for excess coverage insurance and payments for claims, including estimates of the ultimate costs for both reported claims and claims incurred but not yet reported at year end

*T* *Medical Malpractice Insurance*

Medical malpractice insurance is purchased under claims-made policies Under these policies, only claims made and reported to the insurer are covered during the policy term

The Hospital accrues the expense of its share of asserted and unasserted claims occurring during the year by estimating the probable ultimate cost of any such claim Such estimates are based on the Hospital's own claims experience The Hospital's management does not expect any claim to exceed the insurance coverage limits However, because of the risk involved in providing health care services, it is possible an event has occurred that will be the basis of a future material claim

*U* *Income Taxes*

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code The Hospital has received a determination letter that it is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code The Internal Revenue Service has established standards to be met to maintain tax-exempt status In general, such standards require the Hospital to meet a community benefit standard and comply with various laws and regulations

The Hospital accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes* The Hospital recognizes the effect of income tax positions only if those positions are more likely than not of being sustained At December 31, 2013, the Hospital had no uncertain tax positions accrued With few exceptions, the Hospital is no longer subject to income tax examinations by U S federal, state or local authorities for years before 2010

*V* *Fair Value of Financial Instruments*

Financial instruments consist of cash and cash equivalents, receivables, investments, assets limited as to use, restricted assets, current liabilities and long-term debt obligations Management's estimates of fair value of investments, assets limited as to use, and restricted assets are described in Note 5 The carrying amounts reported in the balance sheets for cash and cash equivalents, receivables and current liabilities approximate fair value due to the short-term nature of these financial instruments The carrying value of long-term debt obligations approximates fair value since the interest rates closely reflect current market rates for notes with similar maturities and credit quality

*W* *Subsequent Events*

The Hospital considered events occurring through April 22, 2014 for recognition or disclosure in the consolidated financial statements as subsequent events That date is the date the consolidated financial statements were available to be issued

## (2) Net Patient Service Revenue

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered See summary of payment arrangements below For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided

Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the year from these major payer sources, is as follows

| | December 31, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | Medicare | Medicaid | BCBS | Other Payers | Self Pay | Total |
| Gross patient charges | $ 116,090,465 | 23,419,936 | 44,991,465 | 36,814,490 | 15,491,871 | 236,808,227 |
| Less contractual allowances and discounts | 83,105,938 | 18,489,948 | 6,732,004 | 6,804,624 | 4,757,211 | 119,889,725 |
| Net patient service revenue before provision for bad debts | $ 32,984,527 | 4,929,988 | 38,259,461 | 30,009,866 | 10,734,660 | 116,918,502 |

| | December 31, 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Medicare | Medicaid | BCBS | Other Payers | Self Pay | Total |
| Gross patient charges | $ 103,943,106 | 21,947,504 | 41,816,402 | 32,488,606 | 13,827,853 | 214,023,471 |
| Less contractual allowances and discounts | 65,939,533 | 16,402,308 | 6,330,160 | 6,953,991 | 4,421,902 | 100,047,894 |
| Net patient service revenue before provision for bad debts | $ 38,003,573 | 5,545,196 | 35,486,242 | 25,534,615 | 9,405,951 | 113,975,577 |

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

**Medicare.** Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Inpatient skilled nursing services are reimbursed at prospectively determined rates per day of care Inpatient non-acute services are paid based on prospectively determined rates per day Outpatient services related to Medicare beneficiaries are paid at prospectively determined rates based on ambulatory payment classifications or fee schedule amounts Homecare services are paid at prospectively determined rates per episode of care Physician clinic services provided to Medicare beneficiaries are paid on cost or fee schedule amounts The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare Administrative Contractor The Hospital's Medicare cost reports have been audited by the Medicare Administrative Contractor through December 31, 2009

The "Budget Control Act of 2011 requires, among other things, mandatory across-the-board reductions in Federal spending, also known as sequestration The "American Taxpayer Relief Act of 2012 postponed sequestration for two months As required by law, President Obama issued a sequestration order on March 1, 2013 In general, Medicare claims with dates of service or dates of discharge on or after April 1, 2013, will incur a two percent reduction in Medicare payment

**Medicaid.** Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge Certain outpatient services are reimbursed based on a percentage rate representing a reduced average ratio of cost to charges Outpatient lab and physician clinic services related to Medicaid beneficiaries are paid based on fee schedule amounts

**Commercial Insurance.** The basis for reimbursement with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations primarily includes discounts from established charges

Net patient service revenue, as reflected in the accompanying consolidated statements of operations, consists of the following as of December 31, 2013 and 2012

| | | 2013 | 2012 |
|---|---|---|---|
| Gross patient charges | | | |
| Inpatient charges - | | | |
| Routine | $ | 31,260,834 | 28,545,150 |
| Ancillary | | 66,654,606 | 60,164,265 |
| | | 97,915,440 | 88,709,415 |
| Outpatient charges | | 138,892,787 | 125,314,056 |
| | | 236,808,227 | 214,023,471 |
| Less deductions from gross patient charges | | 119,889,725 | 100,047,894 |
| Net patient service revenue before provision for bad debts | $ | 116,918,502 | 113,975,577 |

The Hospital reports net patient service revenue at estimated net realizable amounts from patients, third-party payers, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations Net patient service revenue increased $190,000 in 2012 due to the removal of allowances previously estimated that are no longer necessary as a result of information obtained from final settlements and years that are no longer subject to audits, reviews, and investigations

