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<div> <div>Form <b>990</b></div> <div>  </div> <div> <div>Department of the Treasury</div> <div>Internal Revenue Service</div> </div> </div>	<div>Return of Organization Exempt From Income Tax</div> <div>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)</div> <div> <div>▶ 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.</div> <div>▶ Information about Form 990 and its instructions is at <a href="http://www.irs.gov/form990">www.irs.gov/form990</a></div> </div>	<div>OMB No 1545-0047</div> <div>2013</div> <div>Open to Public Inspection</div>
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**A For the 2013 calendar year, or tax year beginning 07-01-2013 , 2013, and ending 06-30-2014**

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization MUNSON MEDICAL CENTER		<b>D</b> Employer identification number 38-1362830	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) PO BOX 1188	Room/suite	<b>E</b> Telephone number (231) 935-5000	
	City or town, state or province, country, and ZIP or foreign postal code TRAVERSE CITY, MI 496851188		<b>G</b> Gross receipts \$ 524,903,803	
	<b>F</b> Name and address of principal officer ALFRED PILONG 1105 SIXTH ST TRAVERSE CITY, MI 49684		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) <input type="checkbox"/> (Insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(c)</b> Group exemption number ▶		
<b>J</b> Website: ▶ WWW.MUNSONHEALTHCARE.ORG				
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L</b> Year of formation 1947	<b>M</b> State of legal domicile MI

<b>Part I</b>	<b>Summary</b>
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Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities AS A VITAL PART OF MUNSON HEALTHCARE, MUNSON MEDICAL CENTER EXISTS TO DELIVER COMPREHENSIVE QUALITY CARE TO PATIENTS IN PARTNERSHIP WITH PHYSICIANS		
	<b>2</b> Check this box <input checked="" type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	20
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	14
	<b>5</b> Total number of individuals employed in calendar year 2013 (Part V, line 2a) . . . . .	<b>5</b>	4,306
<b>6</b> Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	340	
<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	<b>7a</b>	103,935	
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34 . . . . .	<b>7b</b>	21,914	
Revenue		<b>Prior Year</b>	<b>Current Year</b>
	<b>8</b> Contributions and grants (Part VIII, line 1h) . . . . .	13,692,326	15,566,921
	<b>9</b> Program service revenue (Part VIII, line 2g) . . . . .	476,205,605	491,299,221
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .	15,845,427	12,876,088
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	5,165,395	5,053,776
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	510,908,753	524,796,006
Expenses	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .	723,296	767,089
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) . . . . .		0
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	232,012,235	230,901,018
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) . . . . .		0
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <input checked="" type="checkbox"/> 543,836		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .	235,489,843	239,588,386
	<b>18</b> Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	468,225,374	471,256,493
	<b>19</b> Revenue less expenses Subtract line 18 from line 12 . . . . .	42,683,379	53,539,513
	Net Assets or Fund Balances		<b>Beginning of Current Year</b>
<b>20</b> Total assets (Part X, line 16) . . . . .		644,627,684	699,109,815
<b>21</b> Total liabilities (Part X, line 26) . . . . .		275,686,748	272,725,068
<b>22</b> Net assets or fund balances Subtract line 21 from line 20 . . . . .		368,940,936	426,384,747

<b>Part II</b>	<b>Signature Block</b>
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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.

<b>Sign Here</b>	*****			2015-05-14	
	Signature of officer			Date	
	MARK A HEPLER CHIEF FINANCIAL OFFICER Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name		Preparer's signature		Date
	Check <input type="checkbox"/> if self-employed			PTIN	
	Firm's name			Firm's EIN	
	Firm's address			Phone no	

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

AS A VITAL PART OF MUNSON HEALTHCARE, MUNSON MEDICAL CENTER EXISTS TO DELIVER COMPREHENSIVE QUALITY CARE TO PATIENTS IN PARTNERSHIP WITH PHYSICIANS

2

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

YesNo

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?

YesNo

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 \$ 428,302,880 including grants of \$ 767,089 ) (Revenue \$ 494,387,555 )

EXPENSES INCURRED WHILE PROVIDING HOSPITAL SERVICES TO THE RESIDENTS OF TRAVERSE CITY, MICHIGAN AND THE SURROUNDING AREA WHILE FULFILLING THE HOSPITAL'S MISSION TO PROVIDE HEALTHCARE IN THE COMMUNITY

4b

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

4c

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

4d




















Other program services (Describe in Schedule O )

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

4e

Total program service expenses ▶ 428,302,880

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	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	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? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	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? <i>If so, complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	35b	Yes	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> 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	396	1c		
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?				
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	4,306	2b	Yes	
b		If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).				
3a		Did the organization have unrelated business gross income of \$1,000 or more during the year?				
b		If "Yes," has it filed a Form 990-T for this year? <i>If "No" to line 3b, provide an explanation in Schedule O.</i>		3b	Yes	
4a		At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		No
b		If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a		Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		No
b		Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c		If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a		Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		No
b		If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7 Organizations that may receive deductible contributions under section 170(c).						
a		Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a		No
b		If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c		Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d		If "Yes," indicate the number of Forms 8282 filed during the year.		7d		
e		Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		No
f		Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		No
g		If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h		If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8		Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9		Sponsoring organizations maintaining donor advised funds.				
a		Did the organization make any taxable distributions under section 4966?		9a		
b		Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10 Section 501(c)(7) organizations. Enter						
a		Initiation fees and capital contributions included on Part VIII, line 12.		10a		
b		Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b		
11 Section 501(c)(12) organizations. Enter						
a		Gross income from members or shareholders.		11a		
b		Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b		
12a		Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a		
b		If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.						
a		Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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? <i>If "No," provide an explanation in Schedule O.</i>		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 . . . . .	20	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	14	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5	No
6	Did the organization have members or stockholders? . . . . .	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a The governing body? . . . . .	8a	Yes
8b	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
10b	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
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	12b	Yes
12c	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?		
15a	a The organization's CEO, Executive Director, or top management official . . . . .	15a	Yes
15b	b Other officers or key employees of the organization . . . . .	15b	Yes
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	16a	Yes
16b	b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> 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 ▶MUNSON HEALTHCARE 4230 COPPER RIDGE DR TRAVERSE CITY, MI 49684 (231) 935-7777

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

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

Form **990** (2013)



## Part VII

<b>1b</b>	<b>Sub-Total . . . . .</b>	▼			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A . . . . .</b>	▼			
<b>d</b>	<b>Total (add lines 1b and 1c) . . . . .</b>	▼	4,905,490	1,490,904	825,369

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<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .

## Section B. Independent Contractors

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
CERNER CORPORATION, PO BOX 412702 KANSAS CITY MO 64151	INFO TECHNOLOGY	5,787,661
HOSPITALISTS OF NORTHWEST MICHIGAN, 1105 SIXTH ST TRAVERSE CITY MI 49684	MEDICAL SERVICE	5,767,802
HURON CONSULTING, 3005 MOMENTUM PLACE CHICAGO IL 60689	CONSULTING	3,011,317
AHEAD LLC, 4999 NETWORK PLACE CHICAGO IL 606731499	INFO TECHNOLOGY	2,115,981
CARDIOTHORACIC SURGEONS GT PC, 107 S CASS ST TRAVERSE CITY MI 49684	MEDICAL SERVICE	2,001,752

\$100,000 of compensation from the organization ➡ 133

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d	8,414,805			
	e	Government grants (contributions)	1e	6,715,891			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	436,225			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		15,566,921			
Program Service Revenue	2a	MEDICARE AND MEDICAID PMTS	Business Code 621990	248,938,334	248,938,334		
	b	PATIENT SERVICE REVENUE	621990	237,040,930	237,040,930		
	c	HEALTH SERVICE REVENUE	621990	2,521,618	2,521,618		
	d	SERVICES TO OTHER ORGANIZATIO	621990	2,290,691	2,290,691		
	e	RENT FROM RELATED ORGS	531120	412,644	412,644		
	f	All other program service revenue		95,004		95,004	
	g	Total. Add lines 2a-2f . . . . .		491,299,221			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		6,715,606	2,814,163	
4		Income from investment of tax-exempt bond proceeds . . . . .					
5		Royalties . . . . .					
6a		(i) Real					
		215,037					
		(ii) Personal					
b		Less rental expenses					
c		Rental income or (loss)					
d		Net rental income or (loss) . . . . .		215,037			215,037
7a		(i) Securities					
		5,878,768					
		(ii) Other					
		352,391					
b		Less cost or other basis and sales expenses					
c		Gain or (loss)					
d		Net gain or (loss) . . . . .		6,160,482	265,240		5,895,242
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .					
a							
b		Less direct expenses . . . . .					
c	Net income or (loss) from fundraising events . . . . .						
9a	Gross income from gaming activities See Part IV, line 19 . . . . .						
a							
b	Less direct expenses . . . . .						
c	Net income or (loss) from gaming activities . . . . .						
10a	Gross sales of inventory, less returns and allowances . . . . .						
	a						
	39,010						
b	Less cost of goods sold . . . . .						
c	Net income or (loss) from sales of inventory . . . . .		1,890		1,890		
Miscellaneous Revenue		Business Code					
11a	CAFETERIA SALES	722210	3,780,599			3,780,599	
b	MISCELLANEOUS	621990	608,744			608,744	
c	AUXILIARY GIFT SHOP	446199	440,465			440,465	
d	All other revenue . . . . .		7,041		7,041		
e	Total. Add lines 11a-11d . . . . .		4,836,849				
12	Total revenue. See Instructions . . . . .		524,796,006	494,283,620	103,935	14,841,530	

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.	175,000	175,000		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	592,089	592,089		
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.	2,533,810		2,533,810	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	171,877,358	152,745,713	19,131,645	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	14,269,613	12,696,120	1,573,493	
9	Other employee benefits.	29,233,776	25,732,835	3,500,941	
10	Payroll taxes.	12,986,461	11,392,953	1,593,508	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	92,334		92,334	
c	Accounting.	143,398		143,398	
d	Lobbying.	8,500		8,500	
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).	50,071,954	43,205,629	6,322,489	543,836
12	Advertising and promotion.	713,777	156,487	557,290	
13	Office expenses.	5,189,819	3,419,798	1,770,021	
14	Information technology.	11,635,788	4,087,260	7,548,528	
15	Royalties.				
16	Occupancy.	9,345,602	7,881,293	1,464,309	
17	Travel.	467,671	384,046	83,625	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	768,834	629,653	139,181	
20	Interest.	5,470,219	4,971,473	498,746	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	27,168,438	24,693,462	2,474,976	
23	Insurance.	2,941,502	2,371,253	570,249	
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	119,191,677	119,191,677		
b	BAD DEBT	15,361,994	15,361,994		
c	REPAIRS AND MAINTENANCE	6,441,666	6,064,674	376,992	
d	DIETARY	819,329	645,132	174,197	
e	All other expenses	-16,244,116	-8,095,661	-8,148,455	
25	Total functional expenses. Add lines 1 through 24e.	471,256,493	428,302,880	42,409,777	543,836
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 <input type="checkbox"/> 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)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		50,193	1	32,299
	2	Savings and temporary cash investments		100,334,093	2	129,440,060
	3	Pledges and grants receivable, net		624,449	3	803,505
	4	Accounts receivable, net		67,536,302	4	66,090,879
	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	555,403
	8	Inventories for sale or use		11,882,176	8	14,168,873
	9	Prepaid expenses and deferred charges		6,845,339	9	7,166,708
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	527,610,733		
	b	Less accumulated depreciation	10b	291,153,615	236,480,866	10c 236,457,118
	11	Investments—publicly traded securities		188,024,381	11	214,998,313
	12	Investments—other securities See Part IV, line 11		28,032,624	12	26,528,710
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		449,717	14	381,830
	15	Other assets See Part IV, line 11		4,367,544	15	2,486,117
	16	Total assets. Add lines 1 through 15 (must equal line 34)		644,627,684	16	699,109,815
Liabilities	17	Accounts payable and accrued expenses		39,555,331	17	40,857,895
	18	Grants payable			18	
	19	Deferred revenue		117,929	19	203,185
	20	Tax-exempt bond liabilities		127,037,476	20	125,011,515
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		108,976,012	25	106,652,473
	26	Total liabilities. Add lines 17 through 25		275,686,748	26	272,725,068
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		347,274,449	27	407,924,224
	28	Temporarily restricted net assets		21,666,487	28	18,460,523
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		368,940,936	33	426,384,747
	34	Total liabilities and net assets/fund balances		644,627,684	34	699,109,815

Part XI Reconciliation 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	524,796,006
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	471,256,493
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	53,539,513
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	368,940,936
5	Net unrealized gains (losses) on investments . . . . .	5	20,211,019
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	-16,306,721
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	426,384,747

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

## Additional Data

**Software ID:**  
**Software Version:**  
**EIN:** 38-1362830  
**Name:** MUNSON MEDICAL CENTER

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
EDWIN A NESS TRUSTEE	4 00 36 00	X						0	787,424	243,620
ALFRED PILONG CEO & PRESID	40 00	X		X				338,552	0	71,939
KAREN SPEIRS DO PHYSICIAN	40 00	X						316,430	0	15,835
DANIEL T WOLF TRUSTEE	1 00 6 00	X						0	24,500	0
REX ANTINOZZI MD CHAIR	1 00 4 00	X		X				21,500	0	0
JOHN ERB FORMER CHAIR	4 00 1 00	X						15,500	0	0
DAVID FRIAR MD TRUSTEE	4 00	X						12,500	0	0
GORDON H WINSTANLEY TRUSTEE	4 00	X						12,500	0	0
JOSEPH KOSTRZEWA TRUSTEE	4 00	X						12,500	0	0
NANCY FISHER TRUSTEE	4 00	X						12,500	0	0
PATRICK E HEINTZ SECRETARY	6 00	X		X				12,500	0	0
GEORGE BEARUP VICE CHAIR	4 00	X		X				12,500	0	0
EDWARD J RUTKOWSKI MD TRUSTEE	4 00	X						12,500	0	0
DANIEL NAVIN MD TREASURER	6 00	X		X				12,500	0	0
DOUGLAS LUCIANI TRUSTEE	4 00	X						9,375	3,125	0
JAMES W HOOK TRUSTEE	4 00	X						9,375	0	0
ROBERT P SCHAFER TRUSTEE	4 00	X						9,375	0	0
CARL B ANDERS MD TRUSTEE	4 00	X						6,250	0	0
JILL E VOLLEBECHT MD TRUSTEE	4 00	X						0	0	0
SUSAN J UNGER TRUSTEE	4 00	X						0	0	0
DANIEL C EDSON TRUSTEE	4 00	X						0	0	0
TIMOTHY NELSON TRUSTEE	4 00	X						0	0	0
MARK A HEPLER CFO	22 00 18 00			X				0	356,013	63,875
KATHLEEN MCMANUS FORMER EXEC	40 00				X			435,034	0	30,821
DAVID MCGREAHAM MD VP MEDICAL	40 00				X			325,458	0	51,388

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

[illegible]

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

<b>Name of the organization</b> MUNSON MEDICAL CENTER	<b>Employer identification number</b> 38-1362830
----------------------------------------------------------	-----------------------------------------------------

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	<input type="checkbox"/>	A church, convention of churches, or association of churches described in <b>section 170(b)(1)(A)(i).</b>
2	<input type="checkbox"/>	A school described in <b>section 170(b)(1)(A)(ii).</b> (Attach Schedule E )
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in <b>section 170(b)(1)(A)(iii).</b>
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(1)(A)(iii).</b> Enter the hospital's name, city, and state _____
5	<input type="checkbox"/>	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in <b>section 170(b)(1)(A)(iv).</b> (Complete Part II )
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in <b>section 170(b)(1)(A)(v).</b>
7	<input type="checkbox"/>	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in <b>section 170(b)(1)(A)(vi).</b> (Complete Part II )
8	<input type="checkbox"/>	A community trust described in <b>section 170(b)(1)(A)(vi)</b> (Complete Part II )
9	<input type="checkbox"/>	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 <b>section 509(a)(2).</b> (Complete Part III )
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See <b>section 509(a)(4).</b>
11	<input type="checkbox"/>	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 <b>section 509(a)(3).</b> Check the box that describes the type of supporting organization and complete lines 11e through 11h <b>a</b> <input type="checkbox"/> Type I <b>b</b> <input type="checkbox"/> Type II <b>c</b> <input type="checkbox"/> Type III - Functionally integrated <b>d</b> <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? <b>(i)</b> 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? <b>(ii)</b> A family member of a person described in (i) above? <b>(iii)</b> A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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



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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 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 MUNSON MEDICAL CENTER	Employer identification number  38-1362830
---------------------------------------------------	--------------------------------------------------

**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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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 <b>Form 1120-POL</b> for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> 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)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		8,500
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		14,913
j	Total. Add lines 1c through 1i.			23,413
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
SCHEDULE C, PART II-B, LINE 1	GRASSROOTS LOBBYING EXPENSES GRANTED TO ORGANIZATIONS. OTHER ACTIVITIES INDICATE THE PORTION OF DUES ALLOCATED TO LOBBYING EXPENSES PAID TO REGIONAL OR NATIONAL ORGANIZATIONS.

[illegible]

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](http://www.irs.gov/form990).**

OMB No 1545-0047

2013

Open to Public Inspection

<b>Name of the organization</b> MUNSON MEDICAL CENTER	<b>Employer identification number</b>  38-1362830
----------------------------------------------------------	---------------------------------------------------------

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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	
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? <div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>	

Part II

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

1

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

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2013



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
- c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
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 . . . . .	209,694,426	180,234,157	166,996,705	143,412,065	128,015,726
b Contributions . . . . .	4,386,641	12,760,078	9,477,532	996,567	2,073,910
c Net investment earnings, gains, and losses	28,104,434	18,163,160	4,724,667	23,516,814	14,807,677
d Grants or scholarships . . . . .	662,105	589,921			
e Other expenditures for facilities and programs . . . . .	6,934,457	80,507	87,150	141,430	1,054,734
f Administrative expenses . . . . .	1,130,102	792,541	877,667	787,311	430,514
g End of year balance . . . . .	233,458,837	209,694,426	180,234,157	166,996,705	143,412,065

- 2

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

Board designated or quasi-endowment ▶ 92 090 %

b

Permanent endowment ▶

c

Temporarily restricted endowment ▶ 7 910 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations . . . . .

