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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
PHELPS MEMORIAL HEALTH CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 1215 TIBBALS

Room/suite

City or town, state or province, country, and ZIP or foreign postal code
HOLDREGE, NE 68949

D Employer identification number
47-0481628

E Telephone number
(308) 995-2211

G Gross receipts $ 36,876,687

F Name and address of principal officer
MARK HARREL
1215 TIBBALS
HOLDREGE, NE 68949

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 PHELPSMEMORIAL COM

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

L Year of formation 1963

M State of legal domicile NE

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PHELPS MEMORIAL HEALTH CENTER IS A PROGRESSIVE FAMILY-CENTERED HEALTH CARE PROVIDER PROVIDING EXCEPTIONAL QUALITY AND COMPASSIONATE CARE FOR THE FAMILIES WE SERVE

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**	13
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	264
6	Total number of volunteers (estimate if necessary)	**6**	200
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	86,559	242,743
9	Program service revenue (Part VIII, line 2g)	30,395,664	35,889,962
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	213,853	328,262
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	61,461	95,854
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	30,757,537	36,556,821
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	187,997	77,487
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)	11,763,614	12,341,864
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)	15,475,064	19,432,448
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	27,426,675	31,851,799
19	Revenue less expenses Subtract line 18 from line 12	3,330,862	4,705,022

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	59,037,639	74,452,927
21	Total liabilities (Part X, line 26)	7,144,023	17,078,016
22	Net assets or fund balances Subtract line 21 from line 20	51,893,616	57,374,911

Part II Signature Block

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

Sign Here

****** — Signature of officer — 2014-10-16 — Date

LOREN SCHRODER CHIEF FINANCIAL OFFICER — Type or print name and title

Paid Preparer Use Only

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

PHELPS MEMORIAL HEALTH CENTER IS A PROGRESSIVE FAMILY-CENTERED HEALTH CARE PROVIDER PROVIDING EXCEPTIONAL QUALITY AND COMPASSIONATE CARE FOR THE FAMILIES WE SERVE

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 1,962,665 including grants of $) (Revenue $ 5,263,417)

PHYSICAL THERAPY - THE THERAPY CENTER INCLUDES A LARGE GYM FOR TRAINING AND REHABILITATION, A WHIRLPOOL ROOM FOR WOUND CARE AND A SPORTS FLOOR FOR ATHLETIC TRAINING PHYSICAL THERAPY ALLOWS INDIVIDUALS TO DEVELOP, RESTORE AND MAINTAIN MAXIMUM MOVEMENT AND FUNCTIONAL ABILITY THROUGHOUT LIFE THIS INCLUDES PROVIDING SERVICES IN CIRCUMSTANCES WHERE MOVEMENT AND FUNCTION ARE THREATENED BY AGING, INJURY OR DISEASE THE HYDROWORX THERAPY POOL HELPS PATIENTS RECOVER FROM SURGERY AND ARTHRITIC SYMPTOMS, AS WELL AS, ATHLETIC REHABILITATION OCCUPATIONAL THERAPY INCORPORATES MEANINGFUL AND PURPOSEFUL OCCUPATION TO ENABLE PEOPLE WITH LIMITATIONS OR IMPAIRMENTS TO PARTICIPATE IN EVERYDAY LIFE OCCUPATIONAL THERAPISTS WORK WITH INDIVIDUALS, FAMILIES, GROUPS AND POPULATIONS TO FACILITATE HEALTH AND WELL-BEING THROUGH ENGAGEMENT OR RE-ENGAGEMENT IN OCCUPATIONS AND EVERYDAY ACTIVITIES OCCUPATIONAL THERAPY MAY INCLUDE RESTORING FUNCTION, ADAPTING THE PATIENT'S ENVIRONMENT, OR EVEN HELPING PATIENTS FIND EQUIPMENT TO HELP THEM PARTICIPATE MORE INDEPENDENTLY IN THEIR EVERYDAY ACTIVITIES OCCUPATIONAL THERAPY HAS MORE ROOM TO EXPAND THEIR SERVICES AND BETTER SERVE THEIR PATIENTS SPEECH THERAPY ADDRESSES PEOPLE'S SPEECH PRODUCTION, VOCAL PRODUCTION, SWALLOWING DIFFICULTIES AND LANGUAGE NEEDS

4b (Code) (Expenses $ 1,862,645 including grants of $) (Revenue $ 4,426,231)

PHARMACY - THE PHARMACY DEPARTMENT OVERSEES MEDICATION PURCHASING, STORAGE, DISPENSING, AND THE UTILIZATION THROUGHOUT PHELPS MEMORIAL HEALTH CENTER THE PHARMACY STAFF PLAYS AN IMPORTANT ROLE IN PROVIDING DRUG INFORMATION TO HEALTH CARE PROFESSIONALS AT PHELPS MEMORIAL HEALTH CENTER WITH THE USE OF DISPENSING TECHNOLOGIES, INCLUDING SMART INFUSION PUMPS AND BAR CODING BEDSIDE, THE PHARMACY DEPARTMENT AT PHELPS MEMORIAL HEALTH CENTER GIVES PATIENT SAFETY A TOP PRIOITY

4c (Code) (Expenses $ 1,457,764 including grants of $) (Revenue $ 3,363,288)

PHYSICIAN CLINIC - PHELPS MEMORIAL HEALTH CENTER IS DEDICATED TO PROVIDING OUR PATIENTS WITH A HIGH LEVEL OF QUALITY CARE, RIGHT HERE IN HOLDREGE, NEBRASKA PHMC CONTRACTS WITH MANY VISITING SPECIALISTS TO PROVIDE OUR PATIENTS WITH THE SPECIALTY CARE THEY NEED WITHOUT LEAVING TOWN VISITING PHYSICIANS AND SURGEONS PROVIDE SPECIALITIES IN THE AREAS OF CARDIOLOGY, EAR/NOSE/THROAT, GENERAL SURGERY, PAIN MANAGEMENT, NEPHROLOGY, OBSTETRICS AND GYNECOLOGY, ONCOLOGY, ORTHOPAEDICS, SPINE, PODIATRY, PSYCHIATRY, PULMONARY, UROLOGY, AND WOUND TREATMENT

(Code) (Expenses $ 22,305,633 including grants of $ 77,487) (Revenue $ 22,837,026)

OTHER MISCELLANEOUS PROGRAM SERVICES

4d Other program services (Describe in Schedule O)

(Expenses $ 22,305,633 including grants of $ 77,487) (Revenue $ 22,837,026)

4e Total program service expenses ▶ 27,588,707

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		No
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**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		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**		No
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		
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	23		
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	264		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		2b	Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		14b		

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

Check if Schedule O contains a response 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**	13		
	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**	10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

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

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

▶LOREN D SCHRODER CFO 1215 TIBBALS
HOLDREGE, NE 68949 (308) 995-2211

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) CHARLES REESER PRESIDENT	2 00 0 00	X		X				0	0	0
(2) KATHRYN CANADA VICE PRESIDENT	2 00 0 00	X		X				0	0	0
(3) STEVE KNESS TREASURER	2 00 0 00	X		X				0	0	0
(4) ROGER PETERSON SECRETARY	2 00 0 00	X		X				0	0	0
(5) GARY BERGSTEN MEMBER	2 00 0 00	X						0	0	0
(6) JEFFREY BERNEY MD MEMBER	2 00 0 00	X						0	0	0
(7) DAVID DANNEHL MEMBER	2 00 0 00	X						0	0	0
(8) CATHY EBMEIER MEMBER	2 00 0 00	X						0	0	0
(9) NANCY GARRELTS MEMBER	2 00 0 00	X						0	0	0
(10) PHIL HINRICHS MEMBER	2 00 0 00	X						0	0	0
(11) LARRY MYERS MEMBER	2 00 0 00	X						0	0	0
(12) DAROLD TAGGE MEMBER	2 00 0 00	X						0	0	0
(13) RONA VANDELL MEMBER	2 00 0 00	X						0	0	0
(14) SCOTT EHRESMAN MD CHIEF OF STAFF	2 00 0 00	X						0	0	0
(15) MARK HARREL CEO	40 00 0 00			X				0	0	0
(16) LOREN SCHRODER CFO	40 00 0 00			X				0	0	0
(17) ROBERT MILLER PHARMACY LEADER	40 00 0 00					X		134,740	0	18,650

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) LEORA D SMITH	40 00					X		108,057	0	21,290
CHIEF NURSING OFFICER	0 00									
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								242,797	0	39,940

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 ▶ 4

			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**	Yes	

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
NEW WEST ORTHOPAEDIC & SPORTS REHAB 2810 WEST 35TH STREET STE 2 KEARNEY NE 68845	THERAPY	1,906,489
RURAL PARTNERS IN MEDICINE LLC PO BOX 772519 STEAMBOAT SPRINGS CO 80477	SPECIALTY PHYSICIANS	1,340,018
QUORUM HEALTH RESOURCES 105 CONTINENTAL PLACE BRENTWOOD TN 37027	MANAGEMENT SERVICE	774,171
HOLDREGE MEDICAL CLINIC 516 WEST 14TH AVE HOLDREGE NE 68949	PHYSICIAN ON-CALL	770,714
ANESTHESIA SERVICES OF NEBRASKA LLC 418 MORTON STREET HOLDREGE NE 68949	ANESTHESISTS	624,237