Revenue from the Medicare and Medicaid programs accounted for approximately 28% and 4%, respectively, of the Hospital's net patient revenue for the year ended December 31, 2013 and approximately 33% and 5%, respectively, of the Hospital's net patient revenue for the year ended December 31, 2012 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

*Medicare Recovery Audit Contractor (RAC)*

The Hospital is currently involved in RAC audit activity and has claims that have been denied by the RAC Management has expensed claims denied, that it believes will not be recouped during the appeal process, in the consolidated financial statements

## (3) Charity Care

The Hospital provides charity care to patients who are financially unable to pay for the health care services they receive Patients who qualify for charity care are given a percentage discount from established charges based on a sliding scale using poverty guidelines It is the policy of the Hospital not to pursue collection of amounts determined to qualify as charity care Accordingly, the Hospital does not report these amounts in net operating revenue or in the allowance for doubtful accounts The Hospital determines the costs associated with providing charity care by aggregating the direct and indirect costs, including salaries, benefits, supplies, and other operating expenses, based on the overall cost to charge ratio for the Hospital only The costs of caring for charity care patients for the years ended December 31, 2013 and 2012 were $2,206,893 and $2,238,885, respectively

## (4) Assets Limited as to Use and Investments

Assets limited as to use consist of the following

*By Board* - The Hospital's Board of Trustees has designated cash resources not needed for day-to-day operations as assets limited as to use These assets will be used to replace and expand facilities as necessary in the future The Board retains control over these assets and may at its discretion subsequently use them for other purposes

*By Trustee* - In connection with the issuance of Hospital Revenue Bonds, Series 2008 and related trust indenture agreements, the Hospital is required to maintain the following

Bond Fund – These funds have been established for the next required principal and interest payment

Debt Service Reserve Fund – These funds have been established to provide reserve funds in the event of any deficiencies in the payment of principal and interest

Assets limited as to use and investments are presented in the consolidated financial statements at fair value The composition of assets limited as to use and investments as of December 31, 2013 and 2012 are as follows

| | | 2013 | 2012 |
|---|---|---|---|
| Assets limited as to use – | | | |
| By Board for future capital improvements | $ | 38,128,823 | 31,769,274 |
| By Trustee under indenture agreement | | | |
| Bond funds | | 244 | 12,573 |
| Debt service reserve fund | | 1,752,102 | 2,780,719 |
| | | 39,881,169 | 34,562,566 |
| Less amount required for current obligations | | 244 | 12,573 |
| Assets limited as to use, net of current portion | $ | 39,880,925 | 34,549,993 |
| Investments | $ | 1,223,570 | 942,708 |

The Hospital has outsourced the management of a majority of their investment portfolios to third-party investment managers Third-party investment managers follow the Hospital's investment policies The Hospital has a policy to identify impairment losses Impairment losses are included with nonoperating revenue, net, and a new cost basis is established for each security for which an impairment loss is recognized There were no impairment losses in 2013 or 2012

Investment return for the years ending December 31, 2013 and 2012 is summarized as follows

| | | 2013 | 2012 |
|---|---|---|---|
| Investment income | $ | 1,272,488 | 1,202,628 |
| Realized gains on sale of securities, net | | 418,991 | 431,153 |
| Investment management fees | | (109,567) | (107,175) |
| Change in net unrealized gains | | 4,858,862 | 2,353,642 |
| Total investment return | $ | 6,440,774 | 3,880,248 |
| Included in nonoperating revenue, net | $ | 1,581,912 | 1,526,606 |
| Reported separately as a change in net assets | | 4,858,862 | 2,353,642 |
| Total investment return | $ | 6,440,774 | 3,880,248 |

## (5) Fair Value

*Fair Value Hierarchy*

The Hospital applies FASB ASC 820 for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis FASB ASC 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 of the fair value hierarchy are as follows

Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the Hospital has the ability to access at the measurement date

Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly through either corroboration or observable market data

Level 3 inputs are unobservable for the asset or liability Therefore, unobservable inputs shall reflect the entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) developed based on the best information available in the circumstances

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value

*Cash and cash equivalents and accrued interest* – The fair value of cash and cash equivalents, consisting primarily of money market funds, is classified as Level 1 as these funds are valued using quoted market prices

*Fixed income securities* – Investments in fixed income securities are comprised of U S government agency obligations, municipal bonds, and corporate bonds and notes U S government agency obligations are classified as Level 1 if they trade with sufficient frequency and volume to enable to the Hospital to obtain quoted market prices The remaining fixed income securities are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices form either markets that are not active or are for the same or similar assets in active markets

*Corporate stocks* – The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers

*Mutual funds* – The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers

*Pledges and grants receivable* – The fair value of pledges and grants receivable are the original pledge and grant amounts discounted to present value using an observable interest rate of return commensurate with risk

*Beneficial interest in perpetual trusts* – The fair value of the beneficial interest in perpetual trusts is classified as Level 3 as the beneficial interests have no active market and the Hospital will never receive the perpetual trusts' assets A majority of the trusts' underlying assets are real estate-farms (approximately 71% as of December 31, 2013) All other trusts' assets are invested in cash and cash equivalents, corporate stocks and mutual funds The fair value of real estate-farms is the market value using county assessor valuations based upon sales of similar assets in local markets

For the fiscal years ended December 31, 2013 and 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent

The following tables present the financial instruments that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2013 and 2012

| | December 31, 2013 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets limited as to use and investments | | | | |
| By board for future capital improvements - | | | | |
| Cash and cash equivalents | $ 1,169,878 | 1,169,878 | -- | -- |
| Fixed income - | | | | |
| US government agency obligations | 898,845 | 898,845 | -- | -- |
| Municipal bonds | 889,029 | -- | 889,029 | -- |
| Corporate bonds and notes - | | | | |
| AA+ rating | 357,081 | -- | 357,081 | -- |
| AA rating | 420,524 | -- | 420,524 | -- |
| AA- rating | 785,404 | -- | 785,404 | -- |
| A+ rating | 389,773 | -- | 389,773 | -- |
| A rating | 2,191,339 | -- | 2,191,339 | -- |
| A- rating | 863,441 | -- | 863,441 | -- |
| BBB+ rating | 519,727 | -- | 519,727 | -- |
| BBB rating | 614,405 | -- | 614,405 | -- |
| Corporate stock - | | | | |
| Domestic | 16,021,771 | 16,021,771 | -- | -- |
| International | 2,725,912 | 2,725,912 | -- | -- |
| Mutual funds - | | | | |
| Domestic | 3,603,314 | 3,603,314 | -- | -- |
| International | 6,375,340 | 6,375,340 | -- | -- |
| Fixed income | 303,040 | 303,040 | -- | -- |
| | 38,128,823 | 31,098,100 | 7,030,723 | -- |
| By trustee under indenture agreement - | | | | |
| Bond fund - cash and cash equivalents | 244 | 244 | -- | -- |
| Debt service reserve fund - | | | | |
| Cash and cash equivalents | 1,752,102 | 1,752,102 | -- | -- |
| Investments - | | | | |
| Cash and cash equivalents | 29,923 | 29,923 | -- | -- |
| Corporate stock | | | | |
| Domestic | 78,483 | 78,483 | -- | -- |
| International | 151,563 | 151,563 | -- | -- |
| Mutual funds - | | | | |
| Domestic | 534,147 | 534,147 | -- | -- |
| International | 302,721 | 302,721 | -- | -- |
| Fixed income | 126,733 | 126,733 | -- | -- |
| | 1,223,570 | 1,223,570 | -- | -- |
| | $ 41,104,739 | 34,074,016 | 7,030,723 | -- |
| Restricted assets | | | | |
| Cash and cash equivalents | $ 721,266 | 721,266 | -- | -- |
| Fixed income - | | | | |
| Corporate bonds and notes - | | | | |
| A+ rating | 25,143 | -- | 25,143 | -- |
| A- rating | 25,998 | -- | 25,998 | -- |
| Corporate stock - domestic | 1,554,317 | 1,554,317 | -- | -- |
| Mutual funds - | | | | |
| Domestic | 621,106 | 621,106 | -- | -- |
| International | 81,425 | 81,425 | -- | -- |
| Fixed income | 561,069 | 561,069 | -- | -- |
| Pledges and grants receivable | 92,371 | -- | 92,371 | -- |
| | 3,682,695 | 3,539,183 | 143,512 | -- |
| Beneficial interest in perpetual trusts | 27,844,862 | -- | -- | 27,844,862 |
| | $ 31,527,557 | 3,539,183 | 143,512 | 27,844,862 |

| | December 31, 2012 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets limited as to use and investments | | | | |
| By board for future capital improvements - | | | | |
| Cash and cash equivalents | $ 1,781,319 | 1,781,319 | -- | -- |
| Fixed income - | | | | |
| US government agency obligations | 1,444,784 | 1,444,784 | -- | -- |
| Municipal bonds | 932,820 | -- | 932,820 | -- |
| Corporate bonds and notes - | | | | |
| AA+ rating | 375,099 | -- | 375,099 | -- |
| AA rating | 183,758 | -- | 183,758 | -- |
| AA- rating | 593,417 | -- | 593,417 | -- |
| A+ rating | 671,398 | -- | 671,398 | -- |
| A rating | 2,669,293 | -- | 2,669,293 | -- |
| A- rating | 986,157 | -- | 986,157 | -- |
| BBB+ rating | 355,904 | -- | 355,904 | -- |
| BBB rating | 762,127 | -- | 762,127 | -- |
| Corporate stock - | | | | |
| Domestic | 10,167,464 | 10,167,464 | -- | -- |
| International | 2,373,028 | 2,373,028 | -- | -- |
| Mutual funds - | | | | |
| Domestic | 2,652,387 | 2,652,387 | -- | -- |
| International | 5,443,964 | 5,443,964 | -- | -- |
| Fixed income | 376,355 | 376,355 | -- | -- |
| | 31,769,274 | 24,239,301 | 7,529,973 | -- |
| By trustee under indenture agreement - | | | | |
| Bond fund - cash and cash equivalents | 12,573 | 12,573 | -- | -- |
| Debt service reserve fund - | | | | |
| Cash and cash equivalents | 2,780,719 | 2,780,719 | -- | -- |
| Investments - | | | | |
| Cash and cash equivalents | 31,117 | 31,117 | -- | -- |
| Mutual funds - | | | | |
| Domestic | 518,577 | 518,577 | -- | -- |
| International | 356,940 | 356,940 | -- | -- |
| Fixed income | 36,074 | 36,074 | -- | -- |
| | 942,708 | 942,708 | -- | -- |
| | $ 35,505,274 | 27,975,301 | 7,529,973 | -- |
| Restricted assets | | | | |
| Cash and cash equivalents | $ 735,104 | 735,104 | -- | -- |
| Fixed income - | | | | |
| Corporate bonds and notes - | | | | |
| A+ rating | 26,595 | -- | 26,595 | -- |
| A- rating | 51,992 | -- | 51,992 | -- |
| Corporate stock - domestic | 947,341 | 947,341 | -- | -- |
| Mutual funds - | | | | |
| Domestic | 785,835 | 785,835 | -- | -- |
| International | 123,184 | 123,184 | -- | -- |
| Fixed income | 555,999 | 555,999 | -- | -- |
| Pledges and grants receivable | 78,088 | -- | 78,088 | -- |
| | 3,304,138 | 3,147,463 | 156,675 | -- |
| Beneficial interest in perpetual trusts | 22,651,720 | -- | -- | 22,651,720 |
| | $ 25,955,858 | 3,147,463 | 156,675 | 22,651,720 |