3a(i)

Yes

No

(ii) related organizations . . . . .

3a(ii)

Yes

b

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

3b

Yes

4

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

Part VI

Land, Buildings, and Equipment. 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 . . . . .		15,186,700		15,186,700
b Buildings . . . . .		294,794,906	139,422,942	155,371,964
c Leasehold improvements . . . . .		1,386,196	181,871	1,204,325
d Equipment . . . . .		201,479,794	150,571,352	50,908,442
e Other . . . . .		14,763,137	977,450	13,785,687
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				236,457,118

Schedule D (Form 990) 2013



Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

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

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
SCHEDULE D, PAGE 3, PART X	ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE ORGANIZATION AND RECOGNIZE A TAX LIABILITY IF THE ORGANIZATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE IRS OR OTHER APPLICABLE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE ORGANIZATION, AND HAS CONCLUDED THAT AS OF JUNE 30, 2014, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE FINANCIAL STATEMENTS. THE ORGANIZATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. MANAGEMENT BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO JUNE 30, 2010.
SCHEDULE D, PAGE 4, PART XIII	THE BOARD OF TRUSTEES DESIGNATES SUBSTANTIAL INVESTMENTS FOR THE REPLACEMENT, IMPROVEMENT, AND THE EXPANSION OF TANGIBLE FACILITIES OWNED BY MUNSON MEDICAL CENTER TO ENSURE FUNDS ARE AVAILABLE TO MAINTAIN THE HOSPITAL ASSETS TO CARRY OUT ITS MISSION. A PORTION OF THE TERM ENDOWMENT ASSETS ARE THOSE HELD FOR SPECIFIC MEDICAL PURPOSES, AS DEFINED BY DONORS. THOSE ASSETS ARE BEING HELD FOR A VARIETY OF DONOR INTERESTS INCLUDING ADAPTIVE SPORTS, PEDIATRIC THERAPY, OTHER PEDIATRIC MEDICAL NEEDS, RESEARCH, AND PATIENT ASSISTANCE.

[illegible]

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  
MUNSON MEDICAL CENTER

Employer identification number  
38-1362830

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

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) . . . .			4,987,784		4,987,784	1 080 %
b Medicaid (from Worksheet 3, column a) . . . . .			43,192,518	30,893,677	12,298,841	2 650 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .			642,318	309,740	332,578	0 070 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .			48,822,620	31,203,417	17,619,203	3 800 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			3,356,824	1,215,241	2,141,583	0 460 %
f Health professions education (from Worksheet 5) . . . .			4,660,087	2,442,704	2,217,383	0 480 %
g Subsidized health services (from Worksheet 6) . . . .			316,665	26,619	290,046	0 060 %
h Research (from Worksheet 7) . . . . .			1,124,713	280,530	844,183	0 180 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . .			499,043	41,189	457,854	0 100 %
j <b>Total</b> Other Benefits . . . .			9,957,332	4,006,283	5,951,049	1 280 %
k <b>Total.</b> Add lines 7d and 7j . .			58,779,952	35,209,700	23,570,252	5 080 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development			5,943		5,943	
3Community support			8,815		8,815	
4Environmental improvements			30,658		30,658	0.010 %
5Leadership development and training for community members			865		865	
6Coalition building			427		427	
7Community health improvement advocacy			306		306	
8Workforce development			25,229		25,229	0.010 %
9Other						
10Total			72,243		72,243	0.020 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

15,614,425

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

5,896,007

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

236,991,998

6

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

6

236,907,400

7

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

7

84,598

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IVManagement 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 NW MI SURGERY CENTER	AMBULATORY SURGERY CENTER	49.000 %		51.000 %
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)

MUNSON MEDICAL CENTER

Name of hospital facility or facility reporting group

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
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The health needs of the community		
<b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
<b>3</b> 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 . . . . .	<b>3</b> Yes	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b> Yes	
<b>5</b> Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.MUNSONHEALTHCARE.ORG</u>		
<b>b</b> <input checked="" type="checkbox"/> Other website (list url) <u>WWW.MUNSONHEALTHCARE.ORG/CHNA</u>		
<b>c</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>d</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> 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)		
<b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b> <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b> <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> 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 . . . . .	<b>7</b>	No
<b>8a</b> 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)? . . . . .	<b>8a</b>	No
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b> If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		



Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
<b>9</b> 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?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input type="checkbox"/> Medical indigency					
<b>d</b> <input checked="" type="checkbox"/> Insurance status					
<b>e</b> <input type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input checked="" type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input checked="" type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> 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? . . . . .		<b>15</b>	Yes		
<b>16</b> 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					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> 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? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> 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
<b>19</b> Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate why	Yes	
<div><b>a</b></div> <div><input type="checkbox"/></div> <div>The hospital facility did not provide care for any emergency medical conditions</div>		
<div><b>b</b></div> <div><input type="checkbox"/></div> <div>The hospital facility's policy was not in writing</div>		
<div><b>c</b></div> <div><input type="checkbox"/></div> <div>The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)</div>		
<div><b>d</b></div> <div><input type="checkbox"/></div> <div>Other (describe in Part VI)</div>		

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

<b>20</b> 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		
<div><b>a</b></div> <div><input type="checkbox"/></div> <div>The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged</div>		
<div><b>b</b></div> <div><input type="checkbox"/></div> <div>The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged</div>		
<div><b>c</b></div> <div><input type="checkbox"/></div> <div>The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged</div>		
<div><b>d</b></div> <div><input checked="" type="checkbox"/></div> <div>Other (describe in Part VI)</div>		
<b>21</b> 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? . . . . . If "Yes," explain in Part VI		No
<b>22</b> 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? . . . . . If "Yes," explain in Part VI		No

**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.

[illegible]

**Part V**

**Facility Information** *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **10**

Name and address		Type of Facility (describe)
<b>1</b>	MUNSON COMMUNITY HEALTH CENTER 550 MUNSON AVENUE TRAVERSE CITY, MI 49686	OUTPATIENT
<b>2</b>	BIEDERMAN CANCER CENTER 1120 SIXTH ST TRAVERSE CITY, MI 49684	RADIATION THERAPY
<b>3</b>	MRI CENTER 217 S MADISON TRAVERSE CITY, MI 49684	MRI
<b>4</b>	SMITH FAMILY BREAST HEALTH CENTER COPPER RIDGE TRAVERSE CITY, MI 49684	MAMMOGRAPHY AND WOMEN'S HEALTH
<b>5</b>	IV THERAPY 1200 SIXTH ST TRAVERSE CITY, MI 49684	IV THERAPY
<b>6</b>	CHEMICAL DEPENDENCY CENTER 420 BROOK ST TRAVERSE CITY, MI 49684	REHABILITATION
<b>7</b>	MUNSON MANOR 1220 MEDICAL CAMPUS DR TRAVERSE CITY, MI 49684	HOSPITALITY HOUSE
<b>8</b>	ADVANCED WOUND CENTER 5085 ANNA DR TRAVERSE CITY, MI 49684	PATIENT WOUND CARE
<b>9</b>	MUNSON HOSPICE HOUSE 450 BROOK ST TRAVERSE CITY, MI 49684	HOSPICE CARE HOUSE
<b>10</b>	MUNSON RENAL DIALYSIS 4062 WEST ROYAL DRIVE TRAVERSE CITY, MI 49684	RENAL DIALYSIS UNIT

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 - OTHER INCOME BASED CRITERIA FOR FREE OR DISCOUNTED CARE	INCOME UP TO 200% OF THE FPG = 100% DISCOUNT ON CHARGES INCOME BETWEEN 201% AND 300% FPG = 75% DISCOUNT ON CHARGES INCOME BETWEEN 301% AND 400% FPG = 50% DISCOUNT ON CHARGES FAMILY INCOME MAY INCLUDE ALL INCOME ATTRIBUTABLE TO ALL MEMBERS OF THE FAMILY IN THE RESIDENCE, OTHER THAN MINIMAL AMOUNTS EARNED BY MINORS FAMILY INCOME INCLUDES THE FOLLOWING WHEN COMPUTING FPG INCLUDES EARNINGS, UNEMPLOYMENT COMPENSATION, WORKER'S COMPENSATION, SOCIAL SECURITY, SUPPLEMENTAL SECURITY INCOME, PUBLIC ASSISTANCE, VETERANS' PAYMENTS, SURVIVOR BENEFITS, PENSION OR RETIREMENT INCOME, INTEREST, DIVIDENDS, RENTS, ROYALTIES, INCOME FROM ESTATES, EDUCATIONAL ASSISTANCE, ALIMONY, CHILD SUPPORT, ASSISTANCE FROM OUTSIDE THE HOUSEHOLD, AND OTHER MISCELLANEOUS SOURCES, CASH, CHECKING AND SAVINGS BALANCES, MONEY MARKET ACCOUNTS, CERTIFICATES OF DEPOSIT, IRAS TRUSTS, INHERITANCES, ANNUITIES, SAVINGS BONDS, STOCKS, MUTUAL FUNDS, AND/OR CASH VALUE OF LIFE INSURANCE

Form and Line Reference	Explanation
PART I, LINE 7G - SUBSIDIZED HEALTH SERVICES EXPLANATION	THERE ARE NO PHYSICIAN CLINICS IN SUBSIDIZED HEALTH SERVICES

Form and Line Reference	Explanation
PART I, LINE 7, COLUMN (F) - EXCLUSIONS FROM PERCENT OF TOTAL EXPENSE	TOTAL EXPENSES FROM FORM 990, PART IX, LINE 25, ARE 471,256,493 AND THE PROPORTIONATE SHARE OF TOTAL EXPENSES OF THE AMBULATORY SURGERY CENTER IS 8,057,553 THE BAD DEBT EXPENSE INCLUDED IN THIS AMOUNT WAS 15,614,425 THE NET EXPENSE OF 463,699,621 WAS USED FOR PURPOSES OF CALCULATING LINE 7, COLUMN (F)

Form and Line Reference	Explanation
PART I, LINE 7 - COSTING METHODOLOGY EXPLANATION	COST VALUES FOR LINE 7 ARE BASED ON THE COST TO CHARGE RATIO COMPUTATION OR ACTUAL CASH PAID



Form and Line Reference	Explanation
PART II - COMMUNITY BUILDING ACTIVITIES	MUNSON MEDICAL CENTER (MMC) PROVIDED 72,243 IN COMMUNITY-BUILDING ACTIVITIES DURING THE 2013 TAX YEAR THE MOST SIGNIFICANT PORTION OF THIS INVESTMENT WAS IN ENVIRONMENTAL IMPROVEMENTS RELATING TO THE RECYCLING OF ELECTRONIC EQUIPMENT ADDITIONAL ACTIVITIES INCLUDED ADMINISTRATIVE SUPPORT ON MANY BOARDS, WORKFORCE DEVELOPMENT, ADVISORY COMMITTEES, AND COLLABORATIVE EFFORTS MMC CONTINUES AS A GUIDING FORCE IN MICHIGAN'S REGION 7 BIO-TERRORISM/DISASTER PREPAREDNESS MUNSON ALSO WORKS ON GRANT WRITING IN AN EFFORT TO SECURE FUNDS TO SUPPORT THE COMMUNITY

Form and Line Reference	Explanation
PART III, LINE 3 BAD DEBT EXPENSE, PATIENTS ELIGIBLE FOR ASSISTANCE	TO DETERMINE THE AMOUNT OF BAD DEBT ATTRIBUTABLE TO PATIENTS WHO WOULD PROBABLY QUALIFY UNDER MUNSON MEDICAL CENTER'S CHARITY CARE POLICY, MUNSON DIRECTED AN INTERNAL STUDY FROM A 3-MONTH SAMPLE OF CURRENT BAD DEBT ACCOUNTS FIRST, THE STUDY IDENTIFIED THE SELF-PAY PORTION OF THE BAD DEBT EXPENSE THEN, THE SELF-PAY ACCOUNTS WERE ANALYZED USING REVENUE CYCLE ANALYTIC SOFTWARE, TO IDENTIFY POTENTIAL CHARITY CARE CANDIDATES USING THE SOFTWARE ESTIMATIONS, A PORTION OF THE SELF-PAY ACCOUNTS WERE DEEMED CHARITY CARE ELIGIBLE THAT ESTIMATED PORTION WAS APPLIED TO THE SELF-PAY BAD DEBT DOLLAR AMOUNT TO DETERMINE THE AMOUNT OF BAD DEBT THAT WOULD BE CONSIDERED CHARITY IF THE PROPER APPLICATIONS AND DOCUMENTATION WERE AVAILABLE FROM THE PATIENTS

Form and Line Reference	Explanation
BAD DEBT EXPENSE FOOTNOTE TO FINANCIAL STATEMENTS	THE ACCOUNTS RECEIVABLE FOOTNOTE TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MUNSON HEALTHCARE AND SUBSIDIARIES STATES THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS BASED UPON MANAGEMENTS ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING BUSINESS AND GENERAL ECONOMIC CONDITIONS IN ITS SERVICE AREA, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON ACCOUNTS RECEIVABLE PAYOR COMPOSITION AND HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY AND OTHER FACTORS THE RESULTS OF THESE REVIEWS ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AFTER AMOUNTS DUE FROM THIRD-PARTY PAYORS ARE SATISFIED AND REASONABLE EFFORTS TO COLLECT FROM THE PATIENT HAVE BEEN EXHAUSTED, THE ORGANIZATION FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST-DUE PATIENT BALANCES WITH COLLECTION AGENCIES

Form and Line Reference	Explanation
PART III, LINE 9B - COLLECTION PRACTICES EXPLANATION	MUNSON HEALTHCARE'S INTERNAL AND EXTERNAL COLLECTION PRACTICES (INCLUDING ACTIONS THE HOSPITAL MAY TAKE IN THE EVENT OF NON-PAYMENT, INCLUDING COLLECTIONS ACTIONS AND REPORTING TO COLLECTION AGENCIES) SHALL TAKE INTO ACCOUNT THE EXTENT TO WHICH THE PATIENT QUALIFIES FOR CHARITY, A PATIENT'S GOOD FAITH EFFORT TO APPLY FOR A GOVERNMENTAL PROGRAM OR FOR CHARITY FROM MUNSON HEALTHCARE, AND A PATIENT'S GOOD FAITH EFFORT TO COMPLY WITH HIS/HER PAYMENT AGREEMENTS WITH MUNSON HEALTHCARE FOR PATIENTS WHO QUALIFY FOR CHARITY AND WHO ARE COOPERATING IN GOOD FAITH TO RESOLVE THEIR DISCOUNTED HOSPITAL BILLS, MUNSON HEALTHCARE MAY OFFER EXTENDED PAYMENT PLANS, WILL NOT SEND UNPAID BILLS TO OUTSIDE COLLECTION AGENCIES, AND WILL CEASE ALL COLLECTION EFFORTS ON ANY UNPAID BALANCES ON ACCOUNTS THAT WERE OPENED WITHIN ONE YEAR OF THE DATE THAT THE PATIENT QUALIFIED FOR CHARITY UNDER THIS POLICY

Form and Line Reference	Explanation
PART VI, LINE 2 - NEEDS ASSESSMENT	<p>THE MUNSON HEALTHCARE BOARD OF DIRECTORS MAINTAINS A STANDING COMMUNITY HEALTH COMMITTEE (CHC) TO SERVE THE MUNSON HEALTHCARE SYSTEM. THE CHC CONSISTS OF MUNSON HEALTHCARE BOARD MEMBERS FROM MUNSON HEALTHCARE HOSPITALS AND OTHER INTERESTED AREA PHYSICIANS AND COMMUNITY MEMBERS APPOINTED BY THE MUNSON HEALTHCARE BOARD CHAIRPERSON. THE CHC MEETS AT LEAST QUARTERLY TO REVIEW EXISTING PROGRAMS AND SERVICES RELATED TO CURRENT COMMUNITY HEALTH NEEDS, CONSIDER THE MHC RESPONSE TO ANY EMERGING HEALTH TRENDS AS IDENTIFIED BY COMMUNITY HEALTH NEEDS ASSESSMENT, AND REVIEW ANY NEW COMMUNITY HEALTH BASED COLLABORATION OR PROGRAM. THE CHC IS RESPONSIBLE FOR COMMUNICATING INTERNALLY AND EXTERNALLY THE SIGNIFICANCE OF MHC COMMUNITY BENEFIT PROGRAMS AND SERVICES. THIS COMMITTEE IS SUPPORTED BY A COMMUNITY HEALTH DEPARTMENT OF MUNSON MEDICAL CENTER. MUNSON MEDICAL CENTER (MMC) IS A SIGNIFICANT CONTRIBUTOR TO REGIONAL EFFORTS THAT ASSESS THE HEALTH STATUS OF THE TOTAL POPULATION WITHIN OUR EXTENSIVE GEOGRAPHICAL AREA. COMMUNITY HEALTH ASSESSMENT IS AN IMPORTANT COMPONENT OF A COMMUNITY HEALTH IMPROVEMENT STRATEGY AS IT PROVIDES GUIDANCE AS TO WHERE EFFORTS SHOULD BE CONCENTRATED, AS WELL AS WHERE PROGRESS HAS BEEN MADE. THE DATA DOCUMENTED THROUGH AN ASSESSMENT SERVES AS A USEFUL REFERENCE FOR PROGRAM AND RESOURCE DEVELOPMENT EFFORTS. COMMUNITY-WIDE, MUNSON PREPARED A COMMUNITY NEEDS ASSESSMENT AND IMPLEMENTATION STRATEGY TO MEET THE REQUIREMENTS OF IRC SEC 501(R) DURING FISCAL 2013 IN ACCORDANCE WITH THE PLANS OF THE COMMUNITY HEALTH COMMITTEE OF THE BOARD. ADDITIONALLY, MUNSON WORKS IN CONJUNCTION WITH COMMUNITY COLLABORATIVES IN FIVE COUNTIES: ANTRIM, BENZIE, GRAND TRAVERSE, LEELANAU, AND KALKASKA, THE TRAVERSE CITY CHAMBER OF COMMERCE, THE LOCAL UNITED WAY, THE POVERTY REDUCTION INITIATIVE, AND OTHER REGIONAL ASSOCIATIONS TO MAINTAIN CURRENT UNDERSTANDING OF COMMUNITY NEED.</p>