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 ▶ 13

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c	13,300			
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	229,443			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		242,743			
Program Service Revenue			Business Code				
	2a	MEDICARE/MEDICAID PAYM	624100	17,602,299	17,602,299		
	b	NET PATIENT REVENUE	624100	17,141,072	17,141,072		
	c	SUPPLY SALES/MISC OPER	624100	759,056	759,056		
	d	EHR INCENTIVE PAYMENT	624100	293,935	293,935		
	e	CHILD SERVICES	624100	93,600	93,600		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		35,889,962			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		319,809			319,809
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	322,078	1,150			
	b	Less cost or other basis and sales expenses	310,219	4,556			
	c	Gain or (loss)	11,859	-3,406			
	d	Net gain or (loss) . . . . . ▶			8,453		8,453
Other Revenue	8a	Gross income from fundraising events (not including $ 13,300 of contributions reported on line 1c) See Part IV, line 18 . . a		0			
	b	Less direct expenses . . . b		5,091			
	c	Net income or (loss) from fundraising events . . ▶			-5,091		-5,091
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA	722210	100,945			100,945
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		100,945			
	12	**Total revenue.** See Instructions . . . . . ▶		36,556,821	35,889,962	0	424,116

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	77,487	77,487		
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				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	65,423	65,423		
7 Other salaries and wages	9,407,350	7,558,243	1,849,107	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	210,263	169,219	41,044	
9 Other employee benefits	1,996,685	1,885,609	111,076	
10 Payroll taxes	662,143	532,891	129,252	
11 Fees for services (non-employees)				
a Management	774,171		774,171	
b Legal	141,252		141,252	
c Accounting	85,990		85,990	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	6,014,963	5,877,089	137,874	
12 Advertising and promotion	76,901		76,901	
13 Office expenses	1,269,356	598,789	670,567	
14 Information technology				
15 Royalties . .				
16 Occupancy	681,997	580,931	101,066	
17 Travel	221,948	128,623	93,325	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	38,923	38,923		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,439,945	4,439,945		
23 Insurance	109,743	109,743		
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	4,409,490	4,409,490		
b BAD DEBTS	1,072,820	1,072,820		
c DUES AND SUBSCRIPTIONS	94,949	43,482	51,467	
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	31,851,799	27,588,707	4,263,092	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		425	1	425
	2	Savings and temporary cash investments		4,278,419	2	8,475,998
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		5,356,409	4	5,160,353
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		626,531	8	664,639
	9	Prepaid expenses and deferred charges		228,533	9	243,388
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 81,350,308			
	b	Less accumulated depreciation	10b 30,245,734	41,335,667	10c	51,104,574
	11	Investments—publicly traded securities		5,996,290	11	7,328,245
	12	Investments—other securities See Part IV, line 11		354,506	12	455,721
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		860,859	15	1,019,584
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		59,037,639	16	74,452,927
Liabilities	17	Accounts payable and accrued expenses		5,536,120	17	4,139,659
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		1,527,903	23	12,628,357
	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		80,000	25	310,000
	26	**Total liabilities.** Add lines 17 through 25		7,144,023	26	17,078,016
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		51,587,884	27	57,043,944
	28	Temporarily restricted net assets		95,952	28	104,304
	29	Permanently restricted net assets		209,780	29	226,663
		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		51,893,616	33	57,374,911
	34	Total liabilities and net assets/fund balances		59,037,639	34	74,452,927

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	36,556,821
2	Total expenses (must equal Part IX, column (A), line 25)	2	31,851,799
3	Revenue less expenses Subtract line 2 from line 1	3	4,705,022
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	51,893,616
5	Net unrealized gains (losses) on investments	5	776,273
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	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	57,374,911

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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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
PHELPS MEMORIAL HEALTH CENTER	47-0481628

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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		1,842
j	Total Add lines 1c through 1i			1,842
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	DUES PAID TO NHA & AHA CONTAIN A PORTION FOR LOBBYING EXPENSES

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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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	432,067	417,219	401,558	383,151	368,643
b	Contributions					100
c	Net investment earnings, gains, and losses	13,975	14,848	15,661	18,407	14,408
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance	446,042	432,067	417,219	401,558	383,151

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

- a Board designated or quasi-endowment ▶ 49 180 %
- b Permanent endowment ▶ 50 820 %
- 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)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		256,511		256,511
b Buildings		60,110,919	16,318,854	43,792,065
c Leasehold improvements				
d Equipment		19,234,574	13,575,250	5,659,324
e Other		1,748,304	351,630	1,396,674
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				51,104,574

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
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	
PLEDGE PAYABLE - PHELPS COUNTY DEVELOPMENT CORP	60,000
PLEDGE PAYABLE - UNIVERSITY OF NEBRASKA FOUNDATION	250,000
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	310,000

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	36,265,365
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	776,273		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	5,091		
e	Add lines **2a** through **2d**			2e	781,364
3	Subtract line **2e** from line **1**			3	35,484,001
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	1,072,820		
c	Add lines **4a** and **4b**			4c	1,072,820
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	36,556,821

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	30,784,070
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	5,091		
e	Add lines **2a** through **2d**			2e	5,091
3	Subtract line **2e** from line **1**			3	30,778,979
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	1,072,820		
c	Add lines **4a** and **4b**			4c	1,072,820
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	31,851,799

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	THE INTENDED USES FOR THE ENDOWMENT FUNDS ARE HEALTH CARE SCHOLARSHIPS, CHILD HEALTHCARE AND UNUSUAL HARDSHIP COSTS
PART X, LINE 2	THE HEALTH CENTER IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE THE HEALTH CENTER 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 HEALTH CENTER TO MEET A COMMUNITY BENEFIT STANDARD AND COMPLY WITH VARIOUS LAWS AND REGULATIONS THE HEALTH CENTER ACCOUNTS FOR UNCERTAINTIES IN ACCOUNTING FOR INCOME TAX ASSETS AND LIABILITIES USING GUIDANCE INCLUDED IN FASB ASC TOPIC 740, INCOME TAXES THE HEALTH CENTER RECOGNIZES THE EFFECT OF INCOME TAX POSITIONS ONLY IF THOSE POSITIONS ARE MORE LIKELY THAN NOT OF BEING SUSTAINED AT DECEMBER 31, 2013, THE HEALTH CENTER HAD NO UNCERTAIN TAX POSITIONS ACCRUED WITH FEW EXCEPTIONS, THE HEALTH CENTER IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR THE YEARS ENDED PRIOR TO 2010
PART XI, LINE 2D - OTHER ADJUSTMENTS	FUNDRAISING EXPENSE 5,091
PART XI, LINE 4B - OTHER ADJUSTMENTS	PROVISION FOR BAD DEBTS 1,072,820
PART XII, LINE 2D - OTHER ADJUSTMENTS	FUNDRAISING EXPENSE 5,091
PART XII, LINE 4B - OTHER ADJUSTMENTS	PROVISION FOR BAD DEBTS 1,072,820

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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care ☐ 100% ☐ 150% ☐ 200% ☑ Other 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 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☑ Other 22500 0000000000 %	3b	Yes	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			279,638	0	279,638	0 910 %
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			279,638		279,638	0 910 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			33,146	0	33,146	0 110 %
f Health professions education (from Worksheet 5)			45,304	0	45,304	0 150 %
g Subsidized health services (from Worksheet 6)			2,056,047	1,022,346	1,033,701	3 360 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			407,192	0	407,192	1 320 %
j **Total.** Other Benefits			2,541,689	1,022,346	1,519,343	4 940 %
k **Total.** Add lines 7d and 7j			2,821,327	1,022,346	1,798,981	5 850 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building			5,317	0	5,317	0 020 %
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**			5,317		5,317	0 020 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 1,072,820		
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	3 461,077		
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 14,889,745		
6	Enter Medicare allowable costs of care relating to payments on line 5	6 14,753,906		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7 135,839		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used			

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b		No

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

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

Part V Facility Information

Section A. Hospital Facilities

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

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group PHELPS MEMORIAL HEALTH CENTER

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 begining on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 13			
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**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) WWW PHELPSMEMORIAL COM			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

			Yes	No
Financial Assistance Policy				
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 225 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	**12**		No
	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**		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
a	☐ Reporting to credit agency			
b	☐ Lawsuits			
c	☐ Liens on residences			
d	☐ Body attachments			
e	☐ Other similar actions (describe in 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
PHELPS MEMORIAL HEALTH CENTER	PART V, SECTION B, LINE 3 IN DECEMBER 2011, THE NEBRASKA DEPARTMENT OF HEALTH AND HUMAN SERVICES ISSUED A REPORT "2011 NEBRASKA COMMUNITY THEMES AND STRENGTHS ASSESSMENT SURVEY RESULTS" FOR THE TWO RIVERS AREA, WHICH INCLUDES PHELPS COUNTY WHEN THE ANALYSIS WAS COMPLETE, THE INFORMATION AND SUMMARY CONCLUSIONS OF THE NE DHHS REPORT WAS PRESENTED TO PMHC'S LOCAL GROUP OF EXPERTS WHO WERE ASKED IF THEY AGREE OR DISAGREE WITH THE SUMMARY CONCLUSIONS THEY WERE FREE TO AUGMENT POTENTIAL CONCLUSIONS WITH ADDITIONAL STATEMENTS OF NEED, NEW NEEDS COULD, AND DID, EMERGE FROM THIS EXCHANGE CONSULTATIONS WITH LOCAL EXPERTS OCCURED AGAIN VIA AN INTERNET BASED SURVEY, IN WHICH EXPERTS COMPLETED QUESTIONNAIRES IN A SERIES OF ROUNDS
PHELPS MEMORIAL HEALTH CENTER	PART V, SECTION B, LINE 7 THERE WERE THREE SIGNIFICANT NEEDS IDENTIFIED IN PMHC'S COMMUNITY HEALTH NEEDS ASSESMENT THAT WERE IDENTIFIED BUT AN IMPLEMENATION PLAN WAS NOT DEVELOPED THESE THREE NEEDS WERE OBESITY/OVERWEIGHT, MENTAL HEALTH, AND ALCOHOL ABUSE PMHC HAS SERVICES IN PLACE TO RESPOND TO THESE NEEDS, HOWEVER PMHC DID NOT DEVELOP AN IMPLEMENTATION PLAN FOR THESE THREE NEEDS BECAUSE OF A LACK OF EXPERTISE AND THE AVAILABILITIY OF OTHER RESOURCES IN AND AROUND THE COMMUNITY THAT ALREADY ADDRESS THESE NEEDS THERE WERE ALSO SEVERAL OTHER IDENTIFIED NEEDS IN THE CHNA THAT PMHC DID NOT DEVELOP A PLAN FOR DUE TO THE LACK OF EXPERTISE AND THE AVAILABILITY OF OTHER RESOURCES THESE OTHER NEEDS INCLUDE THE FOLLOWING ECONOMY, DOMESTIC VIOLENCE, ALZHEIMER'S, ACCIDENTS, STROKE, CANCER SCREENING, CORONARY HEART DISEASE, SMOKING, CHRONIC HIGH BLOOD PRESSURE, AFTER SCHOOL PROGRAMS, SEXUALLY TRANSMITTED DISEASE, CHRONIC HIGH CHOLESTEROL, CHRONIC COPD (LUNG DISEASE), CHRONIC LOW BACK PAIN, PALLIATIVE CARE AND HOSPICE, CHRONIC OSTEOPOROSIS, LIFE EXPECTANCY/PREMATURE DEATH, PATIENT COMPLIANCE, TRANSPORTATION, ORTHOPEDIC SERVICES INCLUDING SURGERY AVAILABILITY, SOCIAL NETWORKS, VACCINATIONS, PHYSICIANS