The Hospital's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer There were no transfers into or out of Level 1 or Level 2 for the years ended December 31, 2013 and 2012

The following table presents the Hospital's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2013 and 2012

| | | |
|---|---|---|
| Balance December 31, 2011 | $ | 19,556,416 |
| Change in value of beneficial interest in perpetual trusts | | 3,095,304 |
| Balance December 31, 2012 | | 22,651,720 |
| Change in value of beneficial interest in perpetual trusts | | 5,193,142 |
| Balance December 31, 2013 | $ | 27,844,862 |

## (6) Property and Equipment

Property and equipment as of December 31, 2013 and 2012 is summarized as follows

| | | 2013 | 2012 |
|---|---|---|---|
| Land and land improvements | $ | 5,985,556 | 5,889,784 |
| Buildings and building service equipment | | 87,097,236 | 84,576,183 |
| Equipment and furnishings | | 63,314,720 | 57,836,527 |
| Construction in process | | 2,332,083 | 3,375,848 |
| | | 158,729,595 | 151,678,342 |
| Less accumulated depreciation | | 92,372,743 | 83,895,453 |
| | $ | 66,356,852 | 67,782,889 |

Construction in progress at December 31, 2013 consists of numerous projects throughout the Hospital which will be funded by current Hospital reserves

## (7) Other Assets, Net

Other assets as of December 31, 2013 and 2012 is summarized as follows

| | | 2013 | 2012 |
|---|---|---|---|
| Unrestricted investments (see Note 8 for guarantee) | $ | 399,506 | 298,559 |
| Bond issuance costs, net | | 837,662 | 898,403 |
| | $ | 1,237,168 | 1,196,962 |

## (8) Guarantee

During 2006, the Hospital became a 29 415% member of Southshore Properties, LLC, (Southshore) based on its Class A share ownership percentage The Hospital's capital account balance in Southshore is included with unrestricted investments The purpose of the company is to purchase land and construct and own a building for rental purposes Southshore began operations during 2008 and as of December 31, 2013 has outstanding debt of $2,245,147 which the Hospital has guaranteed a maximum of $579,697 which is equal to its current percentage of Southshore Class A share membership

The obligation of the guarantee remains in full force and effective until the entire principal and interest has been paid in accordance with the underlying debt agreement Should the Hospital be obligated to perform under the guarantee, the Hospital may seek reimbursement from the applicable entity of amounts expended under the agreement As of December 31, 2013, no amounts have been paid by the Hospital under the guarantee agreement

## (9) Long-Term Debt

A summary of long-term debt at December 31, 2013 and 2012 is as follows

| | | 2013 | 2012 |
|---|---|---|---|
| Hospital Authority No 1 of Adams County, Nebraska, Hospital Revenue Bonds, Series 2008, due 2033, annual principal payments ranging from $665,000 to $1,655,000, with interest rates ranging from 4 10% to 5 50% | $ | 21,365,000 | 22,000,000 |
| Hospital Authority No 1 of Adams County, Nebraska, Hospital Revenue Bonds, Series 1998, with interest rates ranging from 5 10% to 5 30% Originally due 2018 and refinanced in 2013 | | -- | 3,640,000 |
| Hospital Authority No 1 of Adams County, Nebraska, Hospital Revenue Bonds, Series 2003, with interest rates ranging from 4 15% to 4 65% Originally due 2018 and refinanced in 2013 | | -- | 1,545,000 |
| Hospital Authority No 1 of Adams County, Nebraska, Hospital Revenue Bonds, Series 2013, annual principal payments ranging from $230,000 to $690,000, with interest rates of 2 35% | | 3,450,000 | -- |
| Capital lease obligation, principal and interest payments due in monthly installments of $36,805 at 1 18% through October 2016, collateralized by equipment cost of $1,724,685 | | 1,157,682 | 1,582,495 |
| Capital lease obligation, principal payments due in monthly installments of $4,291 at 0% through December 2015, collateralized by equipment cost of $154,460 | | 98,683 | 150,169 |
| Capital lease obligation, principal and interest payments due in monthly installments of $24,475 at 1 34% through February 2017, collateralized by equipment cost of $1,143,347 | | 839,882 | -- |
| | | 26,911,247 | 28,917,664 |
| Less current portion | | 2,036,655 | 1,835,706 |
| Long-term debt, excluding current portion | $ | 24,874,592 | 27,081,958 |

The terms and provisions relating to the Hospital Revenue Bonds are included in a Loan Agreement and Trust Indenture dated December 15, 1992, and subsequent amendments The Indenture provides, among other things, for certain covenants related to the incurrence of additional indebtedness, the restriction on disposal of assets, and the maintenance of certain funds to be used by the trustee to pay principal and interest on the bonds as they become due These investments have been reflected as bond trust fund investments in the accompanying consolidated balance sheets The bonds are secured by funds held by the trustee and certain real property and equipment in accordance with the Trust Indenture