Form and Line Reference	Explanation
PART VI, LINE 3 - PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	<p>IT IS THE GOAL OF MUNSON HEALTHCARE TO COMMUNICATE AND EDUCATE PATIENTS AND THE PUBLIC REGARDING THE AVAILABILITY OF FINANCIAL ASSISTANCE THIS IS ACHIEVED THROUGH ONE OR MORE OF THE FOLLOWING METHODS INFORMATION BROCHURES AVAILABLE AT THE REGISTRATION DESKS BROCHURES THAT DESCRIBE MUNSON HEALTHCARE'S FINANCIAL ASSISTANCE PROGRAM ARE AVAILABLE AT ALL REGISTRATION SITES THE BROCHURE HAS CLEAR INFORMATION ON HOW TO CONTACT A FINANCIAL COUNSELOR STATEMENT ON BILLS STATEMENTS INCLUDE VERBIAGE THAT INSTRUCTS THE PATIENT TO CALL PATIENT FINANCIAL ASSISTANCE IF THEY NEED HELP WITH THEIR BILL SIGNS IN THE ER REGISTRATION AREA ADVISES THE PATIENTS THAT THEIR CARE IS NOT WITHHELD IF THEY HAVE NO INSURANCE OR MEANS TO PAY REFERRAL BY REGISTRATION STAFF AT THE TIME OF REGISTRATION, SELF-PAY PATIENTS OR ANY PATIENT THAT MAY HAVE CONCERNS REGARDING THEIR UPCOMING ADMISSION IS REFERRED TO THE FINANCIAL COUNSELING STAFF MUNSON MEDICAL CENTER FINANCIAL COUNSELORS ARE AVAILABLE TO TALK WITH PATIENTS ABOUT THEIR FINANCIAL CONCERNS THE COUNSELORS VISIT ALL INPATIENTS THAT ARE DEEMED SELF-PAY, TO SEE IF THEY HAVE CONCERNS AND TO DETERMINE IF THEY WOULD LIKE HELP IF THE PATIENT WOULD LIKE HELP, THE COUNSELORS GATHER INCOME INFORMATION AND SCREEN THE PATIENT FOR MEDICAID GENERALLY, THESE TWO ACTIONS WILL DETERMINE WHAT PROGRAM THE PATIENT MIGHT QUALIFY FOR ONCE THE COUNSELOR DETERMINES WHAT THE PATIENT MAY QUALIFY FOR, THE COUNSELOR EDUCATES THE PATIENT ON THE AVAILABLE PROGRAMS AND ASSISTS THEM WITH COMPLETING THE APPROPRIATE APPLICATIONS THE COUNSELORS ALSO IDENTIFY ALL SELF-PAY OUTPATIENTS AND GO THROUGH THE SAME PROCESS, ONLY BY PHONE THE GOAL IS TO TALK WITH PATIENTS PRIOR TO ADMISSION, BUT WHEN THAT IS NOT POSSIBLE, THE CALL IS MADE SOON AFTER DISCHARGE AVAILABLE PROGRAMS INCLUDE BUT ARE NOT LIMITED TO MEDICAID (AND ALL OF ITS SUBSETS), SOCIAL SECURITY DISABILITY, TRAVERSE HEALTH CLINIC, MUNSON HEALTHCARE FINANCIAL ASSISTANCE, AND MUNSON MEDICAL CENTER MEDS PROGRAM</p>

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	<p>MUNSON MEDICAL CENTER DESCRIPTION MUNSON MEDICAL CENTER (MMC) IS THE LARGEST HOSPITAL IN N ORTHERN LOWER PENINSULA OF MICHIGAN, WITH 391 LICENSED ACUTE CARE BEDS AND FACILITIES ON T WO MAJOR CAMPUSES ONE OF EIGHT HOSPITALS IN THE MUNSON HEALTHCARE SYSTEM, MMC SERVES AS A RURAL REFERRAL CENTER FOR THE SURROUNDING 24-COUNTY AREA, WITH 20,815 INPATIENT ADMISSION S IN FISCAL YEAR 2014 AND AN ADDITIONAL 490,000 PLUS OUTPATIENT VISITS THE HOSPITAL SERVE D MORE THAN 14,000 SURGICAL CASES, OVER 1,900 OBSTETRICAL BIRTHS, AND OVER 50,000 EMERGENC Y ROOM VISITS LAST YEAR THE HOSPITAL HAS AN ACTIVE MEDICAL STAFF OF 510 AND MORE THAN 350 VOLUNTEERS WITH NEARLY 3,700 EMPLOYEES, MMC IS THE LARGEST EMPLOYER IN NORTHERN MICHIGAN DUE TO ITS GEOGRAPHIC LOCATION AND COMPREHENSIVE ARRAY OF SERVICES OFFERED, MMC IS DESIG NATED A RURAL REFERRAL CENTER BY THE CENTERS FOR MEDICARE AND MEDICAID MMC IS ALSO RECOGN IZED BY THE CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) AS A SOLE COMMUNITY HOSPITAL BECAUSE OF THIS STATUS, IT IS EQUIPPED TO PROVIDE CRITICAL CARE FOR PATIENTS ACROSS THE 2 4-COUNTY REGION HOSPITAL SERVICES MMC PROVIDES SERVICES IN MORE THAN 50 DIFFERENT MEDICAL SPECIALTIES AND OFFERS A WIDE RANGE OF INPATIENT AND OUTPATIENT SERVICE MMC HAS AN AWARD - WINNING OPEN-HEART SURGERY AND INTERVENTIONAL CARDIOLOGY PROGRAM, PLUS THE ONLY LEVEL II TRAUMA CENTER IN MICHIGAN'S REGION 7, WHICH COVERS 17 COUNTIES, AND THE ONLY NEONATAL INT ENSIVE CARE UNIT IN NORTHERN LOWER MICHIGAN MMC IS ALSO DESIGNATED AS A PRIMARY STROKE CE NTER BY THE JOINT COMMISSION AND ACCREDITED AS A COMPREHENSIVE COMMUNITY CANCER CENTER BY THE COMMISSION ON CANCER OF THE AMERICAN COLLEGE OF SURGEONS SPECIALIZED INPATIENT UNITS AVAILABLE AT MMC INCLUDE MEDICAL/SURGICAL INTENSIVE CARE, CARDIAC INTENSIVE CARE, NEONATAL INTENSIVE CARE, ONCOLOGY, ORTHOPEDICS, INPATIENT MENTAL HEALTH, AND PHYSICAL MEDICINE AND REHABILITATION COMPLEX SURGERIES INCLUDING CARDIOTHORACIC, HAND, NEURO-, AND VASCULAR SU RGERIES ARE AVAILABLE, AS WELL AS LESS COMPLEX SAME-DAY SURGERY A BROAD SPECTRUM OF DIAGN OSTIC AND THERAPEUTIC SERVICES SUPPORT MMC'S PROGRAMS, INCLUDING "COMPREHENSIVE RADIOLOGY SERVICES WITH CT, MRI (TRADITIONAL, OPEN BORE, AND BREAST), PET/CT, ULTRASOUND, NUCLEAR M EDICINE, DIGITAL MAMMOGRAPHY, AND X-RAY "COMPREHENSIVE CANCER TREATMENT INCLUDING RADIATIO N ONCOLOGY DELIVERED VIA BRACHYTHERAPY, IGRT AND IMRT RADIATION THERAPY, AND THE LATEST IN STEREOTACTIC RADIOSURGERY "COMPUTERIZED INPATIENT AND OUTPATIENT LABORATORY SERVICES INCL UDING THE REGIONS' ONLY MALDI-TOF SYSTEM FOR RAPID IDENTIFICATION OF MICROORGANISMS "COMP REHENSIVE REHABILITATION SERVICES, INCLUDING PHYSICAL, OCCUPATIONAL, SPEECH AND HEARING, A ND WOUND THERAPY PROGRAMS "A DEDICATED CARDIAC DIAGNOSTIC SUITE USING THE LATEST IS ECHOCA RDIOGRAPHY, AN ADJACENT LAB FOR DIAGNOSTIC CATHETERIZATION AND ELECTROPHYSIOLOGY STUDIES, AND A DEDICATED CARDIAC REHABILITATION AND PREVENTION PROGRAM "OBSTETRIC CLINIC FOR INDIGE NT PATIENTS "MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES, "HOME HEALTH, DME AND DIALYSIS SE RVICES POPULATION SERVED BY MUNSON MEDICAL CENTER MMC SERVES PATIENTS FROM 24 COUNTIES IN NORTHERN LOWER MICHIGAN AND THE EASTERN PORTION OF THE UPPER PENINSULA - A POPULATION BASE OF APPROXIMATELY 520,000 IN THE 12-COUNTY REGION IMMEDIATELY SURROUNDING MMC "20% OF TH E POPULATION ARE 65 YEARS OR OLDER "UNEMPLOYMENT RATE IS ABOVE THE MICHIGAN AVERAGE OF 6 1 % IN 11 OF THE 12 COUNTIES SERVED, AVERAGING 8 4 % "19 1% OF ADULTS AGED 18-64 YEARS OF AGE LACK HEALTH INSURANCE "40% OF BIRTHS ARE COVERED BY MEDICAID ABOUT 68% OF MMC INPATIENT D ISCHARGES ORIGINATE FROM THE FIVE COUNTIES IN CLOSEST PROXIMITY TO MMC - ANTRIM, BENZIE, G RAND TRAVERSE, LEELANAU AND KALKASKA QUALITY MMC'S REPUTATION FOR THE HIGHEST QUALITY CARE IS REPRESENTED BY REPEATED NATIONAL RECOGNITION RECEIVED "NAMED AMONG THE 100 TOP HOSPI TAL 14 TIMES BY THOMSON REUTERS (NOW TRUVEN HEALTH ANALYTICS), ONLY FOUR OTHER HOSPITALS N ATIONWIDE RECOGNIZED THIS MANY TIMES OR MORE "NAMED ONE OF THE NATION'S 50 TOP CARDIOVASCU LAR HOSPITALS IN 2010 FOR SUPERIOR CLINICAL AND OPERATIONAL PERFORMANCE AND AMONG THE 100 TOP CARDIOVASCULAR HOSPITALS IN 2009, 2008, 2006, 2001, 2000, AND 1999 "RECOGNIZED WITH T HE EVEREST AWARD FOR NATIONAL BENCHMARKS BY THOMSON REUTERS (NOW TRUVEN HEALTH ANALYTICS) TWICE FOR THE HOSPITAL'S RATE OF LONG-TERM IMPROVEMENT THIS RECOGNITION HELPED ESTABLISH MMC AS A NATIONAL BENCHMARK AGAINST WHICH OTHER HOSPITALS ARE COMPARED "RECOGNIZED WITH TH E 2008 AMERICAN HOSPITAL ASSOCIATION-MCKESSON QUEST FOR QUALITY PRIZE (RUNNER UP WAS UNIVE RSITY OF MICHIGAN HOSPITALS AND HEALTH CENTERS) "MMC RECEIVED THE MAGNET RECOGNITION AWARD FROM THE AMERICAN NURSES CREDENTIALING CENTER IN 2006 AND WAS REDESIGNATED IN 2011 MAGNE T DESIGNATION RECOGNIZES EXCELLENCE IN PATIENT CARE STANDARDS, RESPECT OF CULTURAL AND ETH NIC DIVERSITY, AND LEADERSHIP OF THE NURSE ADMINISTRATOR IN SUPPORTING PROFESSIONAL NURSIN G PRACTICE, AND THE MANAGEMENT AND PHILOSOPHY OF N</p>

Form and Line Reference	Explanation
PART VI, LINE 4 - COMMUNITY INFORMATION	URSING SERVICES ONLY 6 5 PERCENT OF HOSPITALS NATIONALLY HAVE ACHIEVED MAGNET STATUS



Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	<p>THE MUNSON MEDICAL CENTER BOARD OF TRUSTEES IS MADE UP OF COMMUNITY MEMBERS ALL OF WHOM RE SIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA THESE INDIVIDUALS GIVE COUNTLESS HOURS OF SER VICE TO THE HOSPITAL IN THEIR OVERSIGHT ROLE ADDITIONALLY, 100% OF MUNSON MEDICAL CENTER TRUSTEES SUPPORT MUNSON FINANCIALLY MEDICAL STAFF PRIVILEGES ARE OFFERED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY SUBJECT TO CREDENTIALING REVIEW AND REQUIREMENTS OF THE MEDIC AL STAFF AND THE BOARD OF TRUSTEES MUNSON MEDICAL CENTER UTILIZES SURPLUS FUNDS TO MAINTA IN ACCESS TO PATIENT SERVICES AND IMPROVE CARE TO PATIENTS THROUGHOUT ITS SERVICE AREA EX AMPLES OF HOW MUNSON MEDICAL CENTER PROMOTES THE HEALTH OF THE COMMUNITY THROUGH PROGRAMS INCLUDE HEALTHY FUTURES- A PARTNERSHIP OF AREA HEALTH CARE PROVIDERS, HEALTH DEPARTMENTS AND MUNSON HEALTHCARE, CREATED TO IMPROVE THE HEALTH OF PREGNANT WOMEN AND CHILDREN UP TO AGE FIVE THE PROGRAM INCLUDES CENTRAL ACCESS/DATA MANAGEMENT, REGISTERED NURSE (RN) CARE COORDINATION, EDUCATIONAL MAILINGS, AND HEALTH CARE-RELATED FINANCIAL ASSISTANCE THE HEAL THY FUTURES MODEL OF RN CARE COORDINATION CONSISTS OF AN OUTCOMES-BASED APPROACH TO INTERV ENTION IN THE AREAS OF BREASTFEEDING LONGEVITY, ACCESS TO HEALTH CARE AND IMMUNIZATIONS M EDS PROGRAM- A PROGRAM THAT PROVIDES TO PATIENTS WITHOUT RESOURCES BEING DISCHARGED FROM T HE HOSPITAL NEEDED MEDICATIONS, AS WELL AS ENROLLING THOSE PATIENTS INTO PHARMACEUTICAL CO MPANY SPONSORED ASSISTANCE PROGRAMS SO THEY MAY CONTINUE TO GET THE NEEDED PHARMACEUTICALS THE MEDS PROGRAM ALSO PROVIDES ASSISTANCE TO THOSE NEEDING MEDICATIONS FROM THE OUTPATIE NT INFUSION CLINIC POVERTY REDUCTION INITIATIVE (PRI)- A COLLABORATIVE GROUP OF ORGANIZAT IONS AND INDIVIDUALS WORKING TO ADDRESS ISSUES OF POVERTY IN THE FIVE COUNTY SERVICE AREA OF MUNSON MEDICAL CENTER PROJECTS SUPPORTED BY THE PRI WORK GROUPS INCLUDE EFFORTS TO EXP AND ACCESS TO MEDICAL AND DENTAL CARE, JOB TRAINING OPPORTUNITIES, JOB RETENTION, COMMUNIT Y RESOURCE MOBILIZATION, AND DATA COLLECTION MUNSON'S INVOLVEMENT IN PRI INCLUDES MEMBERS HIP ON THE ADVISORY COUNCIL, STEERING COMMITTEE, AND NAVIGATORS NORTHERN MICHIGAN DIABETE S INITIATIVE (NMDI)- A GROUP OF STAKEHOLDERS AND STEERING COMMITTEE MEMBERS THAT REPRESENT THE 12 COUNTY SERVICE AREA, WITH A VISION TO IMPROVE THE CHRONIC CARE MANAGEMENT OF DIABE TES NMDI IS COMMITTED TO PROVIDING LOCAL, REGIONAL, AND NATIONAL RESOURCES FOR THE PREVEN TION AND MANAGEMENT OF DIABETES WHILE MOST DIABETES COLLABORATIVES FOCUS ON PROVIDING OPT IMAL EVIDENCE BASED CARE MANAGEMENT TO THE PERSON ALREADY DIAGNOSED WITH DIABETES, NMDI FO CUSES ON CONCURRENT UPSTREAM TARGETED EDUCATION OF THREE SPECIFIC POPULATIONS THE GENERAL COMMUNITY, THE SOCIOECONOMICALLY CHALLENGED HIGH RISK POPULATION, AND RURAL PRIMARY CARE PROVIDERS (PCP) CARING FOR DIABETIC PATIENTS COLLABORATION WITH THE TRAVERSE HEALTH CLINI C - TRAVERSE HEALTH CLINIC (THC) SERVES AS A MAJOR PRIMARY CARE SAFETY NET PROVIDER FOR LO WINCOME, UNINSURED PERSONS IN THE REGION THC OPERATES A LARGE VOLUNTEER ACCESS PROGRAM ( COALITION HEALTH ACCESS PROGRAM/CHAP) FOR THE UNINSURED IN COLLABORATION WITH COMMUNITY PR OVIDERS IN THE REGION MUNSON PROVIDES DIRECT FUNDS TO THC THROUGH A FORMAL SERVICE AGREEM ENT AND A COMMUNITY BENEFIT SUBSIDY TO HELP SUPPORT OPERATIONS MUNSON DONATES MILLIONS OF DOLLARS WORTH OF DIRECT SERVICES TO UNINSURED THC CHAP PATIENTS EACH YEAR, AND ALSO DONAT ES MEDICATIONS, PHARMACIST STAFF TIME AND OTHER IN-KIND SERVICES TO THC THC HAS JUST TRAN SITIONED IN 2013 FROM A "FREE CLINIC" MODEL TO BECOME AN FQHC COMMUNITY HEALTH CENTER MED ICAL EDUCATION-THE MUNSON FAMILY PRACTICE RESIDENCY PROGRAM INTEGRATES OSTEOPATHIC AND ALL OPATHIC MEDICINE TOGETHER, WITH THE RESOURCES OF MUNSON MEDICAL CENTER THIS DUALY ACCRED ITED 5/5/5 PROGRAM ACCEPTS BOTH DO AND MD TRAINEES THE PROGRAM IS AFFILIATED WITH THE MIC HIGAN STATE UNIVERSITY MMC ALSO PARTNERS WITH SEVERAL COLLEGES AND SCHOOLS OF NURSING TO PROVIDE INTERNSHIPS AND CLINICAL EXPERIENCES FOR REGISTERED NURSES, RESPIRATORY THERAPISTS , PHARMACISTS, AND OTHER HEALTH PROFESSIONALS SHAPE UP NORTH - A COLLABORATIVE EFFORT LED BY MUNSON MEDICAL CENTER WITH OVER TWENTY COMMITTED COMMUNITY PARTNERS FOUR FOCUS AREA S STRATEGIES WERE SELECTED FOR GREATEST COMMUNITY IMPACT PROVIDERS, SCHOOLS, BUSINESSES AND COMMUNITY AWARENESS THIS COLLABORATION ALLOWS PARTNERS TO WORK TOGETHER TO ADOPT CONSISTE NT, CLEAR, AND UNIFIED MESSAGES AND DEVELOP COMMON INTERVENTION STRATEGIES IN AN EFFORT TO CREATE COLLECTIVE IMPACT MATERNAL SMOKING - A COLLABORATIVE GROUP OF 20 PLUS PARTNERS CO VERING 21 COUNTIES WHOSE FOCUS IS TO REDUCE THE MATERNAL SMOKING RATE IN THIS AREA RECENT SURVEYS HAVE BEEN COMPLETED TO FURTHER UNDERSTAND WHY MOTHERS SMOKE DURING PREGNANCY WOR KING TOGETHER THIS TEAM IS CREATING A COMPREHENSIVE COMMUNICATION PLAN TO HELP EDUCATE MOT HERS ON THE DANGERS OF MATERNAL SMOKING THIS TEAM WILL BE WORKING WITH HEALTHCARE PROVIDE RS TO ENSURE THIS INFORMATION IS COMMUNICATED TO T</p>