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? _____

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

Part VI Supplemental Information

Provide the following information

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

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

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

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

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

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

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

Form and Line Reference	Explanation
PART I, LINE 3C	PHELPS MEMORIAL HEALTH CENTER (PMHC) USES FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY FOR PROVIDING FREE AND DISCOUNTED CARE
PART I, LINE 6A	THE COMMUNITY BENEFIT REPORT IS PREPARED BY THE STAFF AT PMHC AND IS POSTED ON PMHC'S WEBSITE

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 THE COST REPORT FOR FINANCIAL ASSISTANCE
PART I, LINE 7G	NO COSTS ASSOCIATED WITH PHYSICIAN CLINICS WERE INCLUDED AS SUBSIDIZED HEALTH SERVICES

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS $1,072,820
PART II, COMMUNITY BUILDING ACTIVITIES	ONE OF THE MAJOR COMMUNITY BUILDING ACTIVITIES THAT PMHC HELPS LEAD IS THE SAFE COMMUNITIES COALITION PMHC EMPLOYS THREE COALITION MEMBERS, INCLUDING THE COALITION COORDINATOR WHO IS RESPONSIBLE FOR THE DAY TO DAY ORGANIZATIONAL RESPONSIBILITIES, MINUTES, AGENDAS, AND PROGRAM AND EVENT COORDINATION SAFE COMMUNITIES COALITION IS A GROUP OF REPRESENTATIVES FROM SEVERAL COMMUNITY AGENCIES, INCLUDING PHELPS MEMORIAL HEALTH CENTER, HOLDREGE POLICE DEPARTMENT, PHELPS COUNTY SHERIFF'S DEPARTMENT, NEBRASKA STATE PATROL, YMCA OF THE PRAIRIE, AMERICAN FAMILY INSURANCE, SAFE CENTER, TWO RIVERS PUBLIC HEALTH DEPARTMENT, HOLDREGE, LOOMIS, AND BERTRAND SCHOOLS, AND OTHERS

Form and Line Reference	Explanation
PART III, LINE 2	IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HEALTH CENTER ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HEALTH CENTER ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR THOSE ACCOUNTS OVER A CERTAIN AGE BASED ON DISCHARGE THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HEALTH CENTER 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
PART III, LINE 3	ESTIMATED BAD DEBT FOR PATIENTS ELIGIBLE FOR CHARITY CARE WAS DETERMINED BY APPLYING CHARITY CARE GUIDELINES BASED ON AVERAGE PER HOUSEHOLD INCOME FOR PHELPS COUNTY THE HEALTH CENTER PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTIMATED RATES BECAUSE THE HEALTH CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED IN THE STATEMENTS OF OPERATIONS

Form and Line Reference	Explanation
PART III, LINE 4	THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT CONTAIN A SPECIFIC FOOTNOTE DESCRIBING BAD DEBT HOWEVER, THE FOLLOWING IS THE TEXT OF THE FOOTNOTES TITLED "PATIENT ACCOUNTS RECEIVABLE, NET," "NET PATIENT SERVICE REVENUE," AND "CHARITY CARE" PATIENT ACCOUNTS RECEIVABLE, NET THE HEALTH CENTER REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD-PARTY PAYORS, PATIENTS AND OTHERS ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTIBILITY OF ACCOUNTS RECEIVABLE, THE HEALTH CENTER ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE HEALTH CENTER ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR THOSE ACCOUNTS OVER A CERTAIN AGE BASED ON DISCHARGE THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE HEALTH CENTER 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 PAYMENT FOR SERVICES IS EXPECTED WITHIN THIRTY DAYS OF RECEIPT OF THE BILLING ACCOUNTS CONSIDERED PAST DUE ARE SENT TO COLLECTION AGENCIES WHEN EXTERNAL COLLECTION EFFORTS HAVE BEEN UNSUCCESSFUL ANY AMOUNTS DEEMED UNCOLLECTIBLE ARE WRITTEN OFF ON A MONTHLY BASIS THE HEALTH CENTER DOES NOT CHARGE INTEREST ON OUTSTANDING BALANCES OWED NET PATIENT SERVICE REVENUE NET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYORS, 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 CHARITY CARE THE HEALTH CENTER 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 HEALTH CENTER DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED IN THE STATEMENTS OF OPERATIONS THE HEALTH CENTER IS DEDICATED TO PROVIDING COMPREHENSIVE HEALTHCARE SERVICES TO ALL SEGMENTS OF SOCIETY, INCLUDING THE AGED AND OTHERWISE ECONOMICALLY DISADVANTAGED IN ADDITION, THE HEALTH CENTER PROVIDES A VARIETY OF COMMUNITY HEALTH SERVICES AT OR BELOW COST
PART III, LINE 8	THE ORGANIZATION USED THE MEDICARE COST REPORT FOR FISCAL YEAR 2013 TO REPORT THE AMOUNTS OF TOTAL REVENUE RECEIVED FROM MEDICARE AND RELATED MEDICARE ALLOWABLE COSTS

Form and Line Reference	Explanation
PART III, LINE 9B	IF A PATIENT IS UNABLE TO MAKE FULL PAYMENT OF THE PATIENT BALANCE WHEN DUE, PERIODIC, PARTIAL PAYMENTS MAY BE APPROVED IN ACCORDANCE WITH CREDIT AND COLLECTION PROCEDURES, AS AUTHORIZED BY THE CHIEF FINANCIAL OFFICER A PATIENT FINANCIAL STATEMENT MAY BE REQUESTED TO DETERMINE APPROPRIATE PAYMENT ARRANGEMENTS IF A PATIENT IS DETERMINED TO BE FINANCIALLY INDIGENT, THE PATIENT FINANCIAL SERVICES DEPARTMENT WILL ASSIST THE PATIENT IN APPLYING FOR OTHER FINANCIAL ASSISTANCE IF NO SOURCE OF FINANCIAL ASSISTANCE IS AVAILABLE, THE HOSPITAL WILL REVIEW THE ACCOUNT FOR CHARITY CARE ALLOWANCE ALL CHARITY CARE ALLOWANCE MUST BE APPROVED BY THE CHIEF FINANCIAL OFFICER AND PATIENT FINANCIAL SEVICES LEADER IF PAYMENT ARRANGEMENTS HAVE NOT BEEN MADE AFTER 120 DAYS THE FIRST NOTICE IS RECEIVED, THE PATIENT IS SENT A LETTER STATING THAT THE ACCOUNT IS BEING FORWARDED TO A COLLECTION AGENCY
PART VI, LINE 2	PHELPS MEMORIAL HEALTH CENTER MANAGEMENT, BOARD OF DIRECTORS AND MEDICAL STAFF MEET EVERY 3 TO 5 YEARS FOR A MAJOR STRATEGIC PLANNING AGENDA THAT INCLUDES ASSESSMENT OF THE HEALTH CARE NEEDS OF THE COMMUNITY OUTSIDE RESOURCES ARE UTILIZED TO IDENTIFY THE CURRENT PATIENT DEMOGRAPHIC TRENDS, HEALTH CARE CONCERNS IN OUR COUNTY AND STATE, PHYSICIAN NEED, ETC EVERY YEAR MANAGEMENT, BOARD OF DIRECTORS AND MEDICAL STAFF MEET TO DISCUSS AND ASSESS THE ONGOING HEALTH CARE NEEDS OF THE COMMUNITY AND DEVELOP AN ANNUAL BUSINESS PLAN TO ADDRESS THESE NEEDS IN THE UPCOMING YEAR

Form and Line Reference	Explanation
PART VI, LINE 3	PHELPS MEMORIAL HEALTH CENTER SOCIAL SERVICES DEPARTMENT MONITORS PATIENTS WITHIN THE HOSPITAL AND INDENTIFIES POSSIBLE PATIENTS THAT COULD QUALIFY FOR ASSISTANCE UNDER FEDERAL, STATE OR LOCAL GOVERNMENT A REPRESENTATIVE OF SOCIAL SERVICES THEN MEETS WITH THE PATIENT TO ASSIST IN REGISTERING FOR SUCH ASSISTANCE EVERY PATIENT REGISTERING AT PHELPS MEMORIAL HEALTH CENTER IS GIVEN A BILLING PAMPHLET THAT EXPLAINS THE FINANCIAL ASSISTANCE PROGRAM ATTACHED TO EVERY STATEMENT THERE IS A PAYMENT OPTIONS LETTER THAT ALLOWS PATIENTS TO INQUIRE ABOUT THE FINANCIAL ASSISTANCE PROGRAM EVERY PATIENT WITH A SELF PAY BALANCE IS SENT A LETTER INFORMING THEM PHELPS MEMORIAL HEALTH CENTER HAS A FINANCIAL ASSISTANCE PROGRAM THAT THEY MAY APPLY FOR
PART VI, LINE 4	PHELPS COUNTY NEBRASKA IS LOCATED ON THE HIGH PLAINS IN RURAL NEBRASKSA THE PRIMARY INDUSTRY IS AGRICULTURE INCLUDING CROPS AND LIVESTOCK ADDITIONAL INDUSTRY INCLUDES MANUFACTURING PMHC'S PRIMARY SERVICE AREA IS THE COUNTY OF PHELPS AND PORTIONS OF SURROUNDING COUNTIES WITH A TOTAL SERVICE POPULATION OF APPROXIMATELY 20,000