Scheduled payments on long-term debt and capital lease obligations are as follows

| | Long-Term Debt | Capital Lease Obligations |
|---|---|---|
| 2014 | $ 1,355,000 | 737,892 |
| 2015 | 1,375,000 | 782,551 |
| 2016 | 1,415,000 | 661,746 |
| 2017 | 1,435,000 | 25,626 |
| 2018 | 1,470,000 | -- |
| Thereafter | 17,765,000 | -- |
| | $ 24,815,000 | 2,207,815 |
| Amounts representing interest | | 111,568 |
| | | $ 2,096,247 |

## (10) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Capital acquisition | $ 6,711 | 41,905 |
| Scholarships, education and community health care | 2,711,021 | 2,297,270 |
| | $ 2,717,732 | 2,339,175 |

Permanently restricted net assets at December 31, 2013 and 2012 are restricted to

| | 2013 | 2012 |
|---|---|---|
| Beneficial interest in perpetual trusts | $ 27,844,862 | 22,651,720 |
| Endowment requiring income to be expended for Landscaping | 492,966 | 492,966 |
| Endowment requiring income to be expended for scholarships and research | 471,997 | 471,997 |
| | $ 28,809,825 | 23,616,683 |

## (11) Meaningful Use of Certified Electronic Health Record Technology Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments to certain hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology in ways that demonstrate improved quality and effectiveness of care Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period An initial Medicaid incentive payment is available to providers that adopt, implement, or upgrade certified EHR technology However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology

The Hospital accounts for meaningful use incentive payments under the gain contingency model Medicare EHR incentive payments are recognized as revenue when eligible providers demonstrate meaningful use of certified EHR technology and the cost report information for the full cost report year that will determine the full calculation of the incentive payment is available Medicaid EHR incentive payments are recognized as revenue when an eligible provider demonstrates meaningful use of certified EHR technology For fiscal years 2013 and 2012, the Hospital recognized approximately $989,000 and $1,563,000, respectively, of Medicare meaningful use revenue and approximately $215,000 and $268,000, respectively, of Medicaid meaningful use revenue within other operating revenue in its consolidated statements of operations

## (12) Pension Plans

The Hospital sponsors the following pension plans which cover substantially all full-time employees over 21 years of age

*Defined Contribution Plan*

The Hospital sponsors a contributory 401(k) plan Employees are vested over a three-year period which provides for both employee contributions with a Hospital match of up to 3% of eligible wages In addition, the Hospital may provide a discretionary match of up to 2% of eligible wages Total expense related to the 401(k) plan was $1,857,973 and $1,597,920 for the years ended December 31, 2013 and 2012, respectively

*Defined Benefit Plan*

The Hospital has frozen entry to its defined benefit plan Employees hired after January 1, 2001, are only eligible to participate in the Hospital sponsored 401(k) plan The plan provides benefits based on years of credited service, age, and compensation for each year of participation The Hospital's funding policy is to make the annual contributions to the plan in amounts that are approximately equal to or exceed the minimum funding requirements of ERISA, plus such amounts as the Hospital may determine to be appropriate from time to time Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future As of December 31, 2010, the plan has been curtailed due to accrued benefits being frozen No new employees are allowed to enter the plan and any current participants are no longer able to accrue additional benefits

The following table summarizes the changes in benefit obligations, the fair value of plan assets and the funded status at the measurement date of December 31, 2013 and 2012

| | | 2013 | 2012 |
|---|---|---|---|
| **Change in projected benefit obligation** | | | |
| Benefit obligation at beginning of period | $ | 42,431,144 | 41,398,584 |
| Interest cost | | 1,618,846 | 1,785,761 |
| Actuarial (gain) loss | | (3,063,879) | 2,267,183 |
| Benefits paid | | (569,092) | (559,212) |
| Other – settlement | | (2,191,298) | (2,461,172) |
| Projected benefit obligation at end of period | $ | 38,225,721 | 42,431,144 |
| **Change in plan assets** | | | |
| Fair value of plan assets at the beginning of period | $ | 29,180,654 | 27,396,004 |
| Actual return on plan assets | | 3,580,384 | 3,405,034 |
| Contributions by employer | | 1,260,000 | 1,400,000 |
| Benefits paid | | (569,092) | (559,212) |
| Other – settlement | | (2,191,298) | (2,461,172) |
| Fair value of plan assets at end of period | $ | 31,260,648 | 29,180,654 |
| **Reconciliation of funded status** | $ | (6,965,073) | (13,250,490) |
| **Amounts recognized in the consolidated balance sheets** | | | |
| Non current liabilities | $ | (6,965,073) | (13,250,490) |
| **Amounts recognized in net assets** | | | |
| Net loss recognized | $ | 5,964,578 | 12,266,831 |

The following are the actuarial assumptions used by the Plan to develop the components of the projected benefit obligation for the years ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Discount rate | 4 75% | 4 00% |
| Long-term inflation rate | 2 50 | 2 50 |
| Rate of increase in compensation levels – frozen plan | NA | NA |

The impact of the increase in the annual discount rate on the projected benefit obligation of the Plan was a decrease of approximately $4,100,000 at December 31, 2013, which was reflected as an actuarial gain

The following are the actuarial assumptions used by the Plan to develop the components of pension cost for the years ended December 31, 2013 and 2012

| | 2013 | 2012 |
|---|---|---|
| Discount rate | 4 00% | 4 50% |
| Expected long-term rate of return on plan assets | 7 25 | 7 25 |

Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class The overall rate of each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium A weighted average rate was developed based on those overall rates and the target asset allocation of the plan