Form and Line Reference	Explanation
PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH	HEIR PATIENTS TRAINING ON MOTIVATIONAL INTERVIEWING WILL ALSO BE PROVIDED TO HEALTH CARE PROFESSIONALS

Form and Line Reference	Explanation
PART VI, LINE 6 - AFFILIATED HEALTH CARE SYSTEM	<p>MUNSON MEDICAL CENTER'S SOLE CORPORATE MEMBER IS MUNSON HEALTHCARE, A 501 (C)(3) CORPORATION. THE MUNSON HEALTHCARE SYSTEM CONSISTS OF A MAJOR TERTIARY REFERRAL HOSPITAL, SEVERAL RURAL-BASED MEDICAL CENTERS, EXTENSIVE OUTPATIENT TREATMENT AND REHABILITATION FACILITIES, AND ANCILLARY EMERGENCY, TRANSPORTATION AND HOME-BASED MEDICAL SERVICES THAT COVER 24 COUNTIES IN MICHIGAN'S NORTHERN LOWER PENINSULA AND THE EASTERN PORTION OF THE UPPER PENINSULA. THE MOST SIGNIFICANT OF THE MUNSON HEALTHCARE SUBSIDIARIES IS MUNSON MEDICAL CENTER (MMC). MMC IS ONE OF SEVEN NOT-FOR-PROFIT HOSPITALS WHICH ARE AFFILIATED WITH EACH OTHER AND SERVE AS THE ONLY HOSPITALS IN THEIR COMMUNITIES. EACH OF THE AFFILIATED HOSPITALS HAS INDIVIDUAL COMMUNITY HEALTH INITIATIVES AND/OR PROMOTION ACTIVITIES, AS WELL AS SHARED INITIATIVES. MMC WORKS IN COOPERATION WITH OTHER ENTITIES IN THE MUNSON HEALTHCARE SYSTEM TO PROVIDE A FULL RANGE OF HEALTH SERVICES TO THE COMMUNITIES IN ITS SERVICE AREA. THE HOME HEALTH DIVISION OF MUNSON HEALTHCARE PROVIDES HOME NURSE AND AIDE SERVICES IN ADDITION TO DURABLE MEDICAL EQUIPMENT AND A PALLIATIVE CARE AND HOSPICE PROGRAM ON THE MUNSON CAMPUS. CLOSE TO 160,000 DOLLARS IN COMMUNITY BENEFIT, IN THE FORM OF CHARITY CARE AND UNREIMBURSED MEDICAID ARE PROVIDED THROUGH THIS DIVISION EACH YEAR. NORTH FLIGHT, INC. IS THE CHARITABLE TRANSPORTATION ENTITY IN THE SYSTEM. WITH ITS FIXED WING AND HELICOPTER AIR SERVICES, IN COMBINATION WITH GROUND TRANSPORT, PATIENTS IN THE SYSTEM ARE ABLE TO ACCESS APPROPRIATE CARE. NORTH FLIGHT, INC. PROVIDED 1.3 MILLION IN CHARITY CARE AND UNREIMBURSED MEDICAID IN THE PAST FISCAL YEAR. MUNSON MEDICAL GROUP, THE EMPLOYED PHYSICIAN ORGANIZATION IN THE SYSTEM, PROVIDED APPROXIMATELY 575,000 IN CHARITY CARE AND COMMUNITY BENEFIT IN TAX YEAR 2013. MMC PERFORMS THE NEEDS ASSESSMENTS FOR MUNSON HEALTHCARE. UTILIZING THIS NEEDS ASSESSMENT, MUNSON HEALTHCARE COORDINATES COMMUNITY BENEFIT PROGRAMS THROUGH PLANNING, DEVELOPING, IMPLEMENTING, EVALUATING AND FUNDING PROGRAMS THAT ADDRESS COMMUNITY NEEDS. IN TOTAL, THE MUNSON HEALTHCARE SYSTEM PROVIDED 38.5 MILLION IN CHARITY CARE AND COMMUNITY BENEFITS, INCLUDING NUMEROUS UNCOMPENSATED COMMUNITY HEALTH IMPROVEMENT SERVICES AND PROGRAMS, OUTREACH PROGRAMS, BAD DEBT, AND UNREIMBURSED MEDICARE AND MEDICAID SERVICES TO NORTHERN MICHIGAN.</p>



Additional Data

Software ID:  
Software Version:  
EIN: 38-1362830  
Name: MUNSON MEDICAL CENTER

**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
FACILITY 1, MUNSON MEDICAL CENTER - PART V, LINE 3	A COLLABORATIVE 12-MEMBER STEERING COMMITTEE GUIDED THE CHNA PROCESS THIS STEERING COMMITTEE WAS COMPRISED OF HOSPITAL LEADERS AND PUBLIC HEALTH OFFICIALS AS THE CHNA PROCESS PROGRESSED, 129 INDIVIDUALS FROM MULTIPLE AREA ORGANIZATIONS WERE INVOLVED TO ENSURE INPUT FROM THOSE WHO HAVE A BROAD KNOWLEDGE OF THE COMMUNITY FURTHER, A GROUP OF KEY PHYSICIAN LEADERS FROM THE REGION ALSO WAS CONSULTED FOR INPUT INDIVIDUALS POSSESSING BROAD KNOWLEDGE OF ALL SEGMENTS OF THE FIVE-COUNTY AREA PARTICIPATED IN 10 FOCUS GROUPS TO HELP ASSESS HEALTH CARE NEEDS SESSIONS WERE CONDUCTED WITH FIVE AREA COUNTY COLLABORATIVES, AS WELL AS PEOPLE LIVING IN POVERTY, YOUTH, THOSE WHO PROVIDE SERVICES TO SENIORS, AND BEHAVIORAL HEALTH PROVIDERS THESE GROUPS WERE SELECTED BECAUSE OF THEIR KNOWLEDGE OF PEOPLE AND AREAS MOST IMPACTED BY HEALTH DISPARITIES BEHAVIORAL HEALTH PROVIDERS WERE AN IMPORTANT INITIAL FOCUS GROUP BECAUSE THERE IS ALMOST NO SECONDARY MENTAL HEALTH DATA AVAILABLE FOCUS GROUPS SERVING A SPECIFIC POPULATION (I E SENIORS, BEHAVIORAL HEALTH) WERE ASKED ABOUT HEALTH NEEDS SPECIFIC TO THE GROUP'S AREA OF EXPERTISE EACH FOCUS GROUP DETERMINED A COMPREHENSIVE LIST OF HEALTH NEEDS, THEN PRIORITIZED ITS TOP FOUR TO SIX HEALTH NEEDS IN ADDITION, SIXTEEN KEY INFORMANT INTERVIEWS WERE CONDUCTED BETWEEN JANUARY 2012 TO JULY 2012 WITH INDIVIDUALS FROM THE COURTS, AREA FOUNDATIONS, FREE AND FEDERALLY QUALIFIED HEALTH CENTER CLINICS, THE MIGRANT CLINIC, THE TRIBAL CLINIC, ORGANIZATIONS WHO SERVE SENIORS, AND ADOLESCENT HEALTH CLINIC PROVIDERS TO ASSESS THE GREATEST HEALTH NEEDS THEY OBSERVE KEY INFORMANTS WERE ASKED THE SAME FOUR QUESTIONS AS THE FOCUS GROUPS, FOCUSING ON THEIR SPECIFIC POPULATION AREA OF EXPERTISE KEY INFORMANTS WERE CHOSEN BECAUSE OF THEIR KNOWLEDGE OF PEOPLE AND AREAS MOST IMPACTED BY HEALTH DISPARITIES

**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
FACILITY 1, MUNSON MEDICAL CENTER - PART V, LINE 4	PAUL OLIVER MEMORIAL HOSPITAL

**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
FACILITY 1, MUNSON MEDICAL CENTER - PART V, LINE 7	WHILE MMC ASSESSES AND SUPPORTS SMOKING CESSATION EFFORTS FOR THEIR EMPLOYEES THROUGH THE HEALTH BY CHOICE PROGRAM, ENCOURAGES ALL PATIENTS TO QUIT, AND MAINTAINS A TOBACCO FREE CAMPUS, IT DOES NOT CURRENTLY OFFER ANY SMOKING CESSATION/COUNSELING PROGRAMS BECAUSE IT SEEKS TO AVOID DUPLICATION OF SERVICES CURRENTLY, COMMUNITY PROGRAMS ARE OFFERED BY THE TRAVERSE BAY AREA TOBACCO COALITION AND THE ADOLESCENT HEALTH CLINICS, WHICH OFFER INDIVIDUALIZED QUIT PLANS FOR THE POPULATION THEY SERVE MMC DOES OFFER PRINTED AND ELECTRONIC RESOURCES TO PATIENTS AND EMPLOYEES WHO EXPRESS THE DESIRE TO QUIT USING TOBACCO AND REFERS THEM TO THE STATE OF MICHIGAN WEBSITE WHICH OFFERS RESOURCES AND TIPS FOR QUITTING, AS WELL AS THE ABILITY TO CREATE A PERSONALIZED PLAN MMC DOES NOT DIRECTLY ADDRESS HOUSING ISSUES (AFFORDABILITY, FORECLOSURE, VACANCIES) THIS PRIORITY DID NOT MEET THE DEFINED EVALUATION CRITERIA AND IT WAS DETERMINED INTERNALLY THAT MMC DOES NOT HAVE THE ABILITY TO DIRECTLY AFFECT CHANGE WITHIN THIS NEED, NOR ARE THERE SYSTEM RESOURCES AVAILABLE TO INFLUENCE CHANGE IT WAS ALSO DETERMINED THERE ARE OTHER COMMUNITY ORGANIZATIONS BETTER ALIGNED TO ADDRESS THIS PRIORITY MMC IS, HOWEVER, A MEMBER OF THE FIVE AREA COUNTY COLLABORATIVES WHICH INCLUDE REPRESENTATION FROM AGENCIES THAT ADDRESS HOUSING ISSUES SUCH AS NORTHWEST COMMUNITY ACTION AGENCY, THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY, AND THE GRAND VISION

**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
FACILITY 1, MUNSON MEDICAL CENTER - PART V, LINE 12I	PATIENTS WHOSE FAMILY INCOME EXCEEDS 400% OF THE FPG MAY BE ELIGIBLE TO RECEIVE DISCOUNTED RATES ON A CASE-BY-CASE BASIS BASED ON THEIR SPECIFIC CIRCUMSTANCES (I E HIGH DEBT-TO-INCOME RATIO), AT THE SOLE DISCRETION OF MUNSON HEALTHCARE



**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
FACILITY 1, MUNSON MEDICAL CENTER - PART V, LINE 14G	IT IS THE GOAL OF MUNSON HEALTHCARE TO COMMUNICATE TO THE PATIENTS AND TO THE PUBLIC THE AVAILABILITY OF FINANCIAL ASSISTANCE TO THOSE WHO QUALIFY THIS WILL BE ACHIEVED THROUGH ONE OR MORE OF THE FOLLOWING METHODS INFORMATION BROCHURES AVAILABLE AT THE REGISTRATION DESKS, INFORMATION POSTED ON THE WEBSITE, STATEMENT ON BILLS, AND/OR SIGNS IN THE REGISTRATION AREAS

**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
FACILITY 1, MUNSON MEDICAL CENTER - PART V, LINE 18E	MUNSON MEDICAL CENTER REVIEWS LARGE DOLLAR ACCOUNTS TO ENSURE ASSISTANCE HAS BEEN OFFERED TO PATIENTS BEFORE THE ACCOUNTS ARE TRANSFERRED TO A CREDIT AGENCY. ONCE AN ACCOUNT HAS BEEN TRANSFERRED TO A CREDIT AGENCY, THE AGENCY REVIEWS THE ACCOUNT TO SEE IF THE PATIENT WOULD BE A POSSIBLE CANDIDATE FOR FINANCIAL ASSISTANCE BEFORE FILING ANY LAWSUITS OR LIENS. MUNSON HEALTHCARE WILL NOT IMPOSE EXTRAORDINARY COLLECTIONS ACTIONS SUCH AS WAGE GARNISHMENTS, LIENS ON PRIMARY RESIDENCES, OR OTHER LEGAL ACTIONS FOR ANY PATIENT WITHOUT FIRST MAKING REASONABLE EFFORTS TO DETERMINE WHETHER THAT PATIENT IS ELIGIBLE FOR CHARITY CARE UNDER THIS FINANCIAL ASSISTANCE POLICY. REASONABLE EFFORTS SHALL INCLUDE: 1)VALIDATING THAT THE PATIENT OWES THE UNPAID BILLS AND THAT ALL SOURCES OF THIRD-PARTY PAYMENTS HAVE BEEN IDENTIFIED AND BILLED BY THE HOSPITAL, 2)DOCUMENTATION THAT MUNSON HEALTHCARE HAS OR HAS ATTEMPTED TO OFFER THE PATIENT THE OPPORTUNITY TO APPLY FOR CHARITY CARE PURSUANT TO THIS POLICY AND THAT THE PATIENT HAS NOT COMPLIED WITH THE HOSPITAL'S APPLICATION REQUIREMENTS, 3)DOCUMENTATION THAT THE PATIENT HAS BEEN OFFERED THE OPPORTUNITY TO ENTER INTO A PAYMENT PLAN BUT HAS NOT DONE SO, OR HAS ENTERED INTO A PAYMENT PLAN BUT HAS NOT HONORED THE TERMS OF THAT PLAN.

**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
FACILITY 1, MUNSON MEDICAL CENTER - PART V, LINE 20D	SELF-PAY/NO INSURANCE PATIENTS ARE GIVEN A DISCOUNT EQUAL TO 15% OFF THEIR TOTAL BILL FOR ALL MEDICALLY NECESSARY AND EMERGENCY SERVICES THIS RATE WAS DETERMINED BY TAKING THE AVERAGE OF COMMERCIAL RATES, NOT INCLUDING BLUE CROSS

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

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

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

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

\_\_\_\_\_

Name and address	Type of Facility (describe)
MUNSON COMMUNITY HEALTH CENTER 550 MUNSON AVENUE TRAVERSE CITY, MI 49686	OUTPATIENT
BIEDERMAN CANCER CENTER 1120 SIXTH ST TRAVERSE CITY, MI 49684	OUTPATIENT
MRI CENTER 217 S MADISON TRAVERSE CITY, MI 49684	OUTPATIENT
SMITH FAMILY BREAST HEALTH CENTER COPPER RIDGE TRAVERSE CITY, MI 49684	OUTPATIENT
IV THERAPY 1200 SIXTH ST TRAVERSE CITY, MI 49684	OUTPATIENT
CHEMICAL DEPENDENCY CENTER 420 BROOK ST TRAVERSE CITY, MI 49684	OUTPATIENT
MUNSON MANOR 1220 MEDICAL CAMPUS DR TRAVERSE CITY, MI 49684	OUTPATIENT
ADVANCED WOUND CENTER 5085 ANNA DR TRAVERSE CITY, MI 49684	OUTPATIENT
MUNSON HOSPICE HOUSE 450 BROOK ST TRAVERSE CITY, MI 49684	OUTPATIENT
MUNSON RENAL DIALYSIS 4062 WEST ROYAL DRIVE TRAVERSE CITY, MI 49684	OUTPATIENT

Schedule I  
(Form 990)

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](http://www.irs.gov/form990).