Form and Line Reference	Explanation
PART VI, LINE 5	PHELPS MEMORIAL HEALTH CENTER IS THE LEADING ENTITY FOR HEALTH PROMOTION IN THE COMMUNITY IN PARTNERSHIP WITH LOCAL PHYSICIANS, OTHER HEALTH CARE PROFESSIONALS AND THE LOCAL PUBLIC HEALTH DEPARTMENT THE HOSPITAL IS GOVERNED BY A VOLUNTEER GROUP OF LOCAL CITIZENS REPRESENTING ALL ASPECTS OF THE COMMUNITY THE MEDICAL STAFF IS OPEN TO ALL PHYSICIANS AND MEDICAL STAFF PROFESSIONALS THAT MEET CREDENTIALING CRITERIA PHELPS MEMORIAL HEALTH CENTER MAINTAINS A PERMANENT SUB-COMMITTEE OF THE BOARD THAT SUPPORTS AND PROMOTES COMMUNITY HEALTH PROJECTS THROUGH GRANT FUNDING AND OTHER ASSISTANCE IN ADDITION, THE HOSPITAL PROVIDES MULTIPLE HEALTH RELATED ANNUAL EVENTS TO THE PUBLIC AT NO CHARGE THAT ADDRESS HEALTH CARE NEEDS AND RISKS OF THE COMMUNITY
PART VI, LINE 6	PMHC IS NOT PART OF AN AFFILIATED HEALTH CARE SYSTEM

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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) PHELPS COUNTY SENIOR CENTER 416 GARFIELD ST HOLDREGE,NE 68949	47-0559501	501(C)(3)	10,000				BUILDING FOUNDATION REPAIR
(2) CITY OF HOLDREGE 502 EAST AVE HOLDREGE,NE 68949	47-6006232	GOV ENTITY	9,816				FOR THE PURCHASE OF AED'S (AUTOMATED EXTERNAL DEFIBRILLATOR)
(3) HOLDREGE AREA PUBLIC LIBRARY 604 EAST AVE HOLDREGE,NE 68949	47-0523813	GOV ENTITY	6,671				WALL REPAIR
(4) REVIVE INC DBA HORIZON RECOVERY & COUNSELING CENTER 835 S BURLINGTON AVE HASTINGS,NE 68901	26-1856136	501(C)(3)	5,000				SPONSORSHIP PROGRAM FOR UNITY HOUSE FOR WOMEN IN HOLDREGE
(5) HOLDREGE AIRPORT AUTHORITY 1320 BREWSTER RD HOLDREGE,NE 68949	47-0645851	GOV ENTITY	20,000				HOLDREGE BREWSTER FIELD LIGHTING PROJECT
(6) HOLDREGE MEMORIAL HOMES 1320 11TH AVE HOLDREGE,NE 68949	47-0424939	501(C)(3)	10,000				FOR THE PURCHASE OF 2 ADJUSTABLE SINKS FOR BEAUTY SHOW RENOVATION
(7) MOSAIC 302 WEST AVE HOLDREGE,NE 68949	11-3669999	501(C)(3)	8,000				FUNDS DISPENSED TO SUPPORT PROGRAM THAT SERVES PEOPLE WITH DISABILITIES
(8) CHRISTIAN CHARITY FUND PHELPS CO MINISTERIAL ASSOCIATION 1419 EAST AVE HOLDREGE,NE 68949	20-1308219	CHURCH	8,000				FUNDS DISPENSED TO THOSE IN NEED OF FINANCIAL AID

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 8

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

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

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

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	ALL GRANTS MADE TO LOCAL ORGANIZATIONS IN PHELPS COUNTY AND SURROUNDING COUNTIES THERE IS CRITERIA IN PLACE TO ENSURE GRANTS ARE AWARDED TO ORGANIZATION MEETING FOUNDATION GUIDELINES

Additional Data

Software ID:
Software Version:
EIN: 47-0481628
Name: PHELPS MEMORIAL HEALTH CENTER

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
PHELPS COUNTY SENIOR CENTER 416 GARFIELD ST HOLDREGE,NE 68949	47-0559501	501(C)(3)	10,000				BUILDING FOUNDATION REPAIR

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CITY OF HOLDREGE 502 EAST AVE HOLDREGE,NE 68949	47-6006232	GOV ENTITY	9,816				FOR THE PURCHASE OF AED'S (AUTOMATED EXTERNAL DEFIBRILLATOR)

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
HOLDREGE AREA PUBLIC LIBRARY 604 EAST AVE HOLDREGE,NE 68949	47-0523813	GOV ENTITY	6,671				WALL REPAIR

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
REVIVE INC DBA HORIZON RECOVERY & COUNSELING CENTER 835 S BURLINGTON AVE HASTINGS,NE 68901	26-1856136	501(C)(3)	5,000				SPONSORSHIP PROGRAM FOR UNITY HOUSE FOR WOMEN IN HOLDREGE

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
HOLDREGE AIRPORT AUTHORITY 1320 BREWSTER RD HOLDREGE,NE 68949	47-0645851	GOV ENTITY	20,000				HOLDREGE BREWSTER FIELD LIGHTING PROJECT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
HOLDREGE MEMORIAL HOMES 1320 11TH AVE HOLDREGE,NE 68949	47-0424939	501(C)(3)	10,000				FOR THE PURCHASE OF 2 ADJUSTABLE SINKS FOR BEAUTY SHOW RENOVATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
MOSAIC 302 WEST AVE HOLDREGE,NE 68949	11-3669999	501(C)(3)	8,000				FUNDS DISPENSED TO SUPPORT PROGRAM THAT SERVES PEOPLE WITH DISABILITIES

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(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
CHRISTIAN CHARITY FUND PHELPS CO MINISTERIAL ASSOCIATION 1419 EAST AVE HOLDREGE,NE 68949	20-1308219	CHURCH	8,000				FUNDS DISPENSED TO THOSE IN NEED OF FINANCIAL AID

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

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**	Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☐ Compensation committee	☐ Written employment contract		
	☐ Independent compensation consultant	☑ Compensation survey or study		
	☐ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		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				
(1)ROBERT MILLER	(i)	134,016	0	724	4,046	14,604	153,390	0
PHARMACY LEADER	(ii)	0	0	0	0	0	0	0

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	PHELPS MEMORIAL HEALTH CENTER PROVIDES A MEMBERSHIP TO A COUNTRY CLUB FOR THE CEO OF THE ORGANIZATION THE MEMBERSHIP ALLOWS THE CEO AND OTHER MEMBERS OF THE STAFF TO TAKE EMPLOYEES, CLIENTS AND VENDORS OUT TO THE COUNTRY CLUB FURTHERMORE, THE ORGANIZATION UTILIZES THE COUNTRY CLUB'S FACILITY FOR MEETINGS AND OTHER EVENTS
FORM 990, SCHEDULE J, PART II	MARK HARREL AND LOREN SCHRODER RECEIVE COMPENSATION FROM QUORUM HEALTH RESOURCES, AN UNRELATED ENTITY, WHICH PROVIDES MANAGEMENT SERVICES TO ITS CLIENTS THE PHELPS MEMORIAL HEALTH CENTER BOARD OF DIRECTORS SETS THE SALARY AND BENEFITS FOR MR HARREL AND MR SCHRODER QUORUM HEALTH RESOURCES CHARGES PHELPS MEMORIAL HEALTH CENTER FOR THE SERVICES MR HARREL AND MR SCHRODER PROVIDE TO THE ORGANIZATION MR HARREL RECEIVED BASE COMPENSATION OF $186,271, A BONUS OF $21,340 AND BENEFITS TOTALING $47,864 FOR 2013 MR SCHRODER RECEIVED BASE COMPENSATION OF $136,910, A BONUS OF $1,490 AND BENEFITS TOTALING $36,750 FOR 2013

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 47-0481628
Name: PHELPS MEMORIAL HEALTH CENTER

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
(1)					No
(2)					No
(3) FAMILY MEDICAL SPECIALTIES	SCOTT EHRESMAN & JEFFREY BERNEY, BOARD MEMBERS, HAVE MORE THAN 5% OWNERSHIP	770,714	PHELPS MEMORIAL HEALTH CENTER PAID FAMILY MEDICAL SPECIALTIES FOR EMERGENCY ROOM, CARDIAC REHABILITIATION, AND RESPIRATORY REHABILITATION COVERAGE		No
(4) FAMILY MEDICAL SPECIALTIES	SCOTT EHRESMAN & JEFFREY BERNEY, BOARD MEMBERS, HAVE MORE THAN 5% OWNERSHIP	342,638	PHELPS MEMORIAL HEALTH CENTER RECEIVED RENT FROM FAMILY MEDICAL SPECIALTIES		No
(5)					No
(6)					No
(7) JANELL HUSTON	EMPLOYEE OF ORGANIZATION & SISTER OF SHERYL MCCLYMONT, FORMER BOARD MEMBER	65,423	EMPLOYEES W-2 WAGES		No

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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
PHELPS MEMORIAL HEALTH CENTER

Employer identification number
47-0481628

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	JEFF BERNEY, MD AND SCOTT EHRESMAN, MD BOTH MEMBERS OF THE BOARD, HAVE A BUSINESS RELATIONSHIP