Plan assets are held by an administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement The plan agreement permits investment in mutual funds, common stocks, corporate bonds and debentures, U S Government securities, real estate and other specified investments, based on certain target allocation percentages

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plan to recognize potentially higher returns through a limited investment in equity securities, including mutual funds

The fair value of the Hospital's pension plan assets at December 31, 2013 and 2012 by asset category are as follows

| | Fair Value Measurements at December 31, 2013 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Separate account - mutual funds | | | | |
| Large cap | $ -- | 7,511,600 | -- | 7,511,600 |
| Mid cap | -- | 940,101 | -- | 940,101 |
| Small cap | -- | 936,883 | -- | 936,883 |
| International | -- | 3,149,315 | -- | 3,149,315 |
| Fixed income | -- | 17,166,145 | -- | 17,166,145 |
| Real estate | -- | 1,556,604 | -- | 1,556,604 |
| Total | $ -- | 31,260,648 | -- | 31,260,648 |

| | Fair Value Measurements at December 31, 2012 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Separate account - mutual funds | | | | |
| Large cap | $ -- | 7,384,361 | -- | 7,384,361 |
| Mid cap | -- | 922,361 | -- | 922,361 |
| Small cap | -- | 941,624 | -- | 941,624 |
| International | -- | 3,313,887 | -- | 3,313,887 |
| Fixed income | -- | 15,086,545 | -- | 15,086,545 |
| Real estate | -- | 1,531,876 | -- | 1,531,876 |
| Total | $ -- | 29,180,654 | -- | 29,180,654 |

The fair value of separate account mutual funds is the net asset value of its underlying investments held at year end adjusted for any fees charged by the broker There are no unfunded commitments with the brokers and funds can be redeemed daily without a redemption notice period

The Hospital's investment objective with respect to the pension plan is to produce sufficient current income and capital growth through a portfolio of equity and fixed income investments, which together with appropriate employer contributions is sufficient to provide for the pension benefit obligations Pension assets are managed by outside investment managers in accordance with the investment policies and guidelines established by the pension trustees, and are diversified by investment style, asset category, sector, industry, issuer, and maturity

The Hospital anticipates contributing an amount at least sufficient to satisfy minimum funding requirements for 2013, which is estimated to be $1,260,000

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid

| | |
|---|---|
| 2014 | $ 4,430,000 |
| 2015 | 4,260,000 |
| 2016 | 2,260,000 |
| 2017 | 2,830,000 |
| 2018 | 2,590,000 |
| 2019 – 2023 | 12,640,000 |

The following is a summary of the components of net periodic pension cost for the years ended December 31, 2013 and 2012

| | | 2013 | 2012 |
|---|---|---|---|
| **Components of net period benefit cost** | | | |
| Interest cost on projected benefit obligation | $ | 1,618,846 | 1,785,761 |
| Expected return on plan assets | | (1,988,485) | (1,892,562) |
| Recognized net actuarial loss | | 1,304,669 | 1,331,706 |
| Effect of special events – settlement | | 341,806 | 711,196 |
| Net periodic pension cost | $ | 1,276,836 | 1,936,101 |
| **Other changes recognized in net assets** | | | |
| Net (gain) loss | $ | (4,655,778) | 754,711 |
| Amortization of net loss | | (1,304,669) | (1,331,706) |
| Amount recognized due to special event | | (341,806) | (711,196) |
| Total recognized in net assets | $ | (6,302,253) | (1,288,191) |
| Total recognized in net periodic pension cost and net assets | $ | (5,025,417) | 647,910 |

The plan allows benefit payments in the form of lump sum payments The plan recognizes a settlement if the plan pays an amount (other than monthly income payments) greater than the plan's service cost plus interest If payments are greater, a portion of the deferred recognition items are recognized and impact net periodic benefit cost

## (13) Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of who are local residents of Nebraska and Northern Kansas and are insured under third-party payer agreements The mix of receivables from patients and third-party payers at December 31, 2013 and 2012 approximates the following

| | 2013 | 2012 |
|---|---|---|
| Medicare | 36% | 34% |
| Medicaid | 7 | 9 |
| Blue Cross | 16 | 15 |
| Private | 25 | 27 |
| Other | 16 | 15 |
| | 100% | 100% |

Financial instruments that potentially subject the Hospital to concentrations of credit risk include cash and cash equivalents and investments Investments and cash and cash equivalents are managed within guidelines established by the Board of Trustees which, as a matter of policy, limit the amounts that may be invested with one issuer and the type of investment The Hospital maintains deposits in excess of Federal Deposit Insurance Corporation insurance limits Management believes the risks related to these deposits is minimal

## (14) Professional Liability Insurance

The Hospital carries a professional liability policy (including malpractice) which provides $1,000,000 of coverage for injuries per occurrence and $3,000,000 aggregate coverage As of March 1, 2006, the Hospital qualified under the Nebraska Hospital Medical Liability Act (the Act) The Excess Liability Fund under the Act, on a claims-made basis, pays claims in excess of $500,000 for losses up to $1,750,000 per occurrence The statutes limit covered claims above $1,750,000 and, in connection therewith, the Hospital carries an umbrella policy which also provides an additional $4,000,000 of professional liability coverage per occurrence and aggregate coverage The umbrella policy provides coverage on the claims-incurred basis covering claims incurred during the policy period regardless of when the claim is reported All other policies provide coverage on a claims-made basis covering only the claims which have occurred and are reported to the insurance company while the coverage is in force