OMB No 1545-0047  
**2013**  
Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
MUNSON MEDICAL CENTER

Employer identification number  
38-1362830

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) TRAVERSE HEALTH CLINIC 3155 LOGAN VALLEY TRAVERSE CITY, MI 49684	30-0224028	501(C)	175,000				MEDICALLY UNDERSERVE

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

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

**Part III**

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) MEDICAL INSURANCE PAYMENT	80	38,371			
(2) TRANSPORT, HOUSING, WIGS	61	112,423			
(3) MEDICAL, TRANSPORT & DRUG	154	224,763			
(4) MAMMOGRAPHY ASSISTANCE	361	26,178			
(5) TRANSPORT, HOUSING, FOOD	597	169,754			
(6) SCHOLARSHIPS FOR BABY SWI	42	6,867			
(7) MEALS FOR PATIENT FAMILY	884		13,733	FMV	MEALS

**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
SCHEDULE I, PAGE 1, PART I, LINE 2	MUNSON MEDICAL CENTER AWARDS MOST GRANTS BASED ON AN APPLICATION PROCESS FOR PRE-APPROVED SERVICES AND PURCHASES IN ACCORDANCE WITH PROTOCOLS ESTABLISHED WITH CASE MANAGERS WORKING FOR THE DEPARTMENTS WHICH APPLY FOR ASSISTANCE THE ASSISTANCE CAN EITHER BE REQUESTED FOR THE DEPARTMENT OR ON BEHALF OF PATIENTS WHO INDICATE AN UNMET NEED THAT POSES A BARRIER TO THE RECEIPT OF HEALTH CARE SERVICES CASE MANAGERS MONITOR THE USE OF THE FUNDS IN LINE WITH THE PROTOCOLS MUNSON MEDICAL CENTER MAINTAINS RECORDS OF SUPPORT FOR EXPENSES USED FOR FUNDED REQUESTS MUNSON MEDICAL CENTER MAY AWARD A GRANT OR CONTRIBUTION TO ANOTHER TAX- EXEMPT ORGANIZATION BASED ON A REQUEST FOR REIMBURSEMENT FOR PRE-APPROVED SERVICES OR PURCHASES THE AWARD IS BASED ON AN EVALUATION OF THE USE OF THE FUNDS FOR THE PROMOTION OF HEALTH IN THE COMMUNITY THE ONGOING RELATIONSHIP OF MUNSON MEDICAL CENTER WITH ITS PARTNERS IN THE COMMUNITY FOR THE PROMOTION OF HEALTH ALLOWS FOR THE MONITORING OF THE GRANT AWARD

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](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
MUNSON MEDICAL CENTER

Employer identification number  
  
38-1362830

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>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</div></div>	1b	
<div><div>2</div><div>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?</div></div>	2	
<div><div>3</div><div>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</div><div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div><div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div></div>		
<div><div>4</div><div>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</div></div>	4a	No
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4b	Yes
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4c	No
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>		
<div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>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</div></div>	5a	No
<div><div>a</div><div>The organization?</div></div>	5b	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>		
<div><div>6</div><div>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</div></div>	6a	No
<div><div>a</div><div>The organization?</div></div>	6b	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>		
<div><div>7</div><div>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</div></div>	7	No
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III</div></div>	8	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>	9	

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

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

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

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



Part III Supplemental Information

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

Return Reference	Explanation
SCHEDULE J, PAGE 1, PART I, LINE 4	EDWIN A NESS 0 210,942 0 ALFRED PILONG 0 47,249 0 MARK A HEPLER 0 26,383 0 DAVID MCGREAHAM, MD 0 16,672 0 PAUL M SHIRILLA 0 16,461 0 CHRISTOPHER PODGES 0 15,525 0 DERK PRONGER 0 12,239 0 SUZANNE K PETERS 0 11,125 0 JAMES P FISCHER 0 10,820 0
SCHEDULE J, PART III	EXECUTIVE SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS SUBJECT TO REVIEW AND APPROVAL BY THE BOARD COMPENSATION AND EXECUTIVE LEADERSHIP COMMITTEE, IN ORDER TO RECRUIT AND MAINTAIN QUALIFIED EXECUTIVES, INCLUDING THE PRESIDENT AND VICE-PRESIDENTS, A COMPETITIVE BENEFIT PACKAGE IS OFFERED WHICH INCLUDES PARTICIPATION IN A NON-QUALIFIED SUPPLEMENTAL RETIREMENT PLAN FOR THE PRESIDENT, THE PLAN PROVIDES A TARGETED BENEFIT AT AGE 62 ANNUAL CONTRIBUTIONS, AT MUNSON'S DISCRETION, ARE MADE TO THE PLAN IN ORDER TO ACHIEVE THE TARGETED RETIREMENT BENEFIT LEVEL VICE-PRESIDENTS ARE ELIGIBLE TO PARTICIPATE IN AN AMOUNT NOT TO EXCEED 6% OF BASE COMPENSATION, FUNDED ANNUALLY, AT THE SOLE DISCRETION OF MUNSON THESE FUNDS ARE AVAILABLE TO VESTED PARTICIPANTS UPON SEPARATION OF EMPLOYMENT FROM MUNSON

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 38-1362830  
**Name:** MUNSON MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
EDWIN A NESS TRUSTEE	(i) (ii)	593,257	191,801	2,366	223,417	20,203	1,031,044	
ALFRED PILONG CEO & PRESIDENT	(i) (ii)	301,404	31,696	5,452	59,725	12,214	410,491	
KAREN SPEIRS DO PHYSICIAN	(i) (ii)	273,605	26,000	16,825	12,476	3,359	332,265	
MARK A HEPLER CFO	(i) (ii)	255,473	72,580	27,960	41,711	22,164	419,888	7,891
KATHLEEN MCMANUS FORMER EXEC VP & COO	(i) (ii)	252,235	56,207	126,592	15,134	15,687	465,855	39,785
DAVID MCGREAHAM MD VP MEDICAL AFFAIRS	(i) (ii)	255,224	50,100	20,134	31,985	19,403	376,846	
PAUL M SHIRILLA ASST SEC/VP	(i) (ii)	270,552	46,350	2,940	32,694	15,179	367,715	
CHRISTOPHER PODGES VP INFO SYST	(i) (ii)	252,718	43,005	1,608	30,688	21,105	349,124	
DERK PRONGER VP OPERATIONS	(i) (ii)	201,565	30,442	842	22,383	7,941	263,173	
SUZANNE K PETERS VP HUMAN RESOURCES	(i) (ii)	163,963	31,981	29,133	20,962	15,734	261,773	3,458
JAMES P FISCHER VP PATIENT CARE	(i) (ii)	176,821	28,188	2,561	21,429	6,171	235,170	
THOMAS SCHERMERHORN MD NEUROSURGEON	(i) (ii)	791,934		101,349	12,476	20,963	926,722	
AHMET SEVIMLI MD NEPHROLOGIST	(i) (ii)	461,823	24,375	63,172	27,709	21,009	598,088	
DANIEL FLEWELLING PHYSICIAN	(i) (ii)	300,574	10,000	17,773	23,160	1,717	353,224	
PHILOMENA COLUCCI PHYSICIAN - ONCOLOGY	(i) (ii)	271,539		32,771	12,476	4,297	321,083	
ANDREW RIDDLE PHYSICIAN	(i) (ii)	262,496		18,008	10,098	19,700	310,302	

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
MUNSON MEDICAL CENTER

Employer identification number  
38-1362830

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CTY GRD TRAVSE HOSP FIN AUTH 2011	38-6004832	386523EE0	08-10-2011	128,728,067	REFUND PRIOR BONDS		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	128,728,067							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	1,756,786							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	126,971,281							
12	Other unspent proceeds								
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X							
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X						
c	Are there any research agreements that may result in private business use of bond-financed property?	X							
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X						
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 120 %							
6	Total of lines 4 and 5	0 120 %							
7	Does the bond issue meet the private security or payment test?		X						
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Return Reference	Explanation
SCHEDULE K - PURPOSE OF ISSUE DESCRIPTION	CTY GRD TRAVSE HOSP FIN AUTH 2011 THE SERIES 2011A, 2011B AND 2011C BONDS WERE ISSUED TO PURCHASE AND CANCEL TENDERED BONDS, TENDERED DURING A TENDER PROGRAM INITIATED BY MUNSON HEALTHCARE THE TENDERED BONDS INCLUDED COUNTY OF GRAND TRAVERSE HOSPITAL AUTHORITY (MUNSON HEALTHCARE OBLIGATED GROUP) HOSPITAL REVENUE AND REFUNDING BONDS SERIES 1998A, ISSUED 9/1/98, REVENUE BONDS SERIES 2001A, ISSUED 1/9/01, REVENUE REFUNDING BONDS SERIES 2002A, ISSUED 9/17/02, REVENUE REFUNDING BONDS SERIES 2005A, ISSUED 11/3/05 AND REVENUE BONDS SERIES 2005B, ISSUED 11/3/05

Return Reference	Explanation
SCHEDULE K - DATE REBATE COMPUTATION PERFORMED	CTY GRD TRAVSE HOSP FIN AUTH 2011 08/10/13

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](http://www.irs.gov/form990).

OMB No 1545-0047  
**2013**  
**Open to Public Inspection**

Name of the organization  
MUNSON MEDICAL CENTER

Employer identification number  
38-1362830

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).  
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.  
Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

**Part IV Business Transactions Involving Interested Persons.**

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

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

**Part V Supplemental Information**

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

Return Reference	Explanation
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Additional Data

Software ID:  
Software Version:  
EIN: 38-1362830  
Name: MUNSON MEDICAL 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) MEGAN COX	FAMILY OF TRUST	38,311	RELATED FAMILY COMP		No
(2) HOSPITALISTS OF NORTHWEST MI	OWNER ISTRUSTEE	5,906,110	GROUP PRACTICE PHYSI		No
(3) MUNSON SERVICES INC	E NESS TRUSTEE	2,220,700	CONTRACT EMPLOYEES		No
(4) PULMONARY AND CRITICAL CARE PHYSICI	OWNER ISTRUSTEE	1,994,857	GROUP PRACTICE PHYSI		No
(5) GLORIA WOLF	FAMILY OF TRUST	62,454	RELATED FAMILY COMP		No
(6) JEFF BERRY	FAMILY OF TRUST	102,397	RELATED FAMILY COMP		No
(7) MUNSON SUPPORT SERVIVES	FISCHER TRUSTEE	2,031,673	LAUNDRY SERVICES		No

**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](http://www.irs.gov/form990).**

OMB No 1545-0047

**2013**

**Open to Public  
Inspection**

Name of the organization MUNSON MEDICAL CENTER	Employer identification number 38-1362830
---------------------------------------------------	----------------------------------------------

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 6	MUNSON MEDICAL CENTER IS ORGANIZED ON A NONSTOCK MEMBERSHIP BASIS THE SOLE MEMBER IS MUNSON HEALTHCARE, AN IRS SECTION 501(C)(3) TAX-EXEMPT ORGANIZATION IN THE EVENT OF DISSOLUTION, MUNSON MEDICAL CENTER'S NET ASSETS WOULD BE DISTRIBUTED TO MUNSON HEALTHCARE

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 7A	MUNSON HEALTHCARE, AS THE SOLE MEMBER, ELECTS THE TRUSTEES FOR ALL SUBSIDIARY ENTITIES, INCLUDING MUNSON MEDICAL CENTER. NOMINATIONS TO MUNSON HEALTHCARE FOR SUBSIDIARY TRUSTEES ARE CONSIDERED AND RECOMMENDED BY THE MUNSON HEALTHCARE GOVERNANCE COMMITTEE. FOUR TRUSTEES OF MUNSON MEDICAL CENTER ALSO ARE DIRECTORS OF MUNSON HEALTHCARE.

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 7B	CERTAIN DECISIONS OF THE MUNSON MEDICAL CENTER (MMC) TRUSTEES ARE APPROVED BY THE MUNSON HEALTHCARE BOARD OF DIRECTORS INCLUDING ADOPTION, AMENDMENT, RESTATEMENT OR REPEAL OF THE ARTICLES OF INCORPORATION OR BYLAWS OF MMC, ADOPTION, EXECUTION, REVOCATION OR ABANDONMENT OF A PLAN OF DISSOLUTION, MERGER, CONSOLIDATION, OR REORGANIZATION INVOLVING MMC, SALE, LEASE, EXCHANGE OR OTHER DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF THE PROPERTY AND ASSETS OF MMC, ACQUISITION OF OR THE ESTABLISHMENT OF ANY SUBSIDIARY OR AFFILIATE OF MMC, ADOPTION OF ALL OPERATING BUDGETS AND CAPITAL EXPENDITURE BUDGETS FOR MMC, INCURRENCE OF OPERATING OR CAPITAL EXPENDITURES BY MMC WHICH CAUSE THE AGGREGATE OPERATING OR CAPITAL EXPENDITURES TO EXCEED BUDGETED AGGREGATES BY MORE THAN FIVE PERCENT (5%) IN ANY FISCAL YEAR, INCURRENCE OF SECURED BORROWINGS OF MMC, WITH THE EXCEPTION OF EQUIPMENT LEASES AND PURCHASE MONEY SECURITY INTERESTS APPROVED AS PART OF MMC'S BUDGET, ADOPTION OR CHANGE IN THE MISSION STATEMENT, PURPOSES OR THE STRATEGIC GOALS OF MMC, CHANGING SUBSTANTIALLY THE SCOPE OF MMC'S CLINICAL SERVICES AND PROGRAMS OFFERED BY MMC, AND APPOINTMENT OR REMOVAL THE PRESIDENT OF MMC

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 11B	THE MUNSON MEDICAL CENTER BOARD IS COMMITTED TO THE ACCURACY AND THOROUGHNESS OF THE FORM 990 REPORTING. MUNSON MEDICAL CENTER BELONGS TO THE MUNSON HEALTHCARE SYSTEM. MUNSON HEALTHCARE IS THE PARENT COMPANY IN THE MUNSON HEALTHCARE SYSTEM, WHICH UNDERGOES AN AUDIT BY AN EXTERNAL AUDIT FIRM. AT THE CORPORATE LEVEL, THE RESPONSIBLE INDIVIDUALS FROM THE FINANCE, ADMINISTRATION, PATIENT FINANCIAL SERVICES, LEGAL, HUMAN RESOURCES, PUBLIC RELATIONS, AND FUND DEVELOPMENT DEPARTMENTS PREPARE AND REVIEW PORTIONS OF THE FORM 990. THE COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE REVIEWS THE COMPENSATION INFORMATION CONTAINED IN THE CORE FORM AS WELL AS THE SCHEDULE J INFORMATION. THE CONFLICT, VALUATION AND COMPLIANCE COMMITTEE OVERSEES THE CONFLICT OF INTEREST DISCLOSURE PROCESS FOR BOARD MEMBERS AND KEY EMPLOYEES TO ENSURE COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY. THE AUDIT COMMITTEE OVERSEES THE FORM 990 PREPARATION PROCESS BY ENSURING PROPER CONTROLS, POLICIES, PEOPLE AND RESOURCES ARE IN PLACE TO PRODUCE AN ACCURATE RETURN.

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 12C	<p>THE MUNSON HEALTHCARE BOARD OF DIRECTORS (THE SYSTEM PARENT ORGANIZATION) HAS A STANDING CONFLICT, VALUATION AND COMPLIANCE ("CVC") COMMITTEE. THE CVC COMMITTEE IS COMPOSED OF INDEPENDENT BOARD AND COMMUNITY MEMBERS. THE CVC COMMITTEE IS DELEGATED AUTHORITY BY THE BOARD TO REVIEW AND APPROVE THE REASONABLENESS/FAIR MARKET VALUE OF FINANCIAL TRANSACTIONS/ARRANGEMENTS WITH DISQUALIFIED PERSONS ANNUALLY, EACH BOARD MEMBER OF MUNSON HEALTHCARE AND ALL OF ITS SUBSIDIARY/CONTROLLED ENTITIES AND ALL MUNSON EXECUTIVES ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE/QUESTIONNAIRE. THE RESPONSES TO THE DISCLOSURE/QUESTIONNAIRE ARE REVIEWED BY THE MUNSON LEGAL DEPARTMENT. ANY FINANCIAL ARRANGEMENTS/POTENTIAL CONFLICTS IDENTIFIED THROUGH THE DISCLOSURE/QUESTIONNAIRES ARE PRESENTED TO THE CVC COMMITTEE FOR ITS REVIEW AND DETERMINATION AS TO THE REASONABLENESS/FAIR MARKET VALUE. WHEN AN ACTION ITEM IS CONSIDERED BY A BOARD WHICH INVOLVES A POTENTIAL CONFLICT BY A BOARD MEMBER, THE CONFLICT IS DISCLOSED AND A BOARD MEMBER WILL ABSTAIN FROM A VOTE ON THE ACTION ITEM, AND, IN ADDITION, THE BOARD CHAIR HAS THE DISCRETION/AUTHORITY TO REQUEST THAT THE CONFLICTED BOARD MEMBER BE EXCUSED FROM THE MEETING FOR AN OPPORTUNITY FOR THE BOARD TO DISCUSS THE MATTER WITHOUT THE PRESENCE OF THE CONFLICTED BOARD MEMBER.</p>

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 15A	<p>THE PROCESS FOR DETERMINING APPROPRIATE LEVELS OF PAY FOR EXECUTIVE POSITIONS WITHIN MUNSON HEALTHCARE IS CAREFULLY AND THOUGHTFULLY DIRECTED BY THE BOARD OF DIRECTORS, THROUGH THE COMPENSATION AND EXECUTIVE LEADERSHIP DEVELOPMENT COMMITTEE. THE COMMITTEE UTILIZES "BEST PRACTICES" METHODS OF DETERMINING COMPENSATION AND, AS SUCH, IS COMPOSED OF SEVEN MEMBERS WHOSE VOTING MEMBERS ARE INDEPENDENT. THE COMMITTEE IS CHARGED WITH ENSURING THAT EXECUTIVE COMPENSATION IS DESIGNED TO ATTRACT AND RETAIN HIGH QUALITY, PROFESSIONAL LEADERSHIP WHILE MAINTAINING STRONG STEWARDSHIP FOR THE ORGANIZATION. ANNUALLY, THE COMMITTEE RETAINS A NATIONAL INDEPENDENT CONSULTANT TO ENSURE THAT MUNSON HEALTHCARE'S COMPENSATION PRACTICES AND LEVELS ARE INDEPENDENTLY REVIEWED WHILE BEING COMPETITIVE AND REASONABLE. THE MUNSON HEALTHCARE CONFLICT, VALUATION AND COMPLIANCE ("CVC") COMMITTEE ALSO REVIEWS THE SURVEY INFORMATION TO EVALUATE THE REASONABLENESS OF EXECUTIVE COMPENSATION. THAT ANALYSIS OCCURS EACH NOVEMBER. COMPENSATION LEVELS REFLECT THE SCOPE OF EACH EXECUTIVE'S RESPONSIBILITIES, EDUCATIONAL BACKGROUND, EXPERIENCE, AND INDUSTRY STANDING AS WELL AS INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE. ANNUAL COMPENSATION FOR MUNSON EXECUTIVES IS DETERMINED IN PART BY MEASURABLE PROGRESS TOWARD THE ORGANIZATION'S GOALS INCLUDING CONTINUED IMPROVEMENT IN CLINICAL QUALITY, COMMUNITY HEALTH, AND OPERATIONAL EFFICIENCIES. MUNSON HEALTHCARE'S INTENT FOR EXECUTIVE BASE COMPENSATION IS TO BE AT THE MEDIAN WHEN COMPARED TO LIKE-SIZE NON-PROFIT HOSPITALS AND HEALTHCARE SYSTEMS.</p>

Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 15B	COMPENSATION OF OTHER KEY EMPLOYEES IS CONSISTENT WITH THAT OF THE TOP EXECUTIVES FOR MUNSON MEDICAL CENTER



Return Reference	Explanation
FORM 990, PAGE 6, PART VI, LINE 19	THE MUNSON MEDICAL CENTER ARTICLES OF INCORPORATION ARE AVAILABLE TO THE PUBLIC ON THE MICHIGAN DEPARTMENT OF TREASURY WEBSITE. MUNSON MEDICAL CENTER DOES NOT MAKE THE BY LAWS OR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC. ANNUALLY, MUNSON HEALTHCARE, PARENT CORPORATION, SUBMITS ITS ANNUAL CONSOLIDATED FINANCIAL STATEMENTS TO THE MSRB IN COMPLIANCE WITH BOND DISCLOSURE REQUIREMENTS. ADDITIONALLY, MUNSON MEDICAL CENTER PREPARES AND DISTRIBUTES AN ANNUAL REPORT TO THE COMMUNITY, WHICH CONTAINS FINANCIAL AS WELL AS PROGRAM DATA.