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3	QUORUM HEALTH RESOURCES, LLC ("QHR") AND PHELPS MEMORIAL HEALTH CENTER ("PMHC") HAVE AN AGREEMENT IN PLACE FOR ADMINISTRATIVE SERVICES QHR PROVIDES THE HOSPITAL THE SERVICES OF INDIVIDUALS TO SERVE AS THE CEO & CFO AT PMHC THE CEO & CFO SHALL OVERSEE THE EXECUTION AND PERFORMANCE OF THE ADMINISTRATIVE FUNCTIONS OF PMHC AND COMMUNICATE THE BUSINESS AND OPERATIONAL ACTIVITY OF PMHC WITH THE BOARD OR BOARD REPRESENTATIVE ROUTINELY THE CFO REPORTS TO THE CEO, AND THE CEO IS ACCOUNTABLE AND REPORTS DIRECTLY TO THE BOARD

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	EVERY DONOR OF A GIFT OF $100 OR MORE TO PHELPS COUNTY MEMORIAL HOSPITAL ASSOCIATION SHALL BE A MEMBER OF PHELPS MEMORIAL HEALTH CENTER

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	EACH MEMBER OF PHELPS MEMORIAL HEALTH CENTER HAS ONE VOTE IN THE ELECTION OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	A COPY OF THE FORM 990 WILL BE DISTRIBUTED TO THE BOARD OF DIRECTORS A WEEK BEFORE THE BOARD MEETING DURING THE BOARD OF DIRECTORS MEETING THE FORM 990 WILL BE THOROUGHLY REVIEWED AND DISCUSSED IN ORDER TO ADDRESS ANY QUESTIONS PRIOR TO ITS SUBMISSION TO IRS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	PMHC BOARD OF TRUSTEES DISCLOSE CONFLICTS OF INTEREST ON AN ANNUAL BASIS BY SIGNING A CONFLICT OF INTEREST STATEMENT ALL MEMBERS OF THE BOARD OF DIRECTORS, THE TOP MANAGEMENT OFFICIAL (CEO) AND THE TOP FINANCIAL OFFICIAL (CFO) ARE REQUIRED TO DISCLOSE, ON AN ANNUAL BASIS, ALL INTERESTS THAT COULD GIVE RISE TO A CONFLICT OF INTEREST THESE DISCLOSURES ARE REVIEWED BY THE BOARD OF DIRECTORS, THE CEO AND THE ORGANIZATION'S COMPLIANCE OFFICER ACTUAL CONFLICTS ARE ALSO REVIEWED BY THE ENTIRE BOARD OF DIRECTORS UPON A DIRECTOR'S DISCLOSURE OF A CONFLICT OF INTEREST, THAT DIRECTOR WITHDRAWS FROM BOARD CONSIDERATION AND DISCUSSION, DOES NOT PARTICIPATE IN THE VOTING OR DECISION-MAKING AND, AT THE REQUEST OF THE PRESIDENT, IS EXCUSED FROM THE BOARD MEETING DURING DISCUSSION AND VOTING ALL EMPLOYEES, INCLUDING SENIOR LEADERSHIP AND DEPARTMENT LEADERS ALSO DISCLOSE AND SIGN A CONFLICT OF INTEREST STATEMENT DURING THEIR ANNUAL REVIEWS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15A	QUORUM HEALTH RESOURCES, LLC ("QHR") PROVIDES ADMINISTRATIVE SERVICES TO PHELPS MEMORIAL HEALTH CENTER ("PMHC") THIS INCLUDES PROVIDING THE HOSPITAL WITH A CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER THE BOARD OF DIRECTORS CONDUCTS AN ANNUAL EVALUATION FOR THE CEO AND CFO A NATIONAL COMPARATIVE BENCHMARK FROM QHR IS PRESENTED TO THE BOARD OF DIRECTORS THIS COMPARATIVE DATA IS BASED ON SIMILAR HOSPITAL SIZE AND SIMILAR ANNUAL NET REVENUE THIS DATA IS UTILIZED BY THE BOARD OF DIRECTORS IN ADDITION TO THE ANNUAL PERFORMANCE OF THE CEO AND CFO TO DETERMINE COMPENSATION MARKET ADJUSTMENTS ARE DETERMINED ANNUALLY BY THE HR LEADER, CEO AND CFO WITH APPROPRIATE DEPARTMENT LEADERS PAY INCREASES SHALL BE DETERMINED BY THE PERFORMANCE APPRAISAL OVERALL SCORE ANNUAL PAY INCREASES ARE EFFECTIVE ON THE SECOND PAY PERIOD IN AUGUST EACH YEAR PROVIDED AN ANNUAL PERFORMANCE APPRAISAL HAS BEEN COMPLETED ELECTRONICALLY THE HUMAN RESOURCE LEADER AND CEO SHALL BE RESPONSIBLE FOR COMPLETION OF AN ANNUAL COMPETENCY REPORT TO BE SUBMITTED TO THE BOARD OF DIRECTORS THIS REPORT SHALL INCLUDE COMPETENCY OF ALL HOSPITAL EMPLOYEES

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	PMHC DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY OR FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PHYSICIAN FEES PROGRAM SERVICE EXPENSES 2,091,464 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 2,091,464 OUTSIDE PHYSICAL AND OCCUPATIONAL THERAPY FEES PROGRAM SERVICE EXPENSES 1,882,389 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,882,389 ANESTEHESIOLOGY FEES PROGRAM SERVICE EXPENSES 625,189 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 625,189 X-RAY SERVICES PROGRAM SERVICE EXPENSES 279,388 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 279,388 OTHER FEES FOR SERVICE PROGRAM SERVICE EXPENSES 998,659 MANAGEMENT AND GENERAL EXPENSES 137,874 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,136,533

Return Reference	Explanation
FORM 990, PART XII, LINE 2C	PHELPS MEMORIAL HEALTH CENTER HAS A BOARD OF DIRECTORS THAT IS ORGANIZED INTO SIX STANDING COMMITTEES EXECUTIVE COMMITTEE, FINANCE COMMITTEE, QUALITY & COMMUNITY HEALTH COMMITTEE, GOVERNANCE COMMITTEE, SPECIALTY RECRUITMENT COMMITTEE, AND FOUNDATION COMMITTEE. IT IS THE FINANCE COMMITTEE'S DUTY TO PROVIDE INPUT INTO THE ANNUAL BUDGET PREPARATION, THE THREE YEAR CAPITAL AND LAND USE PROJECTIONS, MONITOR INVESTMENT FUNDS, PROVIDE FOR AN ANNUAL OUTSIDE AUDIT AND IN GENERAL SEE TO THE OVERALL FINANCIAL WELL BEING OF THE FACILITY THE OVERSIGHT PROCESS OF THE AUDIT AND THE SELECTION PROCESS OF AN INDEPENDENT ACCOUNTANT HAS NOT CHANGED FROM THE PRIOR YEAR

Phelps Memorial Health Center

Holdrege, Nebraska

Financial Statements
and Supplementary Information
December 31, 2013 and 2012

Together with Independent Auditor's Report

Phelps Memorial Health Center

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SEIM JOHNSON

Independent Auditor's Report

To the Board of Directors of
Phelps Memorial Health Center
Holdrege, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Phelps Memorial Health Center (Health Center) which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, changes in net assets and cash flows for the years then ended and related notes to the financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Health Center as of December 31, 2013 and 2012, and the results of its operations, changes in 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 Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole The accompanying supplementary information in Exhibits 1 through 3 is presented for purposes of additional analysis and is not a required part of the 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 financial statements The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole

Seim Johnson, LLP

Omaha, Nebraska,
March 24, 2014

Phelps Memorial Health Center

Balance Sheets
December 31, 2013 and 2012

		2013	2012
ASSETS			
Current assets			
Cash and cash equivalents	$	7,331,330	2,805,845
Short-term investments		645,697	642,215
Receivables -			
Patients, net of allowance for doubtful accounts of $208,481 in 2013 and $916,807 in 2012		5,160,353	5,356,409
Other		129,159	126,905
Inventories		664,639	626,531
Prepaid expenses		243,388	228,533
Estimated third-party payor settlements - Medicare and Medicaid		620,773	444,926
Total current assets		14,795,339	10,231,364
Assets limited as to use		330,967	305,732
Long-term investments		7,952,395	6,875,848
Property and equipment, net		51,104,574	41,335,667
Deferred financing costs, net		269,652	289,028
Total assets	$	74,452,927	59,037,639
LIABILITIES AND NET ASSETS			
Current liabilities			
Current portion of long-term debt	$	693,725	286,369
Accounts payable -			
Trade		1,206,753	941,097
Construction		1,916,744	3,584,493
Accrued salaries, vacation and benefits payable		1,066,162	1,010,530
Total current liabilities		4,883,384	5,822,489
Long-term debt, net of current portion		11,934,632	1,241,534
Other		260,000	80,000
Total liabilities		17,078,016	7,144,023
Net assets			
Unrestricted		57,043,944	51,587,884
Temporarily restricted		104,304	95,952
Permanently restricted		226,663	209,780
Total net assets		57,374,911	51,893,616
Total liabilities and net assets	$	74,452,927	59,037,639