The Hospital could have exposure on possible incidents that have occurred for which claims will be made in the future should professional liability insurance not be obtained, should coverage be limited and/or not available, the excess fund becomes insolvent, or should the Act change

Accounting principles generally accepted in the United States of America require a healthcare provider to accrue the ultimate costs of malpractice claims or similar contingent liabilities, which include costs associated with litigating or settling claims, when the incidents that give rise to the claims occur The Hospital does evaluate all incidents and claims along with prior claims experience to determine if a liability is to be recognized For the years ended December 31, 2013 and 2012, management determined no liability should be recognized for asserted or unasserted claims Management is not aware of any such claim that would have a material adverse impact on the accompanying consolidated financial statements

## (15) Functional Expenses

The Hospital provides general health care services to residents with in its geographic location Expenses related to providing these services are as follows

| | | 2013 | 2012 |
|---|---|---|---|
| Health care services | $ | 98,603,995 | 97,947,462 |
| General and administrative | | 11,420,332 | 10,612,056 |
| Fundraising | | 188,571 | 306,620 |
| | $ | 110,212,898 | 108,866,138 |

## (16) Commitments and Contingencies

*Litigation*

The Hospital is involved in litigation arising in the normal course of business After consultation with legal counsel, management estimates these matters will be resolved without material adverse affect on the Hospital's future financial position or results from operations

The Mary Lanning Memorial Hospital Association d/b/a
**Mary Lanning Healthcare and Affiliate** **Exhibit 1**

## Consolidating Balance Sheet
## December 31, 2013

| | The Mary Lanning Memorial Hospital Association | Foundation | Eliminations | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ 3,749,525 | 4,892 | -- | 3,754,417 |
| Investments | -- | 1,223,570 | -- | 1,223,570 |
| Receivables - | | | | |
| Patient, net of net of allowance for doubtful accounts of of $6,812,687 | 13,521,107 | -- | -- | 13,521,107 |
| Other | 1,911,877 | -- | -- | 1,911,877 |
| Inventories | 2,505,644 | -- | -- | 2,505,644 |
| Prepaid expenses | 1,607,345 | -- | -- | 1,607,345 |
| Assets limited as to use - required for current liabilities | 244 | -- | -- | 244 |
| Total current assets | 23,295,742 | 1,228,462 | -- | 24,524,204 |
| Assets limited as to use, net of current portion | 39,880,925 | -- | -- | 39,880,925 |
| Property and equipment, net | 66,356,852 | -- | -- | 66,356,852 |
| Non-compete agreement | 380,578 | -- | -- | 380,578 |
| Beneficial interest in the net assets of the Mary Lanning Healthcare Foundation | 4,147,457 | -- | (4,147,457) | -- |
| Other assets, net | 1,237,168 | -- | -- | 1,237,168 |
| Restricted assets | 28,607,754 | 2,919,803 | -- | 31,527,557 |
| Total assets | $ 163,906,476 | 4,148,265 | (4,147,457) | 163,907,284 |
| **LIABILITIES AND NET ASSETS** | | | | |
| Current liabilities | | | | |
| Current portion of long-term debt | $ 2,036,655 | -- | -- | 2,036,655 |
| Accounts payable - | | | | |
| Trade | 3,308,436 | 808 | -- | 3,309,244 |
| Property and equipment | 266,935 | -- | -- | 266,935 |
| Accrued salaries and wages | 6,316,275 | -- | -- | 6,316,275 |
| Accrued employee benefits | 2,489,710 | -- | -- | 2,489,710 |
| Estimated third-party payer settlements | 96,592 | -- | -- | 96,592 |
| Other current liabilities | 787,974 | -- | -- | 787,974 |
| Total current liabilities | 15,302,577 | 808 | -- | 15,303,385 |
| Liability for pension benefits | 6,965,073 | -- | -- | 6,965,073 |
| Long-term debt, net of current portion | 24,874,592 | -- | -- | 24,874,592 |
| Total liabilities | 47,142,242 | 808 | -- | 47,143,050 |
| Commitments and contingencies | | | | |
| Net assets | | | | |
| Unrestricted | 85,236,677 | 1,227,654 | (1,227,654) | 85,236,677 |
| Temporarily restricted | 2,717,732 | 2,238,451 | (2,238,451) | 2,717,732 |
| Permanently restricted | 28,809,825 | 681,352 | (681,352) | 28,809,825 |
| Total net assets | 116,764,234 | 4,147,457 | (4,147,457) | 116,764,234 |
| Total liabilities and net assets | $ 163,906,476 | 4,148,265 | (4,147,457) | 163,907,284 |

The Mary Lanning Memorial Hospital Association d/b/a
**Mary Lanning Healthcare and Affiliate**