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PURCHASED SERVICES 22,591,249 6,163,096 543,836 PROFESSIONAL FEES 20,614,380 159,393 0

Return Reference	Explanation
FORM 990, PART XI, LINE 9	INVEST IN MUNSON HEALTHCARE FOUNDATION CONTRIBUTIO 4,385,396 TRANSFERS FROM AFFILIATE 362,400 TEMPORARILY RESTRICTED ACTIVITY 7,591,360 PENSION AND POST RETIREMENT CHANGES 4,129,714 SWAP MARKET VALUE CHANGE 359,429 TRANSFERS TO AFFILIATES 8,974,014

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.  
▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
MUNSON MEDICAL CENTER

Employer identification number  
38-1362830

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) MUNSON MEDICAL BUILDING PARTNERS  PO BOX 1188 TRAVERSE CITY, MI 496851188 38-2830005	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	RELATED	2,407,046	794,029		No		Yes		72 480 %
(2) NORTHERN MICHIGAN SUPPLY ALLIANCE  2651 AERO PARK DR TRAVERSE CITY, MI 49686 38-3453378	PURCHASING	MI	N/A					No			No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of- year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) MEDICAL OFFICE CONDOMINIUM MEDICAL OFFICE CONDOMINIUM PO BOX 1188 TRAVERSE CITY, MI 496851188 20-1902620	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	C CORP	126,096	24,668	74 000 %		No
(2) SIXTH STREET DRUGS  PO BOX 1188 TRAVERSE CITY, MI 496851188 38-2298290	PHARMACY	MI	N/A						No
(3) MUNSON SUPPORT SERVICES  PO BOX 1188 TRAVERSE CITY, MI 496851188 38-2872821	LAUNDRY	MI	N/A					Yes	
(4) MUNSON SERVICES INC  PO BOX 1188 TRAVERSE CITY, MI 496851188 38-3144382	PHARMACY	MI	N/A						No
(5) MEDICAL OFFICE BUILDING CONDOMINIUM MEDICAL OFFICE BUILDING CONDOMINIUM PO BOX 1188 TRAVERSE CITY, MI 496851188 38-3567278	REAL ESTAT	MI	MUNSON MED MUNSON MEDICAL CENTER	C CORP	58,180	18,328	78 000 %		No
(6) MUNSON MOBILE IMAGING  PO BOX 1188 TRAVERSE CITY, MI 496851188 38-2704069	IMAGING	MI	N/A						No

Part V

Transactions With Related Organizations

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a Yes

1b Yes

1c Yes

1d Yes

1e Yes

1f

1g

1h

1i

1j Yes

1k Yes

1l Yes

1m Yes

1n

1o Yes

1p Yes

1q Yes

1r Yes

1s

No

No

No

No

No

No

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
SCHEDULE R	MUNSON MEDICAL CENTER USED THE ACCRUAL METHOD OF ACCOUNTING TO VALUE THE TRANSACTIONS WITH RELATED ENTITIES. ALL INTERCOMPANY TRANSACTIONS WITH RELATED ENTITIES WERE REVIEWED, SUMMARIZED, AND RECONCILED TO DETERMINE THE DISCLOSURE AMOUNTS.



Additional Data

Software ID:

Software Version:

EIN: 38-1362830

Name: MUNSON MEDICAL CENTER

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) MUNSON DIALYSIS CENTER  1105 SIXTH ST TRAVERSE CITY, MI 49684 38-3097861	DIALYSIS	MI	C3	3	MUNSON HC MUNSON HEALTHCARE		No
(1) MUNSON HEALTHCARE  1105 SIXTH ST TRAVERSE CITY, MI 49684 38-2640544	HEALTHCARE	MI	C3	11B	N/A		No
(2) MUNSON HEALTHCARE REGIONAL FOUNDATI  1105 SIXTH ST TRAVERSE CITY, MI 49684 38-2642724	RAISE FUND	MI	C3	7	MUNSON HC MUNSON HEALTHCARE		No
(3) MUNSON HOME CARE  1105 SIXTH ST TRAVERSE CITY, MI 49684 38-2191390	HOME HEALT	MI	C3	9	MUN HOME H MUNSON HOME HEALTH		No
(4) MUNSON HOME HEALTH  1105 SIXTH ST TRAVERSE CITY, MI 49684 38-3335362	HOME HEALT	MI	C3	11B	MUNSON HC MUNSON HEALTHCARE		No
(5) MUNSON HOME SERVICES  1105 SIXTH ST TRAVERSE CITY, MI 49684 38-2543463	HOME HEALT	MI	C3	9	MUN HOME H MUNSON HOME HEALTH		No
(6) NORTH FLIGHT INC  1105 SIXTH ST TRAVERSE CITY, MI 49684 38-2657917	MED TRANSP	MI	C3	11B	MUNSON HC MUNSON HEALTHCARE		No
(7) PAUL OLIVER MEMORIAL HOSPITAL  1105 SIXTH ST TRAVERSE CITY, MI 49684 38-1415623	HEALTHCARE	MI	C3	3	MUNSON HC MUNSON HEALTHCARE		No
(8) PAUL OLIVER MEMORIAL HOSPITAL FOUND  1105 SIXTH ST TRAVERSE CITY, MI 49684 23-7201619	RAISE FUND	MI	C3	7	PAUL OLV H PAUL OLIVER MEMORIAL HOSPITAL		No
(9) MUNSON MEDICAL GROUP  1105 SIXTH ST TRAVERSE CITY, MI 49684 27-3600575	PHYSICIAN	MI	C3	9	MUNSON MED MUNSON MEDICAL CENTER	Yes	

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


(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	K	137,187	ACTUAL AMOUNT PAID
MEDICAL OFFICE BUILDING CONDOMINIUM ASSOCIATION	Q	181,549	ACTUAL AMOUNT PAID
MEDICAL OFFICE CONDO ASSOCIATION	K	247,072	ACTUAL AMOUNT PAID
MEDICAL OFFICE CONDO ASSOCIATION	Q	189,355	ACTUAL AMOUNT PAID
MUNSON DIALYSIS CENTER	L	137,433	ACTUAL AMOUNT PAID
MUNSON DIALYSIS CENTER	O	2,243,967	ACTUAL AMOUNT PAID
MUNSON DIALYSIS CENTER	Q	866,339	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE	B	3,450,000	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE	M	1,638,324	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE	O	1,482,828	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE	P	751,552	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE	Q	6,763,317	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE REGIONAL FOUNDATI	C	8,414,805	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE REGIONAL FOUNDATI	L	56,956	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE REGIONAL FOUNDATI	M	543,836	ACTUAL AMOUNT PAID
MUNSON HEALTHCARE REGIONAL FOUNDATI	Q	60,077	ACTUAL AMOUNT PAID
MUNSON HOME CARE	J	124,122	ACTUAL AMOUNT PAID
MUNSON HOME CARE	L	55,590	ACTUAL AMOUNT PAID
MUNSON HOME CARE	Q	9,755,998	ACTUAL AMOUNT PAID
MUNSON HOME HEALTH	J	55,590	ACTUAL AMOUNT PAID
MUNSON HOME HEALTH	O	74,772	ACTUAL AMOUNT PAID
MUNSON HOME HEALTH	Q	1,462,381	ACTUAL AMOUNT PAID
MUNSON HOME SERVICES	O	88,324	ACTUAL AMOUNT PAID
MUNSON HOME SERVICES	Q	3,317,360	ACTUAL AMOUNT PAID
MUNSON MEDICAL BUILDING PARTNERS	C	362,400	ACTUAL AMOUNT PAID

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MUNSON MEDICAL BUILDING PARTNERS	K	803,474	ACTUAL AMOUNT PAID
MUNSON MEDICAL BUILDING PARTNERS	Q	125,677	ACTUAL AMOUNT PAID
MUNSON MEDICAL GROUP	B	5,400,000	ACTUAL AMOUNT PAID
MUNSON MEDICAL GROUP	L	568,357	ACTUAL AMOUNT PAID
MUNSON MEDICAL GROUP	M	489,492	ACTUAL AMOUNT PAID
MUNSON MEDICAL GROUP	O	6,081,402	ACTUAL AMOUNT PAID
MUNSON MEDICAL GROUP	Q	14,636,549	ACTUAL AMOUNT PAID
MUNSON SERVICES INC	Q	10,024,420	ACTUAL AMOUNT PAID
MUNSON SERVICES INC	L	67,638	ACTUAL AMOUNT PAID
MUNSON SERVICES INC	O	2,220,700	ACTUAL AMOUNT PAID
MUNSON SERVICES INC	P	91,862	ACTUAL AMOUNT PAID
MUNSON SUPPORT SERVICES	M	2,031,673	ACTUAL AMOUNT PAID
MUNSON SUPPORT SERVICES	Q	1,808,923	ACTUAL AMOUNT PAID
NORTH FLIGHT INC	M	54,274	ACTUAL AMOUNT PAID
NORTH FLIGHT INC	Q	4,731,676	ACTUAL AMOUNT PAID
NORTHERN MICHIGAN SUPPLY ALLIANCE	E	735,000	ACTUAL AMOUNT PAID
NORTHERN MICHIGAN SUPPLY ALLIANCE	J	227,400	ACTUAL AMOUNT PAID
NORTHERN MICHIGAN SUPPLY ALLIANCE	M	2,005,118	ACTUAL AMOUNT PAID
NORTHERN MICHIGAN SUPPLY ALLIANCE	O	1,120,624	ACTUAL AMOUNT PAID
NORTHERN MICHIGAN SUPPLY ALLIANCE	P	17,833,887	ACTUAL AMOUNT PAID
NORTHERN MICHIGAN SUPPLY ALLIANCE	Q	5,139,835	ACTUAL AMOUNT PAID
PAUL OLIVER MEMORIAL HOSPITAL	B	124,014	AGREEMENT ALLOCATION
PAUL OLIVER MEMORIAL HOSPITAL	L	825,403	ACTUAL AMOUNT PAID
PAUL OLIVER MEMORIAL HOSPITAL	O	1,077,473	ACTUAL AMOUNT PAID
PAUL OLIVER MEMORIAL HOSPITAL	Q	5,045,361	ACTUAL AMOUNT PAID

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
SIXTH STREET DRUGS	O	380,554	ACTUAL AMOUNT PAID

Form **4562**  
  
Department of the Treasury  
Internal Revenue Service (99)

Depreciation and Amortization  
(Including Information on Listed Property)

▶ See separate instructions.    ▶ Attach to your tax return.

OMB No 1545-0172

**2013**

Attachment  
Sequence No **179**

Name(s) shown on return MUNSON MEDICAL CENTER	Business or activity to which this form relates MUNSON SERVICES INC	<b>Identifying number</b>  38-1362830
--------------------------------------------------	------------------------------------------------------------------------	---------------------------------------------

**Part I**

**Election To Expense Certain Property Under Section 179**  
*Note: If you have any listed property, complete Part V before you complete Part I.*

<b>1</b> Maximum amount (see instructions) . . . . .	<b>1</b>	500,000
<b>2</b> Total cost of section 179 property placed in service (see instructions) . . . . .	<b>2</b>	
<b>3</b> Threshold cost of section 179 property before reduction in limitation (see instructions) . . . . .	<b>3</b>	2,000,000
<b>4</b> Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0- . . . . .	<b>4</b>	
<b>5</b> Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions . . . . .	<b>5</b>	

<b>6</b>	<b>(a)</b> Description of property	<b>(b)</b> Cost (business use only)	<b>(c)</b> Elected cost	
<b>7</b>	Listed property Enter the amount from line 29 . . . . .	<b>7</b>		
<b>8</b>	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7 . . . . .	<b>8</b>		
<b>9</b>	Tentative deduction Enter the smaller of line 5 or line 8 . . . . .	<b>9</b>		
<b>10</b>	Carryover of disallowed deduction from line 13 of your 2012 Form 4562 . . . . .	<b>10</b>		
<b>11</b>	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions) . . . . .	<b>11</b>		
<b>12</b>	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11 . . . . .	<b>12</b>		
<b>13</b>	Carryover of disallowed deduction to 2014 Add lines 9 and 10, less line 12 ▶	<b>13</b>		

**Note:** Do not use Part II or Part III below for listed property. Instead, use Part V.

**Part II**

**Special Depreciation Allowance and Other Depreciation (Do not include listed property )** (See instructions )

<b>14</b> Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) . . . . .	<b>14</b>	
<b>15</b> Property subject to section 168(f)(1) election . . . . .	<b>15</b>	
<b>16</b> Other depreciation (including ACRS) . . . . .	<b>16</b>	30,544

**Part III**

**MACRS Depreciation (Do not include listed property.)** (See instructions.)

**Section A**

<b>17</b> MACRS deductions for assets placed in service in tax years beginning before 2013 . . . . .	<b>17</b>	
<b>18</b> If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here . . . . . ▶ <input type="checkbox"/>		

**Section B—Assets Placed in Service During 2013 Tax Year Using the General Depreciation System**

<b>(a)</b> Classification of property	<b>(b)</b> Month and year placed in service	<b>(c)</b> Basis for depreciation (business/investment use only—see instructions)	<b>(d)</b> Recovery period	<b>(e)</b> Convention	<b>(f)</b> Method	<b>(g)</b> Depreciation deduction
<b>19a</b> 3-year property						
<b>b</b> 5-year property						
<b>c</b> 7-year property						
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs		S/L	
<b>h</b> Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
<b>i</b> Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

**Section C—Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs		S/L	
<b>c</b> 40-year			40 yrs	MM	S/L	

**Part IV**

**Summary** (see instructions.)

<b>21</b> Listed property Enter amount from line 28 . . . . .	<b>21</b>	
<b>22 Total.</b> Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions . . . . .	<b>22</b>	30,544
<b>23</b> For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs . . . . .	<b>23</b>	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)  
**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No						24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost
25Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25	
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 . . . . .							29	

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person  
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year ( <b>do not</b> include commuting miles) . . .	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year . . .												
32 Total other personal(noncommuting) miles driven . . .												
33 Total miles driven during the year Add lines 30 through 32 . . . . .												
34 Was the vehicle available for personal use during off-duty hours? . . . . .	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person? . . . . .												
36 Is another vehicle available for personal use? . . .												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? . . . . .	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners . . .		
39 Do you treat all use of vehicles by employees as personal use? . . . . .		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received? . . . . .		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions ) . . . . .		
<b>Note:</b> If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2013 tax year (see instructions)					
43 Amortization of costs that began before your 2013 tax year . . . . .				43	
44 <b>Total.</b> Add amounts in column (f) See the instructions for where to report . . . . .				44	

**TY 2013 GeneralDependencySmall****Name:** MUNSON MEDICAL CENTER**EIN:** 38-1362830**Business Name or Person Name:****Taxpayer Identification Number:****Form, Line or Instruction****Reference:****Regulations Reference:****Description:** WAIVE NOL CARRYBACK

**Attachment Information:** YEAR ENDING: JUNE 30, 2014 38-1362830 MUNSON MEDICAL CENTER PO BOX 1188 TRAVERSE CITY, MI 49685-1188 NOL CARRYBACK ELECTION UNDER IRC SECTION 172(B)(3), THE TAXPAYER ELECTS TO RELINQUISH THE ENTIRE CARRYBACK PERIOD WITH RESPECT TO ANY REGULAR TAX AND AMT NET OPERATING LOSS INCURRED DURING THE CURRENT TAX YEAR.

CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Munson Healthcare and Subsidiaries  
Years Ended June 30, 2014 and 2013  
With Report of Independent Auditors



Munson Healthcare and Subsidiaries

Consolidated Financial Statements and Supplemental Information

Years Ended June 30, 2014 and 2013

**Contents**

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## Independent Auditor's Report

To the Board of Directors  
Munson Healthcare and Subsidiaries

We have audited the accompanying consolidated financial statements of Munson Healthcare and Subsidiaries, which comprise the consolidated balance sheet as of June 30, 2014 and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Munson Healthcare and Subsidiaries as of June 30, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Munson Healthcare and Subsidiaries

***Emphasis of Matter***

As described in Note 1 to the financial statements, Munson Healthcare and Subsidiaries changed their method of presenting investment activity in the consolidated statement of cash flows. Our opinion is not modified with respect to this matter.