See notes to financial statements

Phelps Memorial Health Center

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

	2013	2012
UNRESTRICTED REVENUE		
Net patient service revenue	$ 34,743,371	28,828,492
Provision for bad debts	(1,072,820)	(1,152,887)
Net patient service revenue less provision for bad debts	33,670,551	27,675,605
Other revenue	1,244,130	1,632,775
Total unrestricted revenue	34,914,681	29,308,380
EXPENSES		
Salaries and wages	9,463,144	9,199,568
Employee benefits	2,583,609	2,399,390
Professional and purchased services	6,599,643	5,572,509
Supplies and other	5,603,035	4,339,644
Repair and maintenance	1,081,720	1,043,920
Utilities	709,850	573,823
Depreciation and amortization	4,439,945	2,869,768
Insurance	264,201	271,677
Interest	38,923	18,646
Total expenses	30,784,070	26,288,945
OPERATING INCOME	4,130,611	3,019,435
NONOPERATING GAINS, NET		
Unrestricted gifts, grants and bequests	111,743	66,604
Investment income, net	323,316	215,354
Nonoperating gains, net	435,059	281,958
EXCESS OF REVENUE OVER EXPENSES	4,565,670	3,301,393
CHANGE IN NET UNREALIZED GAINS AND LOSSES ON OTHER THAN TRADING SECURITIES	759,390	426,904
GIFTS, GRANTS AND BEQUESTS FOR PURCHASE OF PROPERTY AND EQUIPMENT	131,000	19,955
INCREASE IN UNRESTRICTED NET ASSETS	$ 5,456,060	3,748,252

See notes to financial statements

Phelps Memorial Health Center

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

		2013	2012
UNRESTRICTED NET ASSETS			
Operating income	$	4,130,611	3,019,435
Nonoperating gains, net		435,059	281,958
Change in net unrealized gains and losses on other than trading securities		759,390	426,904
Gifts, grants and bequests for purchase of property and equipment		131,000	19,955
Increase in unrestricted net assets		5,456,060	3,748,252
TEMPORARILY RESTRICTED NET ASSETS,			
Investment income, net		8,352	9,514
PERMANENTLY RESTRICTED NET ASSETS,			
Change in net unrealized gains and losses on other than trading securities		16,883	9,446
INCREASE IN NET ASSETS		5,481,295	3,767,212
NET ASSETS, beginning of year		51,893,616	48,126,404
NET ASSETS, end of year	$	57,374,911	51,893,616

See notes to financial statements

Phelps Memorial Health Center

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

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	$ 33,984,695	27,370,375
Cash received from others	1,061,752	734,389
Cash paid to employees and related benefits	(11,991,121)	(11,549,686)
Cash paid to suppliers	(13,865,756)	(11,669,922)
Interest paid	(38,923)	(18,646)
Investment income received	333,006	223,718
Net cash provided by operating activities	9,483,653	5,090,228
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(320,639)	(219,135)
Proceeds from sale of investments	--	4,000,000
Purchase of assets limited as to use	(8,352)	(9,514)
Purchase of property and equipment, net	(15,274,255)	(13,031,072)
Net cash used in investing activities	(15,603,246)	(9,259,721)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	10,875,603	775,146
Payments on long-term debt	(361,525)	(138,931)
Payment of deferred financing costs	--	(290,643)
Restricted gifts, grants and bequests	131,000	19,955
Net cash provided by financing activities	10,645,078	365,527
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,525,485	(3,803,966)
CASH AND CASH EQUIVALENTS - Beginning of year	2,805,845	6,609,811
CASH AND CASH EQUIVALENTS - End of year	$ 7,331,330	2,805,845
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION,		
Equipment acquired under capital lease obligation	$ 586,376	556,036
Interest paid	$ 219,442	18,749

See notes to financial statements

Phelps Memorial Health Center

Statements of Cash Flows (Continued)
For the Years Ended December 31, 2013 and 2012

		2013	2012
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Change in net assets	$	5,481,295	3,767,212
Adjustments to reconcile the change in net assets to net cash provided by operating activities -			
Restricted gifts, grants and bequests		(131,000)	(19,955)
Depreciation and amortization		4,439,945	2,869,768
Loss on disposal of property and equipment		3,406	11,015
Change in net unrealized gains and losses on other than trading securities		(776,273)	(436,350)
Increase in other liabilities		180,000	80,000
(Increase) decrease in assets -			
Receivables -			
Patients		196,056	(524,280)
Other		(2,254)	(83,179)
Inventories		(38,108)	(64,776)
Prepaid expenses		(14,855)	(51,288)
Estimated third-party payor settlements - Medicare and Medicaid		(175,847)	(444,926)
Increase (decrease) in liabilities -			
Accounts payable - trade		265,656	167,715
Accrued salaries, vacation and benefits payable		55,632	49,272
Estimated third-party payor settlements - Medicare and Medicaid		--	(230,000)
Net cash provided by operating activities	$	9,483,653	5,090,228

See notes to financial statements

(1) Organization and Summary of Significant Accounting Policies

The following is a summary of the organization and significant accounting policies of Phelps Memorial Health Center (Health Center) These policies are in accordance with accounting principles generally accepted in the United States of America

A Organization

The Health Center, located in Holdrege, Nebraska (a Nebraska corporation not-for-profit), operated as a 49-bed acute care hospital until November 30, 2005 Effective December 1, 2005, the Health Center began operating as a 25-bed Critical Access Hospital (CAH) The Health Center provides inpatient, outpatient, swing bed, emergency, home health and ambulance services in the local area Admitting physicians are primarily practitioners in the local area The Health Center was incorporated in 1963

The Budget Reconciliation Act of 1997 (Act) contained many provisions impacting Medicare reimbursement for the Health Center The Act established the Medicare Rural Hospital Flexibility Program to assist states and rural communities to improve access to essential health care services During fiscal year 2005, the Hospital's Board of Directors approved the Hospital's plan to obtain CAH designation CAH's are acute care facilities that provide emergency, outpatient and short-term inpatient services Medicare reimburses CAH's on a reasonable cost basis

The Health Center's application to become certified as a CAH was approved by Nebraska Health and Human Services Health Center and the certification was effective December 1, 2005

B Industry Environment

The healthcare 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 healthcare program participation requirements, reimbursements for patient services, and Medicare and Medicaid fraud and 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 Health Center is in compliance with fraud and abuse, as well as other applicable government laws and regulations While no regulator inquiries have been made which are expected to have a material effect on the Health Center's 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 Management

The Health Center is a not-for-profit provider of healthcare services as a Critical Access Hospital During the year, the Health Center had an agreement for management services with Quorum Health Resources, Inc (QHR) The Health Center has had this agreement with QHR since 1992

D *Use of Estimates*

The preparation of 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 financial statements Estimates also affect the reported amounts of revenue and expenses during the reporting period Actual results could differ from those estimates

E *Cash and Cash Equivalents*

Cash and cash equivalents for the purposes of the statements of cash flows include investments in highly liquid debt instruments with original maturities of three months or less

F *Short-Term Investments*

Short-term investments are assets available for operations without donor imposed restrictions for capital acquisitions or endowment

G *Patient Accounts Receivable, Net*

The Health Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients and others Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectibility of accounts receivable, the Health Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Health Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for those accounts over a certain age based on discharge that make the realization of amounts due unlikely For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Health Center 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

Payment for services is expected within thirty days of receipt of the billing Accounts considered past due are sent to collection agencies when external collection efforts have been unsuccessful Any amounts deemed uncollectible are written off on a monthly basis The Health Center does not charge interest on outstanding balances owed

The Health Center also maintains a charity care policy as descried in Note 1 (O)

H *Inventories*

Inventories are stated at the lower of cost (principally on the first-in, first-out basis) or market value

I *Assets Limited as to Use*

Assets limited as to use are funds that have been restricted by donors for endowment or scholarship funding These investments consist of cash and cash equivalents, certificates of deposit, fixed income securities and mutual funds

J *Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying 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 Periodically, the Health Center reviews its investments to determine whether any unrealized losses are other-than-temporary During 2013 and 2012, there were no investment declines that were determined to be other-than-temporary

K *Property and Equipment, Net*

Property and equipment acquisitions are recorded at cost Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method 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 and amortization in the financial statements The Health Center maintains a capitalization policy of $5,000

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

L *Deferred Financing Costs, Net*

Deferred financing costs are amortized over the term of the related indebtedness using the straight-line method Amortization expense of $19,376 and $1,615 in 2013 and 2012, respectively, is included in the accompanying statements of operations

M *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those whose use by the Health Center 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 Health Center in perpetuity

N *Net Patient Service Revenue*

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, 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

O *Charity Care*

The Health Center 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 Health Center does not pursue collection of amounts determined to qualify as charity care, they are not reported in the statements of operations Management's disclosure of charity care costs is described in Note 3

The Health Center is dedicated to providing comprehensive healthcare services to all segments of society, including the aged and otherwise economically disadvantaged In addition, the Health Center provides a variety of community health services at or below cost

P *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated at cost 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 statements of operations as net assets released from restriction Donor-restricted contributions whose restrictions are met within the same year as received are reported in the statements of operations and as a change in unrestricted net assets in the accompanying financial statements

Q *Income Taxes*

The Health Center is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code The Health Center 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 Health Center to meet a community benefit standard and comply with various laws and regulations

The Health Center accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC Topic 740, Income Taxes The Health Center recognizes the effect of income tax positions only if those positions are more likely than not of being sustained At December 31, 2013, the Health Center had no uncertain tax positions accrued With few exceptions, the Health Center is no longer subject to income tax examinations for the years ended prior to 2010

R *Endowments*

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

The Board of Directors of the Health Center 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 Health Center 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 Health Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

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

S *Fair Value of Financial Statements*

The carrying amounts of all financial instruments approximate estimated fair value Cash and cash equivalents, receivables and current liabilities are reasonable estimates of their fair values due to their short term nature Investments, including assets limited as to use, are stated at fair value as discussed in Note 4 The carrying value of long-term debt approximates fair value since the rates closely reflect current market rates

T *Excess of Revenue Over Expenses*

The 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 changes in net unrealized gains and losses on other than trading securities and gifts, grants and bequests for purchase of property and equipment (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets)

U *Reclassification*

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 reporting format

V *Subsequent Events*

The Health Center considered events occurring through March 24, 2014 for recognition or disclosure in the financial statements as subsequent events That date is the date the financial statements were available to be issued

(2) Net Patient Service Revenue

The Health Center recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered See summary of payment arrangements below For uninsured patients that do not qualify for charity care, the Health Center recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of the Health Center's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Health Center 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 in the year from these major payor sources, is as follows