**Exhibit 2**

## Consolidating Statement of Operations
## For the Year Ended December 31, 2013

| | The Mary Lanning Memorial Hospital Association | Foundation | Eliminations | Total |
|---|---|---|---|---|
| UNRESTRICTED REVENUE | | | | |
| Net patient service revenue | $ 116,918,502 | -- | -- | 116,918,502 |
| Provision for bad debts | (7,726,654) | -- | -- | (7,726,654) |
| Net patient service revenue less provision for bad debts | 109,191,848 | -- | -- | 109,191,848 |
| Other operating revenue | 3,860,900 | 190,990 | (130,627) | 3,921,263 |
| Net assets released from restrictions, Income from beneficial interest in perpetual trusts | 775,000 | -- | -- | 775,000 |
| Total revenue | 113,827,748 | 190,990 | (130,627) | 113,888,111 |
| EXPENSES | | | | |
| Salaries and wages | 48,600,494 | 127,022 | -- | 48,727,516 |
| Employee benefits | 14,844,632 | 7,619 | -- | 14,852,251 |
| Professional medical fees | 2,230,382 | -- | -- | 2,230,382 |
| Supplies | 18,100,922 | -- | -- | 18,100,922 |
| Contracted services | 9,413,660 | -- | -- | 9,413,660 |
| Insurance | 1,169,777 | -- | -- | 1,169,777 |
| Leases and rentals | 1,131,744 | -- | -- | 1,131,744 |
| Utilities | 1,356,138 | -- | -- | 1,356,138 |
| Depreciation | 8,488,974 | -- | -- | 8,488,974 |
| Interest and amortization | 1,765,485 | -- | -- | 1,765,485 |
| Grants | -- | 271,604 | (130,627) | 140,977 |
| Other | 2,754,243 | 80,829 | -- | 2,835,072 |
| Total expenses | 109,856,451 | 487,074 | (130,627) | 110,212,898 |
| OPERATING INCOME (LOSS) | 3,971,297 | (296,084) | -- | 3,675,213 |
| NONOPERATING REVENUE | | | | |
| Investment income, net | 1,503,221 | 78,691 | -- | 1,581,912 |
| Unrestricted contributions | -- | 170,812 | -- | 170,812 |
| Nonoperating revenue, net | 1,503,221 | 249,503 | -- | 1,752,724 |
| EXCESS OF REVENUE OVER (UNDER) EXPENSES | 5,474,518 | (46,581) | -- | 5,427,937 |
| CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES | 4,387,572 | 121,914 | -- | 4,509,486 |
| CHANGE IN THE BENEFICIAL INTEREST IN THE NET ASSETS OF THE MARY LANNING HEALTHCARE FOUNDATION | 263,904 | -- | (263,904) | -- |
| NET ASSETS RELEASED FROM RESTRICTIONS USED FOR PURCHASE OF PROPERTY AND EQUIPMENT | 190,990 | -- | -- | 190,990 |
| PENSION RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST | 6,302,253 | -- | -- | 6,302,253 |
| TRANSFERS (TO) FROM AFFILIATES | (188,571) | 188,571 | -- | -- |
| INCREASE IN UNRESTRICTED NET ASSETS | $ 16,430,666 | 263,904 | (263,904) | 16,430,666 |

The Mary Lanning Memorial Hospital Association d/b/a
**Mary Lanning Healthcare and Affiliate**

**Exhibit 3**

## Consolidating Statement of Changes in Net Assets
## For the Year Ended December 31, 2013

| | The Mary Lanning Memorial Hospital Association | | | | Foundation | | | | Eliminations | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total | Total | Unrestricted Net Assets | Temporarily Restricted Net Assets | Permanently Restricted Net Assets | Total |
| ce December 31 2012 | $ 68 806 011 | 2 339 175 | 23 616 683 | 94 761 869 | 963 750 | 1 964 611 | 681 352 | 3 609 713 | (3 609 713) | 68 806 011 | 2 339 175 | 23 616 683 | 94 761 869 |
| ess of revenue over (under) expenses | 5 474 518 | -- | -- | 5 474 518 | (46 581) | -- | -- | (46 581) | -- | 5 427 937 | -- | -- | 5 427 937 |
| ange in net unrealized gains and losses on other than trading securities | 4 387 572 | 104 717 | -- | 4 492 289 | 121 914 | 244 659 | -- | 366 573 | -- | 4 509 486 | 349 376 | -- | 4 858 862 |
| ange in beneficial interest in the net assets of the Foundation | 263 904 | 273 840 | -- | 537 744 | -- | -- | -- | -- | (537 744) | -- | -- | -- | -- |
| assets released from restrictions used for purchase of property and equipment | 190 990 | -- | -- | 190 990 | -- | (190 990) | -- | (190 990) | -- | 190 990 | (190 990) | -- | -- |
| ision related changes other than net periodic pension cost | 6 302 253 | -- | -- | 6 302 253 | -- | -- | -- | -- | -- | 6 302 253 | -- | -- | 6 302 253 |
| nsfers (to) from affiliates | (188 571) | -- | -- | (188 571) | 188 571 | -- | -- | 188 571 | -- | -- | -- | -- | -- |
| assets released from restrictions used for operations | -- | (775 000) | -- | (775 000) | -- | -- | -- | -- | -- | -- | (775 000) | -- | (775 000) |
| ome from beneficial interest in perpetual trusts | -- | 775 000 | -- | 775 000 | -- | -- | -- | -- | -- | -- | 775 000 | -- | 775 000 |
| ange in value of beneficial interest in perpetual trusts | -- | -- | 5 193 142 | 5 193 142 | -- | -- | -- | -- | -- | -- | -- | 5 193 142 | 5 193 142 |
| stricted gifts and grants | -- | -- | -- | -- | -- | 220 171 | -- | 220 171 | -- | -- | 220 171 | -- | 220 171 |
| ease in net assets | 16 430 666 | 378 557 | 5 193 142 | 22 002 365 | 263 904 | 273 840 | -- | 537 744 | (537 744) | 16 430 666 | 378 557 | 5 193 142 | 22 002 365 |
| ce December 31 2013 | $ 85 236 677 | 2 717 732 | 28 809 825 | 116 764 234 | 1 227 654 | 2 238 451 | 681 352 | 4 147 457 | (4 147 457) | 85 236 677 | 2 717 732 | 28 809 825 | 116 764 234 |