***Other Matters***

The consolidated financial statements of Munson Healthcare and Subsidiaries as of June 30, 2013 were audited by other auditors, whose report dated October 2, 2013 expressed an unqualified opinion on those statements.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise Munson Healthcare and Subsidiaries basic consolidated financial statements. The consolidating balance sheet and statement of operations and changes in net assets are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements. The consolidating balance sheet and statement of operations and changes in net assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating balance sheet and statement of operations and changes in net assets are fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

*Plante & Morse, PLLC*

October 1, 2014

# Munson Healthcare and Subsidiaries

## Consolidated Balance Sheets (In Thousands)

	June 30	
	2014	2013
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 84,843	\$ 57,440
Short-term investments	64,463	61,612
Accounts receivable, net	82,314	83,326
Third-party settlements	2,094	190
Inventory	19,815	17,002
Other current assets	8,587	9,259
Total current assets	262,116	228,829
Investments	264,339	228,991
Investments in joint ventures	3,358	4,138
Property and equipment, net	253,436	254,727
Other assets	13,821	18,167
Total assets	\$ 797,070	\$ 734,852
<b>Liabilities and net assets</b>		
Current liabilities		
Current maturities of long-term debt	\$ 2,135	\$ 2,010
Trade accounts payable	19,938	18,141
Accrued compensation	23,798	23,669
Accrued retirement benefits	1,643	2,153
Third-party settlements and reserves	10,012	10,859
Other current liabilities	9,523	9,635
Total current liabilities	67,049	66,467
Long-term debt, less current maturities	122,895	125,059
Accrued postretirement benefit obligation	14,538	14,106
Accrued pension obligation	78,848	78,672
Other liabilities	6,590	6,314
Total liabilities	289,920	290,618
Net assets		
Unrestricted	470,604	407,563
Temporarily restricted	33,479	34,613
Permanently restricted	3,067	2,058
Total net assets	507,150	444,234
Total liabilities and net assets	\$ 797,070	\$ 734,852

See accompanying notes

# Munson Healthcare and Subsidiaries

## Consolidated Statements of Operations and Changes in Net Assets (In Thousands)

	Year Ended June 30	
	2014	2013
<b>Unrestricted revenue</b>		
Patient service revenue (net of contractuals and discounts)	\$ 572,173	\$ 555,712
Provision for uncollectible accounts	(17,838)	(21,358)
Net patient service revenue	554,335	534,354
Other operating revenue	25,325	29,263
Total unrestricted revenue	579,660	563,617
<b>Operating expenses</b>		
Salaries and wages	226,415	223,226
Fringe benefits	69,438	72,168
Contract labor	1,468	724
Physician fees	21,486	18,907
Purchased services	21,541	27,034
Supplies	145,887	137,516
Occupancy	11,698	11,837
Equipment, software, and maintenance	19,840	18,668
Depreciation and amortization	29,921	29,716
Interest	4,979	5,013
Insurance	3,538	2,036
Other	7,555	7,731
	563,766	554,576
Less shared services revenue	12,803	12,859
Total expenses	550,963	541,717
Operating income	28,697	21,900
Other gain (loss), net	32,325	18,258
Swap market value changes	(359)	2,208
Excess of revenue over expenses	\$ 60,663	\$ 42,366

See accompanying notes.

Munson Healthcare and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)  
(In Thousands)

	Year Ended June 30	
	2014	2013
Excess of revenue over expenses	\$ 60,663	\$ 42,366
<b>Unrestricted net assets</b>		
Net assets released from restriction	7,163	1,336
Pension and other postretirement benefit-related changes other than net periodic pension costs	(4,131)	41,110
Other adjustments	(654)	—
Grant distributions	—	(61)
Increase in unrestricted net assets	63,041	84,751
<b>Temporarily restricted net assets</b>		
Contributions	4,536	17,033
Pledge discounts, allowances and other adjustments	967	(3,660)
Investment income	2,234	1,381
Net assets released from restriction	(8,871)	(3,379)
Increase (decrease) in temporarily restricted net assets	(1,134)	11,375
<b>Permanently restricted net assets</b>		
Contributions	997	—
Investment income	12	11
Other adjustments	—	315
Increase in permanently restricted net assets	1,009	326
Increase in net assets	62,916	96,452
Net assets, beginning of period	444,234	347,782
Net assets, end of period	\$ 507,150	\$ 444,234

See accompanying notes.

# Munson Healthcare and Subsidiaries

## Consolidated Statements of Cash Flows (In Thousands)

	Year Ended June 30	
	2014	2013
<b>Operating activities</b>		
Increase in net assets	\$ 62,916	\$ 96,452
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization, including deferred charges	29,989	29,785
Provision for uncollectible accounts	17,838	21,358
Other adjustment	654	—
Net gain (loss) on sale of property and equipment	(268)	310
Net investment income	(31,554)	(20,042)
Undistributed gain on equity investment	(2,080)	(2,227)
Change in pension and other postretirement benefits other than net periodic pension costs	4,131	(41,110)
Decrease (increase) in restricted net assets	125	(11,701)
Net change in fair value of interest rate swaps	359	(2,208)
Change in other long-term assets	3,846	(6,204)
Change in operating assets and liabilities		
Accounts receivable, inventory, third party settlements, and other assets	(20,871)	(30,641)
Accounts payable and third-party settlements	950	5,720
Accrued compensation, retirement benefits, pension, and postretirement benefit obligation	(3,904)	2,770
Other current liabilities	511	(1,853)
Net cash provided by operating activities	62,642	40,409
<b>Investing activities</b>		
Purchase of property and equipment	\$ (29,628)	\$ (26,465)
Proceeds from sale of property and equipment	338	871
Net change in trading investments	(6,627)	(35,961)
Distributions from joint ventures	2,842	2,044
Net cash used in investing activities	(33,075)	(59,511)
<b>Financing activities</b>		
Principal payments of debt obligations	(2,039)	(2,064)
(Decrease) increase in restricted net assets	(125)	11,701
Net cash provided by (used in) financing activities	(2,164)	9,637
Net increase (decrease) in cash and cash equivalents	27,403	(9,465)
Cash and cash equivalents at beginning of year	57,440	66,905
Cash and cash equivalents at end of year	\$ 84,843	\$ 57,440
<b>Supplemental information</b>		
Cash paid for interest	\$ 4,905	\$ 5,081

See accompanying notes

Munson Healthcare and Subsidiaries  
Notes to Consolidated Financial Statements  
*(In Thousands)*

June 30, 2014

**1. Nature of Business and Significant Accounting Policies**

**Reporting Entity and Corporate Structure**

Munson Healthcare is a non-profit parent company and is responsible for the governance and management of its subsidiaries, which provide primary, secondary, and tertiary care to residents of the northern portion of Michigan's Lower Peninsula. The overall mission of Munson Healthcare is to work with its partners to provide superior quality care and promote community health.

**Principles of Consolidation**

The consolidated financial statements include the accounts of Munson Healthcare and all wholly owned, majority owned and controlled organizations. Investments where the Organization holds less than 20% of ownership interest are accounted for using the cost method. All other investments that are not controlled by the Organization are accounted for using the equity method of accounting. The Organization has included its equity share of income or losses from investments in unconsolidated affiliates in other revenue in the consolidated statements of operations and changes in net assets. All material intercompany balances and transactions have been eliminated.

The accompanying consolidated financial statements include the accounts of the parent and its subsidiaries (collectively, the Organization): Munson Healthcare, Munson Medical Center (the Hospital) and its wholly owned subsidiaries, Munson Support Services and Munson Medical Group, Paul Oliver Memorial Hospital and its wholly owned subsidiary, Paul Oliver Memorial Hospital Foundation, Munson Home Health and its wholly owned subsidiaries, Munson Home Care and Munson Home Services, Munson Services, Inc. and its wholly owned subsidiary, Sixth Street Drugs, North Flight, Inc., Munson Healthcare Regional Foundation, Munson Dialysis Center, and Munson Mobile Imaging, Inc. Also included are majority owned joint ventures: Munson Medical Building Partnership, and Northern Michigan Supply Alliance, L.L.C.

The following entities are collectively referred to as the Obligated Group: Munson Healthcare, Munson Medical Center, Paul Oliver Memorial Hospital, Munson Home Health and its wholly owned subsidiaries, Munson Home Care and Munson Home Services, North Flight, Inc., and Munson Healthcare Regional Foundation.



Munson Healthcare and Subsidiaries  
Notes to Consolidated Financial Statements  
*(In Thousands)*

June 30, 2014

**1. Nature of Business and Significant Accounting Policies (continued)**

**Use of Estimates**

The preparation of financial statements in conformity with U S generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Although actual results could differ from those estimates, management believes estimated amounts recorded are reasonable and appropriate.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in investments. Cash balances held in the bank exceed the federal depository insurance limit. The Organization's cash is only insured up to the federal depository insurance limit.

**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 provided and includes estimated retroactive revenue adjustments due to future audits and reviews. 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. Net patient service revenue decreased by approximately \$800 and increased by approximately \$1,900 for the years ended June 30, 2014 and 2013, respectively, related to changes in estimated third-party settlements for prior years. The Organization considers revenues and expenses from the quality assurance assessment program as net reimbursement and therefore records the expenses as a reduction to net patient service revenue.

Munson Healthcare and Subsidiaries  
Notes to Consolidated Financial Statements  
(In Thousands)

June 30, 2014

**1. Nature of Business and Significant Accounting Policies (continued)**

**Net Patient Service Revenue (continued)**

Net patient service revenue is composed of the following for the years ended June 30

	<b>2014</b>		<b>2013</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Inpatient services	\$ 675,604	47.3%	\$ 705,285	51.8%
Outpatient services	704,519	49.4	610,149	44.8
Professional services	47,697	3.3	45,632	3.4
Total patient charges	<b>1,427,820</b>	<b>100.0</b>	1,361,066	100.0
Total contractual allowances and discounts	<b>855,647</b>	<b>59.9%</b>	805,354	59.2
Patient service revenue (net of contractual allowances and discounts)	<b>572,173</b>	<b>40.1%</b>	555,712	40.8%
Provision for uncollectible accounts	<b>17,838</b>	<b>1.2</b>	21,358	1.5
Net patient service revenue	<b>\$ 554,335</b>	<b>38.9%</b>	\$ 534,354	39.3%

Patient service revenue, net of contractual allowances and discounts and before the provision for bad debt, recognized in the year from major payor sources is as follows

	<b>Year Ended June 30</b>	
	<b>2014</b>	<b>2013</b>
Third-party payors	\$ 555,574	\$ 530,464
Self-pay patients	16,599	25,248
Total payors	<b>\$ 572,173</b>	<b>\$ 555,712</b>

Munson Healthcare and Subsidiaries  
Notes to Consolidated Financial Statements  
*(In Thousands)*

June 30, 2014

**1. Nature of Business and Significant Accounting Policies (continued)**

**Net Patient Service Revenue (continued)**

A significant portion of the Organization's services is provided to patients under Medicare, Medicaid, Blue Cross Blue Shield of Michigan, and other agreements with third-party contractual agencies. Such contracts provide for payment or reimbursement to the Organization at other-than-standard charges. For the years ended June 30, 2014 and 2013, approximately 76.8% and 76.0%, respectively, of the Organization's net patient service revenue is received from the Medicare, Medicaid, and Blue Cross Blue Shield of Michigan programs. Estimated settlements have been reflected in the accompanying consolidated balance sheets for differences between interim payments and the total payments to be received under the contracts.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**RAC**

The Medicare program has initiated a Recovery Audit Contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy and proper documentation. The Organization had \$2,840 and \$2,800 recorded as an additional allowance for RAC audits at June 30, 2014 and 2013, respectively.

**Professional and Other Liability Insurance**

The Organization accrues an estimate of the ultimate expense, including litigation and settlement expense, for incidents of potential improper professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end. There are no expected insurance recoveries recorded as a receivable as of June 30, 2014 and 2013.

**Inventories**

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or market value.

Munson Healthcare and Subsidiaries  
Notes to Consolidated Financial Statements  
*(In Thousands)*

June 30, 2014

**1. Nature of Business and Significant Accounting Policies (continued)**

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. For the purpose of recognizing investment returns as a component of excess of revenues over expenses, substantially all of the Organization's investments are considered to be trading securities. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue over expenses unless a donor or law restricts the income or loss. Gains or losses with respect to disposition of marketable securities are based on the specific-identification method.

Equity securities expose the Organization to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets, both foreign and domestic. Performance risk is the risk associated with a company's operating performance. Liquidity risk tends to be higher for foreign equities and equities related to small capitalization companies.

During the year ended June 30, 2014, the Organization changed its method of accounting for investments. The net change in trading investments on the Consolidated Statements of Cash Flows was previously reported as a change in operating assets and is now reported as an investing activity. The effect on net cash provided by operating activities and net cash used in investing activities was an increase of \$35,961 for the year ended June 30, 2013.

**Property and Equipment**

Property and equipment are stated at cost if purchased or at fair market value at the date of donation. Depreciation on property and equipment, excluding construction-in-progress, is computed using the straight-line method over the estimated useful lives of the assets. The general range of estimated useful lives of the assets is twenty to forty years for buildings, ten to twenty years for land improvements and three to ten years for equipment. Outlays for construction-in-progress are capitalized as incurred.

**Asset Impairment**

The Organization considers whether indicators of impairment are present and performs the necessary test to determine if the carrying value of an asset is appropriate. Impairment write-downs, except for those related to investments, are recognized in operating income at the time the impairment is identified.

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June 30, 2014

**1. Nature of Business and Significant Accounting Policies (continued)**

**Intangible Assets**

In connection with business combinations, the Organization has recorded goodwill and other intangible assets in other assets on the accompanying consolidated balance sheets as follows

	<b>Goodwill</b>	<b>Other Intangibles</b>
Balance, July 1, 2012	\$ 3,786	\$ 743
Less amortization expense	-	162
Balance, July 1, 2013	3,786	581
Less amortization expense	-	162
Balance, June 30, 2014	<b>\$ 3,786</b>	<b>\$ 419</b>

The Organization's other intangible assets will be fully amortized within five years with an aggregate amortization expense of \$419. The Organization reviews annually, or more frequently if events or changes in circumstances suggest impairment may have occurred, the carrying value of the goodwill and intangible assets for impairment and to determine if an adjustment for other intangibles to the amortization period is necessary. If circumstances suggest that the recorded amounts of any of these assets cannot be recovered, the carrying values of such assets are reduced to fair value. If the carrying value of any of these assets is impaired, a material charge may be incurred to results of operations. Based on an analysis using discounted cash flows and comparative transaction methods, it has been determined that there was no impairment to intangible assets, including goodwill, as of June 30, 2014 and 2013.

**Derivative Financial Instruments**

The Organization maintains interest rate swap agreements with banks to manage its investments and capitalization, including risks associated with changes in interest rates. The Organization records its derivative instruments as either assets or liabilities in the accompanying consolidated balance sheets at fair value. The cash flows associated with the swap agreements flow through other operating expenses on the accompanying consolidated statements of operations and changes in net assets. The unrealized derivative gain or loss related to the change in fair value is included in swap market value changes on the consolidated statements of operations and changes in net assets as part of excess of revenue over expenses.

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June 30, 2014

**1. Nature of Business and Significant Accounting Policies (continued)**

**Net Assets**

Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets are endowment funds to be held in perpetuity by the Organization. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless restricted by the donor or by applicable state law.

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

**Operating Indicator**

The Organization's operating indicator (operating income) includes all net patient service revenues and other revenues and expenses from the Organization's operations for the reporting period. The operating indicator excludes other gain (loss), net, and swap market value changes.

**Performance Indicator**

The Organization's performance indicator (excess of revenue over expenses) includes all changes in unrestricted net assets other than grant distributions, net assets released from restrictions, pension and other postretirement benefit-related changes other than net periodic pension costs, and other adjustments.

**Amount Received From Shared Services**

Total operating expenses are reduced by the amount reported as less shared services revenue, which represents revenue received from affiliates and other health care providers for the purchase of goods and services. The expenses related to this revenue are included in the operating expense line items.

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June 30, 2014

**1. Nature of Business and Significant Accounting Policies (continued)**

**Charity Care**

The Organization provides care to patients who meet certain financial or economic criteria without charge or at amounts substantially less than the Organization's established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported in net revenues or in accounts receivable, net. The Organization provided charity care based on charges at established rates, amounting to \$16,046 and \$15,976 during the years ended June 30, 2014 and 2013, respectively. The estimated costs of providing the charity care were approximately \$6,200 and \$6,400 during the years ended June 30, 2014 and 2013, respectively. The estimated costs were based on a calculation, which multiplied the percentage of operating expenses to gross patient charges by the above-mentioned charity care. A future increase in the level of uninsured patients to the Organization and adverse trends in the provision for doubtful accounts and charity care provided could have a material unfavorable impact on future operating results.

**Tax Status**

All entities are tax-exempt under various provisions under the Internal Revenue Code except for Munson Support Services, Munson Services, Inc., Sixth Street Drugs, Inc., Munson Medical Building Partnership, Northern Michigan Supply Alliance, L L C, and Munson Mobile Imaging, Inc. Any tax provision for these entities is not material to the overall consolidated financial statements.

**Tax Estimates**

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2010.