	December 31, 2013				
	Medicare	Medicaid	Commercial	Self Pay	Total
Gross patient charges	$ 27,533,487	2,920,373	20,013,625	1,077,011	51,544,496
Less contractual allowances and discounts	11,247,163	1,604,398	3,394,288	555,276	16,801,125
Net patient service revenue	$ 16,286,324	1,315,975	16,619,337	521,735	34,743,371

	December 31, 2012				
	Medicare	Medicaid	Commercial	Self Pay	Total
Gross patient charges	$ 20,748,690	2,471,371	17,657,649	1,271,577	42,149,287
Less contractual allowances and discounts	8,427,593	1,179,137	3,070,047	644,018	13,320,795
Net patient service revenue	$ 12,321,097	1,292,234	14,587,602	627,559	28,828,492

A summary of the payment arrangements with major third-party payors follows

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries in a Critical Access Hospital are paid based on Medicare defined costs of providing the services Inpatient nonacute services and certain outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology Physician clinic services related to Medicare beneficiaries are paid based on fee schedule amounts The Health Center is reimbursed on a prospectively determined rate per episode for home care services rendered to Medicare beneficiaries The Health Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Health Center and audits thereof by the Medicare administrative contractor The Health Center's Medicare cost reports have been audited by the Medicare administrative contractor through December 31, 2011

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 acute services and outpatient services rendered to Medicaid program beneficiaries in a Critical Access Hospital are paid based on Medicaid defined costs of providing the services From July 1, 2011 through June 30, 2012, Medicaid reimbursement was 97 5% of defined costs Effective July 1, 2012, Medicaid changed reimbursement paid to 99% of defined costs Effective July 1, 2013, Medicaid changed reimbursement paid to 100% of defined costs The Health Center is reimbursed for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Health Center

Commercial – The Health Center has also entered into payment agreements with certain commercial insurance carriers The basis for payment to the Health Center under these agreements includes discounts from established charges

Revenue from the Medicare and Medicaid programs accounted for approximately 47% and 4%, respectively, of the Health Center's net patient service revenue for the year ended December 31, 2013 and 43% and 4%, respectively of the Health Center's net patient service 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 In 2013 and 2012, net patient service revenue increased approximately $551,000 and $239,000, respectively, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer subject to audits, reviews, and investigations

(3) Charity Care

The Health Center provides charity care to patients who are financially unable to pay for healthcare services they receive It is the policy of the Health Center not to pursue collection of amounts determined to qualify as charity care Accordingly, the Health Center does not report these amounts in net patient service revenue or the allowance for doubtful accounts The Health Center 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 an overall cost to charge ratio The costs of caring for these patients for the years ended December 31, 2013 and 2012 were approximately $292,000 and $349,000, respectively

(4) Fair Value

Fair Value Hierarchy

The Health Center adopted ASC Topic 820 for fair value measurements of financial assets and financial liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements) The three levels 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 Health Center has the ability to access at the measurement date
- Level 2 inputs are 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 Health Center'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 – The fair value of cash and cash equivalents, consisting primarily of money market funds and accrued interest, is classified as Level 1 as these funds are valued using quoted market prices

Certificates of deposit – Investments in certificates of deposit are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets of active markets

Fixed income securities – Investments in fixed income securities are comprised of government sponsored debt securities and corporate bonds Fixed income securities are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets

Mutual funds – The fair value of mutual funds is classified as Level 1 as the market value is based on quoted market prices, when available, or market prices provided by recognized broker dealers

Cash value life insurance – The fair value of cash value life insurance is classified a Level 2 as it is the amount that could be realized under the insurance contract upon discontinuance or surrender of the contract before its maturity

Real estate investment trust – Investment in a real estate trust is classified as Level 2 based on multiple sources of information, which may include historical data and/or quoted market prices from either markets that are not active or are for the same or similar assets of active 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			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 470,019	--	--	470,019
Certificates of deposit	--	675,074	--	675,074
Mutual funds -				
Large capitalization	3,502,770	--	--	3,502,770
Fixed income	1,975,504	--	--	1,975,504
International	1,849,971	--	--	1,849,971
Cash value life insurance	--	54,620	--	54,620
Real estate investment trust	--	401,101	--	401,101
	$ 7,798,264	1,130,795	--	8,929,059

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 801,488	--	--	801,488
Certificates of deposit	--	671,511	--	671,511
Fixed income securities -				
Government sponsored debt securities	--	251,005	--	251,005
Corporate bonds	--	103,501	--	103,501
Mutual funds -				
Large capitalization	2,256,903	--	--	2,256,903
Fixed income	1,957,182	--	--	1,957,182
International	1,357,225	--	--	1,357,225
Cash value life insurance	--	52,256	--	52,256
Real estate investment trust	--	372,724	--	372,724
	$ 6,372,798	1,450,997	--	7,823,795

The Health Center'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

(5) Investments, including Assets Limited as to Use

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

	2013	2012
Short-term investments	$ 645,697	642,215
Assets limited as to use –		
Scholarship fund	29,377	29,296
Child care and unusual hardships fund	301,590	276,436
Total assets limited as to use	330,967	305,732
Long-term investments	7,952,395	6,875,848
Total at fair value	$ 8,929,059	7,823,795

The following tables show the gross unrealized losses and fair value of the Health Center's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual security has been in a continuous unrealized loss position, at December 31, 2013 and 2012

	December 31, 2013			
	Less Than 12 Months		12 Months or Greater	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Real estate investment trust	$ --	--	372,724	140,437

	December 31, 2012			
	Less Than 12 Months		12 Months or Greater	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Real estate investment trust	$ 24,869	1,041	347,855	139,396

Real estate investment trust – The unrealized loss on the Health Center's investment in this security was caused by recent decreases in real estate values and the negative perception of the real estate market Based on evaluation of available evidence, including recent changes in the real estate market, and the ability to hold the investment until the carrying value can be recovered, management believes the decline in fair value for this security is temporary

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

		2013	2012
Interest income	$	14,055	50,497
Dividend income		305,754	174,299
Realized gains, net		11,859	72
Change in net unrealized gains and losses on other than trading securities		776,273	436,350
Total investment return	$	1,107,941	661,218
Included in nonoperating gains, net	$	323,316	215,354
Reported separately as a change in unrestricted net assets		759,390	426,904
Reported separate as investment income as change in temporarily restricted net assets		8,352	9,514
Reported separately as a change in permanently restricted net assets		16,883	9,446
Total investment return	$	1,107,941	661,218

(6) Property and Equipment, Net

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

	2013	2012
Land and land improvements	$ 1,894,017	1,201,759
Buildings	60,110,919	38,005,643
Equipment and furnishings	19,234,574	16,841,840
Construction in progress	110,798	11,605,122
	81,350,308	67,654,364
Less accumulated depreciation and amortization	30,245,734	26,318,697
	$ 51,104,574	41,335,667

Depreciation and amortization expense related to property and equipment for the years ended December 31, 2013 and 2012 was $4,420,569 and $2,868,153, respectively

(7) Long-Term Debt

A summary of long-term debt and capital lease obligations at December 31, 2013 and 2012 follows

	2013	2012
Bond payable, interest only through August 2014, monthly payments beginning September 2014 of $72,835 through December 2027, including interest, at a rate of 2 31% to be adjusted in December 2017 and December 2022 based on the five-year LIBOR swap rate plus 1 39%, collateralized by a Deed of Trust and assignment of certain leases and rents	$ 10,000,000	704,966
Bond payable (draws available up to $5,000,000), interest only through August 2014, monthly payments (based on current draws) beginning September 2014 of $11,997 through December 2027, including interest, at a rate of 2 31% to be adjusted in December 2017 and December 2022 based on the five-year LIBOR swap rate plus 1 39%, collateralized by a Deed of Trust and assignment of certain leases and rents	1,650,749	70,180
Various capital lease obligations, monthly payments of principal and interest due through June 2017, varying rates of imputed interest of 3 69% to 5 00%, collateralized by leased equipment	977,608	752,757
	12,628,357	1,527,903
Less current portion	693,725	286,369
Long-term debt, net of current portion	$ 11,934,632	1,241,534

Maturities of long-term debt and capital lease obligations are as follows

Years Ending December 31:	Long-Term Debt	Capital Lease Obligations
2014	$ 249,057	477,144
2015	759,580	412,436
2016	776,938	125,873
2017	795,884	12,918
2018	814,689	--
Thereafter	8,254,601	--
	$ 11,650,749	1,028,371
Less amount representing interest		50,763
		$ 977,608

A summary of interest expense on borrowed funds during the years ended December 31, 2013 and 2012 is as follows

	2013	2012
Interest cost		
Capitalized	$ 180,519	103
Expensed	38,923	18,646
	$ 219,442	18,749

Subsequent to year end, approximately $3,300,000 was drawn on the bond payable by the Health Center to fund construction costs associated with a building addition and remodel project that was completed in 2013

The Health Center is the lessee of certain equipment under capital leases which expire from August 2014 through June 2017 Amortization expense for 2013 and 2012 was $261,295 and $142,372, respectively The following is a summary of capitalized leased assets included in equipment and furnishings

	2013	2012
Equipment	$ 1,527,154	940,778
Less accumulated amortization	444,709	183,414
	$ 1,082,445	757,364

(8) Temporarily and Permanently Restricted Net Assets

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

	2013	2012
Temporarily restricted for scholarships	$ 5,325	5,244
Temporarily restricted for patient child care and unusual hardship costs	98,979	90,708
	$ 104,304	95,952

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

	2013	2012
Investments to be held in perpetuity, the income from which is expendable for scholarships	$ 24,052	24,052
Investments to be held in perpetuity, the income from which is expendable for patient child care and unusual hardship costs	202,611	185,728
	$ 226,663	209,780

(9) Professional Liability Insurance

The Health Center carries professional liability insurance (including malpractice) which provides $1,000,000 of coverage for injuries per occurrence and $3,000,000 aggregate coverage The Health Center qualifies under the Nebraska Hospital Medical Liability Act (the Liability Act) The Excess Liability Fund under the Liability 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 Health Center carries an umbrella policy which also provides an additional $5,000,000 of professional liability coverage per occurrence and aggregate coverage These policies provide coverage on a claims-made basis covering only those claims which have occurred and are reported to the insurance company while the coverage is in force The Health Center 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 or should coverage be limited and/or not available

Accounting principles generally accepted in the United States of America require a healthcare provider to recognize 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 Health Center does evaluate all incidents and claims along with prior claim experience to determine if a liability is to be recognized For the years ending 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 financial statements

(10) Pension Plan

Effective July 1, 1987, the Health Center established the Phelps Memorial Health Center Money Purchase Thrift Plan (Thrift Plan) The Thrift Plan was frozen as of December 31, 2007 and only employees participating on that date continue to participate Contributions to the Thrift Plan ended on that date

Effective July 1, 1987, the Health Center established the Phelps Memorial Health Center Tax Sheltered Annuity Plan (Annuity Plan) The Annuity Plan is available to all employees at least 21 years of age who have completed one year of entry service by working 1,000 hours or more in a service period spanning one year long Participating employees may elect to defer a portion of compensation in accordance with Internal Revenue Code Section 402(g) and Section 415 limitations The participants are fully vested in their elective deferral contributions to the Annuity Plan For participating employees who elect a deferral equal to 3% of their compensation to the Annuity Plan, the Health Center will make a matching contribution equal to 3% of electing employees' compensation to the Annuity Plan Participants' vesting percentage of matching contributions made by the Health Center varies depending on the years of service Annuity Plan contribution expense of $210,263 and $191,649 for the years ended December 31, 2013 and 2012, respectively is included in employee benefits on the accompanying statements of operations

(11) Irene Anderson Trust

The Health Center receives distributions from certain assets that have been placed in the Irene Anderson Trust Under this trust, the Health Center receives annual distributions as provided for in the trust to comply with the purposes specified by the trust Because the assets are solely under the control of the trust management, they have not been reflected in the accompanying balance sheets The distributions are reflected in the statements of operations

(12) Other Revenue

Other revenue for the years ended December 31, 2013 and 2012 consisted of the following

	2013	2012
Rental income	$ 524,963	535,056
Electronic health record incentive payments	293,935	893,976
Loss on disposal of property and equipment	(3,406)	(11,015)
Cafeteria and dietary sales	100,945	63,579
Child services	93,600	64,600
Other	234,093	86,579
	$ 1,244,130	1,632,775

The Health Information Technology for Economic and Clinical Health Act contains specific financial incentives designed to accelerate the adoption of electronic health record (EHR) systems among health care providers During 2012, the Health Center qualified for the financial incentive payments by attesting it met specific criteria set by the Centers for Medicare and Medicaid Services (CMS) Management's attestation is subject to audit by the federal government or its designee The EHR incentive payment will be earned and received through various payments through 2016 Amounts due from Medicare for EHR qualifying assets at December 31, 2013 and 2012 were approximately $667,000 and $1,575,000, respectively These have been recognized in the balance sheets and are included in estimated third-party payor settlements The incentive amount is computed using several elements, one of which includes using the value of undepreciated assets required to implement the EHR system The Health Center has elected to record $293,925 and $893,976 for the years ending December 31, 2013 and 2012, respectively, of the incentive payment as other operating revenue in the period earned, and defer the remaining amount of the receivable related to future Medicare reimbursement In addition, the Nebraska Department of Health and Human Services provides EHR incentive payments that will be earned and received through various payments through 2014 A payment of $132,251 was received during the period ended December 31, 2012 with remaining payments to follow in subsequent years The amounts recognized are based on management's best estimates and are subject to change, which would be recognized in the period in which the change occurs

(13) Concentrations of Credit Risk

The Health Center is located in Holdrege, Nebraska The Health Center grants credits without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements The mix of receivables from patients and third-party payors was as follows

	2013	2012
Medicare	42%	28%
Medicaid	5	6
Blue Cross	17	17
Other third-party payors	25	28
Private pay	11	21
	100%	100%

(14) Functional Expenses

The Health Center provides general healthcare services to residents within its geographic location Expenses included in the statements of operations relate to the provision of these services

(15) Subsequent Event

On March 3, 2014, the Board of Directors adopted a resolution to formally terminate the Thrift Plan effective March 31, 2014 The termination process involves seeking regulatory approval and management expects the process to complete in fiscal year 2015

Statements of Patient Service Revenue
For the Years Ended December 31, 2013 and 2012

	2013	2012
NURSING SERVICES		
Adults, swing bed, intensive care, hospice and observation	$ 3,618,306	3,161,406
Obstetrics, nursery, and delivery and labor	492,771	361,832
	4,111,077	3,523,238
OTHER PROFESSIONAL SERVICES		
Radiology, mammograms, ultrasound, nuclear medicine, MRI, vascular studies, and CT scan	12,213,028	11,098,315
Physical therapy, occupational therapy and speech therapy	5,263,417	5,354,065
Operating and recovery room	5,203,556	3,825,646
Laboratory	4,624,865	3,609,052
Pharmacy	4,426,231	4,234,776
Central supply, food and nutrition	3,667,872	1,653,245
Physician clinic	3,363,288	1,601,063
Respiratory therapy, EKG, and EEG	2,767,601	2,466,118
Emergency room	2,244,357	1,885,705
Anesthesiology	1,951,057	1,373,874
Ambulance	881,462	706,057
Home health	826,685	818,133
	47,433,419	38,626,049
TOTAL GROSS PATIENT CHARGES	51,544,496	42,149,287
LESS		
Contractual allowances and other deductions -		
Medicare	11,247,163	8,427,593
Medicaid	1,604,398	1,179,137
Other	3,448,019	3,132,148
Charity care	501,545	581,917
NET PATIENT SERVICE REVENUE	$ 34,743,371	28,828,492

Phelps Memorial Health Center **Exhibit 2**

Statements of Departmental Expenses
For the Years Ended December 31, 2013 and 2012

	2013			2012		
	Salaries and Wages	Supplies and Other	Total	Salaries and Wages	Supplies and Other	Total
NURSING SERVICES						
Adults, swing bed, intensive care, hospice and observation	$ 2,516,755	90,015	2,606,770	2,189,177	118,618	2,307,795
Nursing administration	319,704	454,835	774,539	292,749	306,605	599,354
	2,836,459	544,850	3,381,309	2,481,926	425,223	2,907,149
OTHER PROFESSIONAL SERVICES						
Central supply	33,441	2,065,196	2,098,637	28,690	1,047,709	1,076,399
Physical therapy, occupational therapy and speech therapy	--	1,962,665	1,962,665	--	2,004,190	2,004,190
Pharmacy	282,117	1,580,528	1,862,645	230,524	1,640,657	1,871,181
Physician clinic	217,929	1,239,835	1,457,764	481,067	500,251	981,318
Radiology, mammograms, ultrasound, nuclear medicine, MRI, vascular studies and CT scan	611,903	466,371	1,078,274	641,909	528,816	1,170,725
Laboratory	536,967	525,958	1,062,925	514,350	474,062	988,412
Operating and recovery room	682,719	217,737	900,456	586,629	116,746	703,375
Emergency room	121,184	743,019	864,203	242,389	655,742	898,131
Anesthesiology	--	775,844	775,844	--	608,701	608,701
Respiratory therapy, EKG and EEG	466,301	122,991	589,292	463,062	122,348	585,410
Home health	447,935	91,484	539,419	430,944	92,248	523,192
Medical records	163,981	119,385	283,366	158,641	134,797	293,438
Ambulance	78,228	60,255	138,483	84,143	56,944	141,087
	3,642,705	9,971,268	13,613,973	3,862,348	7,983,211	11,845,559
GENERAL SERVICES						
Plant operations and maintenance	251,682	897,986	1,149,668	212,976	713,215	926,191
Dietary	330,590	403,806	734,396	313,859	387,522	701,381
Housekeeping	232,958	123,729	356,687	230,154	94,782	324,936
Laundry	92,265	43,239	135,504	107,149	56,039	163,188
	907,495	1,468,760	2,376,255	864,138	1,251,558	2,115,696
ADMINISTRATIVE SERVICES AND EMPLOYEE BENEFITS	2,076,485	4,592,979	6,669,464	1,991,156	4,269,294	6,260,450
NONDEPARTMENTAL						
Depreciation and amortization	--	4,439,945	4,439,945	--	2,869,768	2,869,768
Insurance	--	264,201	264,201	--	271,677	271,677
Interest	--	38,923	38,923	--	18,646	18,646
	--	4,743,069	4,743,069	--	3,160,091	3,160,091
GRAND TOTAL	$ 9,463,144	21,320,926	30,784,070	9,199,568	17,089,377	26,288,945

Phelps Memorial Health Center **Exhibit 3**

Statistical Highlights
For the Years Ended December 31, 2013 and 2012

	2013	2012
Patient days -		
Acute and intensive care		
Medicare	2,258	2,144
Other	1,146	1,093
Subtotal	3,404	3,237
Swing bed	1,638	1,055
Newborn	260	189
Total	5,302	4,481
Patient discharges -		
Acute and intensive care		
Medicare	571	482
Other	395	368
Subtotal	966	850
Swing bed	207	113
Newborn (deliveries)	131	101
Total	1,304	1,064
Average length of stay -		
Acute and intensive care		
Medicare	4 0 days	4 4 days
Other	2 9 days	3 0 days
Swing bed	7 9 days	9 3 days
Percent occupancy – acute, intensive care and swing bed	55 3%	46 9%
Emergency room visits	3,200	3,169
Home health visits	3,982	5,137
Surgeries	665	640
Full-time equivalent employees	196 40	192 58