Munson Healthcare and Subsidiaries  
Notes to Consolidated Financial Statements  
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June 30, 2014

**1. Nature of Business and Significant Accounting Policies (continued)**

**Meaningful Use Revenue**

The American Recovery and Reinvestment Act of 2009 established incentive payments under Medicare and Medicaid programs for certain eligible professionals, hospitals, and critical access hospitals (Providers). Providers can receive incentive payments by adopting, implementing, and upgrading electronic health records (EHR) technology. Providers can also receive incentive payments for demonstrating meaningful use of EHR technology. Upon satisfaction of the meaningful use criteria, using a grant accounting model, the Organization recognized \$4,100 and \$7,600 of these incentive payments within total operating revenue on the consolidated statements of operations and changes in net assets for the years ended June 30, 2014 and 2013, respectively. If specified meaningful use criteria are achieved in future periods, the Organization may qualify for additional incentive payments.

**2. Accounts Receivable**

The Organization provides health care services through inpatient, outpatient, and ambulatory care facilities and grants credit to patients, substantially all of whom are local residents in the communities served by the Organization. The Organization generally does not require collateral or other security in extending credit to patients, however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance program, plans, or policies, including, but not limited to, Medicare, Medicaid, health maintenance organizations, and commercial insurance policies.

The allowance for uncollectible accounts is based upon management's assessment of historical and expected net collections considering business and general economic conditions in its service area, trends in health care coverage, and other collection indicators. Throughout the year, management assesses the adequacy of the allowance for uncollectible accounts based upon accounts receivable payor composition and historical write-off experience by payor category and other factors. The results of these reviews are then used to make any modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible accounts. After amounts due from third-party payors are satisfied and reasonable efforts to collect from the patient have been exhausted, the Organization follows established guidelines for placing certain past-due patient balances with collection agencies.



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June 30, 2014

**2. Accounts Receivable (continued)**

The Organization has a program of factoring accounts receivable with recourse to a third party. The Organization is obligated to repurchase factored receivables upon occurrence of certain conditions of the program. Accordingly, the Organization accounts for the factoring as a secured borrowing, maintaining the factored receivables within other current assets at their net realizable value until receivables are collected by the third party. As of June 30, 2014 and 2013, a total of \$769 and \$2,076, respectively, of accounts receivable has been factored and still has recourse potential. The Organization has an allowance for recourse of \$27 and \$112 as of June 30, 2014 and 2013, respectively. Total factored receivables for the years ended June 30, 2014 and 2013 were \$671 and \$4,922, respectively. During the year ended June 30, 2013, the program of factoring accounts receivable with recourse to a third party was discontinued to new patients.

The details of accounts receivable are set forth below:

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Accounts receivable	\$ 194,268	\$ 204,952
Less:		
Allowance for uncollectible accounts	12,781	14,715
Allowance for contractual adjustments	102,719	110,499
Allowance for charity care	4,127	5,640
Net accounts receivable	74,641	74,098
Other	7,673	9,228
Total net accounts receivable	<u>\$ 82,314</u>	<u>\$ 83,326</u>

The composition of receivables from patients and third-party payors is as follows:

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Medicare	49%	48%
Blue Cross Blue Shield of Michigan	14	15
Commercial insurance and HMOs	16	15
Medicaid	12	8
Self-pay	9	14
Total	<u>100%</u>	<u>100%</u>

Munson Healthcare and Subsidiaries  
Notes to Consolidated Financial Statements  
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### 3. Property and Equipment

Cost of property and equipment and depreciable lives are summarized as follows

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Land	\$ 15,724	\$ 14,643
Land improvements	4,062	3,100
Buildings	323,658	322,626
Equipment	226,074	214,790
Construction-in-progress	11,571	16,513
Total cost	581,089	571,672
Accumulated depreciation	(327,653)	(316,945)
Total property and equipment, net	\$ 253,436	\$ 254,727

Construction-in-progress at June 30, 2014 consists of costs associated with the construction of the cancer center, relocation of the Spine and Nerve department, voice communication systems upgrades, Dragon Enterprise software implementation, and various other information technology and facility projects. Construction-in-progress at June 30, 2013 consists of costs associated with the construction of the cancer center and the creek relocation project, the central processing department expansion, the Building 29 renovation, and various other information technology and facility projects.

During fiscal year 2014, the Organization entered into construction commitments of approximately \$5,700 for the cancer center, of which approximately \$4,660 remained as of June 30, 2014. Subsequent to year end, the Organization entered into additional commitments of approximately \$16,500 for the continued construction of the cancer center.

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#### 4. Long-Term Debt

Long-term debt is as follows

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
<b>Obligated Group</b>		
Revenue bonds payable to the County of Grand Traverse Hospital Finance Authority – Series 2011. The bonds are the joint and several obligations of the Obligated Group. The bonds are payable from the revenue of the Obligated Group and are collateralized by its accounts and general intangibles.		
• Series 2011A: \$77,850, 3.0% fixed interest at June 30, 2014		
• Unamortized bond premium of \$337 at June 30, 2014		
• Series 2011B: \$24,825, 3.52% variable interest at June 30, 2014		
• Series 2011C: \$22,000, 2.63% fixed interest at June 30, 2014	<b>\$ 125,012</b>	\$ 127,037
<b>Capital Lease</b>		
Due in monthly installments totaling \$1, including interest at 5.07% annually. This lease is collateralized by a security agreement on a specific piece of equipment.		
	<b>18</b>	<b>32</b>
Total	<b>125,030</b>	127,069
Current portion	<b>(2,135)</b>	(2,010)
Long-term portion	<b>\$ 122,895</b>	\$ 125,059

The Obligated Group variable rate revenue bonds are secured by letter of credit agreements in the amount of \$25,063 scheduled to terminate on August 10, 2016. Variable rate bonds are remarketed weekly, with the option to convert to an adjustable or fixed rate. In connection with the outstanding bond issues, the Organization has agreed to various covenants. These covenants include restrictions on transfer of assets, additional indebtedness, and maintenance of certain financial ratios.

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**4. Long-Term Debt (continued)**

Minimum principal payments on long-term debt to maturity as of June 30, 2014, are as follows

2015	\$ 2,135
2016	2,248
2017	2,350
2018	2,470
2019	2,595
2020 and thereafter	<u>112,895</u>
Total minimum payments	124,693
Plus unamortized bond premium	<u>337</u>
Net long-term debt	<u><u>\$ 125,030</u></u>

On March 1, 2013, Munson Healthcare (the Guarantor) entered into an agreement with a bank to guaranty approximately \$4,500 of an affiliate's debt. In the event of default, the Guarantor will be required to pay amounts owing to the bank. In the case advances are paid to the bank by the Guarantor, the affiliate will repay the Guarantor with interest accruing monthly at the Prime Rate plus 1.00%. This is a continuing obligation of the Guarantor until said obligations are paid in full to the bank. The outstanding affiliate debt was approximately \$2,900 and \$3,800 at June 30, 2014 and 2013, respectively. No advances have been paid by the Guarantor.

On October 1, 2013, the Guarantor entered into an agreement with a bank to guaranty approximately \$18,000 of an affiliate's debt. In the event of default, the Guarantor will be required to pay amounts owing to the bank. In the case advances are paid to the bank by the Guarantor, the affiliate will repay the Guarantor with interest accruing monthly at 2.87%. This is a continuing obligation of the Guarantor until said obligations are paid in full to the bank. The outstanding affiliate debt was approximately \$17,980 at June 30, 2014. No advances have been paid by the Guarantor.

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## 5. Interest Rate Swap Agreements

The Organization maintains fixed payor and a basis interest rate swap agreements to manage interest rate risk exposure. Outstanding interest rate swap agreements are as follows:

Notional Amount as of June 30, 2014	Termination Date	Receives	Pays	Market Value at June 30		Gain (Loss)
				2014	2013	
Basis swap \$30,000,000	June 2017	70.3% of 5-year LIBOR	SIFMA Municipal Swap Index (0.06% at June 30, 2014)	\$ 1,074	\$ 1,344	\$ (270)
Fixed payor swaps \$24,525,000	July 2028	67% of 30-day LIBOR	3.42%	(3,840)	(3,751)	(89)
				<u>\$ (2,766)</u>	<u>\$ (2,407)</u>	<u>\$ (359)</u>

The Organization's basis swap derivative instrument contains provisions that require the Organization's debt to maintain an investment-grade credit rating from each of the major credit rating agencies. If, on the measurement date, the Organization's debt was to fall below investment grade and the derivative instrument was in a net liability position in an amount exceeding a stated threshold, the counterparties to the derivative instrument could request immediate and ongoing full overnight collateralization. For the years ended June 30, 2014 and 2013, the Organization's basis swap was in a positive position, requiring no collateral to be posted for either of the years.

The fixed payor interest rate swap agreement used by the Organization effectively modifies the Organization's exposure to interest rate risk by converting the Organization's floating rate debt to a fixed rate basis, thus reducing the effect of interest rate changes on future interest expense. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The Organization's fixed payor swap derivative instrument contains collateralization requirements if certain conditions exist. At June 30, 2014 and 2013, no collateral was required to be posted. Under the interest rate swap transaction, various early termination events may occur, triggering an early termination payment. An early termination event occurs upon the event of the Organization's rating downgrade and nonperformance or the rating downgrade of the swap insurer, as specified in the swap agreement.

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**5. Interest Rate Swap Agreements (continued)**

The interest rate swaps are recorded in other assets and other liabilities in the accompanying consolidated balance sheets

The cash flows associated with the swap agreements flow through other operating expenses on the accompanying consolidated statements of operations and changes in net assets in the amount of \$489 and \$665 for the years ended June 30, 2014 and 2013, respectively

The changes in fair value are reported in the consolidated statements of operations and changes in net assets as part of excess of revenue over expenses. The unrealized gain (loss) in fair value of the basis swaps was \$(359) and \$2,208 for the years ended June 30, 2014 and 2013, respectively

**6. Fair Value Measurements**

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value of certain assets and liabilities and expands disclosures about fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the inputs 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The carrying values of cash and cash equivalents, accounts receivable, third-party settlements, and accounts payable are reasonable estimates of fair value due to the short-term nature of these financial instruments. Investments and interest rate swaps are recorded at their fair value. At June 30, 2014 and 2013, the fair value of the Organization's fixed rate long-term debt as estimated by discounted cash flow analyses using current borrowing rates for similar types of borrowing arrangements and adjusted for credit was approximately \$106,000 (Level 2) each year (see Note 4). The Organization's variable rate debt is recorded using current interest rates and therefore, approximates fair value of \$24,825 at June 30, 2014 and 2013.

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**6. Fair Value Measurements (continued)**

Certain of the Organization's financial assets are measured at fair value on a recurring basis, including money market and fixed income and equity instruments. The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments, measured at fair value are as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Level 1 primarily consists of cash and financial instruments, such as money market securities and listed equities.

*Level 2* – Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date. Instruments in this category include certain U.S. government agency and sponsored entity debt securities and interest rate swap contracts.

*Level 3* – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

The following tables set forth by level within the fair value hierarchy the Organization's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2014 and 2013. The financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, could be subject to change or variation, and may affect the valuation of fair value assets and liabilities and their classification within the fair value hierarchy levels.

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**6. Fair Value Measurements (continued)**

The fair value of financial assets and liabilities measured on a recurring basis was determined using the following inputs at June 30, 2014

	Fair Value Measurements at Reporting Date Using			
	Fair Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash and cash equivalents	\$ 84,843	\$ 84,843	\$ -	\$ -
Money market fund and depository funds held by a bank trust department	11,683	11,683	-	-
Debt securities				
U S government and government agency obligations	116,193	-	116,193	-
Corporate obligations	84,326	-	84,326	-
Common stocks				
U S equities	94,131	94,131	-	-
Foreign equities	21,236	21,236	-	-
Interest rate swap	1,074	-	1,074	-
Other	1,233	160	1,073	-
Total assets	<u>\$ 414,719</u>	<u>\$ 212,053</u>	<u>\$ 202,666</u>	<u>\$ -</u>
<b>Liabilities</b>				
Interest rate swap	\$ 3,840	\$ -	\$ 3,840	\$ -
Total liabilities	<u>\$ 3,840</u>	<u>\$ -</u>	<u>\$ 3,840</u>	<u>\$ -</u>



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**6. Fair Value Measurements (continued)**

The fair value of financial assets and liabilities measured on a recurring basis was determined using the following inputs at June 30, 2013

	Fair Value Measurements at Reporting Date Using			
	Fair Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash and cash equivalents	\$ 57,440	\$ 57,440	\$ -	\$ -
Money market fund and depository funds held by a bank trust department	19,923	19,923	-	-
Debt securities				
U S government and government agency obligations	110,175	-	110,175	-
Municipal obligations	69	-	69	-
Corporate obligations	44,764	-	44,764	-
Foreign obligations	977	-	977	-
Common stocks				
U S equities	95,162	95,162	-	-
Foreign equities	18,486	18,486	-	-
Interest rate swap	1,344	-	1,344	-
Other	1,047	135	912	-
Total assets	\$ 349,387	\$ 191,146	\$ 158,241	\$ -
<b>Liabilities</b>				
Interest rate swap	\$ 3,751	\$ -	\$ 3,751	\$ -
Total liabilities	\$ 3,751	\$ -	\$ 3,751	\$ -

The fair value of cash and cash equivalents, and money market funds are based on quoted market prices and classified as Level 1. The fair value of Level 1 trading securities is based on quoted market prices from an active exchange. The fair value of Level 2 trading securities is based on third-party market quotes for similar securities and other observable inputs. The fair value of interest rate swaps is based upon forward interest rate curves, as adjusted for a credit valuation allowance.

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**6. Fair Value Measurements (continued)**

The Organization's policy is to recognize transfers in and transfers out of level 1, 2, and 3 fair value classifications as of the end of the reporting period. There were no significant transfers into or out of Levels 1, 2, or 3.

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

The following schedule summarizes the investment return and its classification in the consolidated statements of operations and changes in net assets for the years ended June 30, 2014 and 2013.

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Return from		
Investment income	\$ 4,603	\$ 4,763
Realized gains on sale of investments, net	3,730	11,914
Change in unrealized gains (losses) on investments, net	23,608	3,783
Total	<u>\$ 31,941</u>	<u>\$ 20,460</u>
Classified as		
Other operating revenue	\$ 387	\$ 418
Other gain	29,308	18,650
Investment income on restricted net assets	2,246	1,392
Total	<u>\$ 31,941</u>	<u>\$ 20,460</u>

The Board of Trustees has designated assets for replacement, improvement, and expansion of tangible facilities in the amount of \$240,245 and \$209,956 as of June 30, 2014 and June 30, 2013, respectively. Board designated assets are held in cash, cash equivalents, and investment securities.

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**7. Medical Malpractice Claims**

Based on the nature of its operations, the Organization is at times subject to pending or threatened legal actions that arise in the normal course of its activities

The Organization is insured against medical malpractice claims under a claims-made policy, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. Terms of the policy require the Organization to be responsible for a deductible. The Organization also bears the risk of the ultimate costs of any individual claims exceeding the policy limits for claims asserted in the policy year. In addition to the primary layer of medical malpractice coverage, the Organization maintains a secondary layer of coverage through a segregated portfolio in an offshore captive insurance company. An umbrella policy provides additional coverage in addition to the primary and secondary layers. The reserve for estimated malpractice claims, recorded as other liabilities on the balance sheet, was approximately \$2,555 and \$2,317 at June 30, 2014 and 2013, respectively, including deductibles.

If the claims-made policy was not renewed or replaced with equivalent insurance, claims based on the occurrences during the claims-made term, but reported subsequently, would be uninsured.

The Organization is not aware of any medical malpractice claims, either asserted or unasserted, that would exceed the policy limits. No claims have been settled during the past three years that have exceeded policy coverage limits. The cost of the Organization's insurance policy and any deductibles paid represent the Organization's cost for such claims for the year and have been charged to operations as a current expense.

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## 8. Retirement Plans

Munson Medical Center maintains a defined benefit pension plan and two separate retirement savings plans (RSP) covering substantially all of its employees as well as employees of certain affiliates. Munson Medical Center bills its affiliates for pension costs based on a percentage of covered wages.

The following table sets forth the funded status of the defined benefit pension plan and amounts recognized in the consolidated financial statements as of and for the years ended June 30, 2014 and 2013.

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Change in benefit obligation of the plan		
Benefit obligation at beginning of the year	\$ 319,812	\$ 332,121
Service cost	8104	9,302
Interest cost	15,295	13,984
Actuarial loss (gain)	24,726	(28,645)
Benefits paid	(8,199)	(6,950)
Benefit obligation at end of year	<u>359,738</u>	<u>319,812</u>
Change in assets of the plan		
Fair value of assets at beginning of year	241,140	213,025
Actual return on assets	32,949	20,065
Employer contributions	15,000	15,000
Benefits paid	(8,199)	(6,950)
Fair value of assets at end of year	<u>280,890</u>	<u>241,140</u>
Funded status (deficit) at end of year	<u>\$ (78,848)</u>	<u>\$ (78,672)</u>
Amounts recognized in consolidated balance sheets		
Accrued pension obligation	\$ (78,848)	\$ (78,672)
Accumulated adjustments to unrestricted net assets		
Net actuarial loss	90,082	86,349
Prior service cost	16	104
Net amount recognized	<u>\$ 11,250</u>	<u>\$ 7,781</u>

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**8. Retirement Plans (continued)**

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Components of net pension benefit cost		
Service cost	\$ 8,104	\$ 9,302
Interest cost	15,295	13,984
Expected return on assets	(17,598)	(16,774)
Amortization of prior service cost	88	88
Amortization of net loss	5,643	9,595
Net periodic pension cost	<u>\$ 11,532</u>	<u>\$ 16,195</u>
Weighted-average actuarial assumptions to determine benefit cost were		
Discount rate for benefit obligation at year-end	4.35%	4.85%
Discount rate for periodic pension costs	4.85%	4.26%
Expected rate of return on plan assets	7.00%	7.50%
Rate of compensation increase	3.22%	3.25%

At June 30, 2014 and 2013, the discount rates for determining the benefit obligation and periodic pension costs and were changed from 4.85% to 4.35% and from 4.26% to 4.85%, respectively, increasing the projected benefit obligation by \$24,245 in fiscal year 2014 and decreasing the projected benefit obligation by \$28,649 in fiscal year 2013. At June 30, 2014 and 2013, the accumulated benefit obligation was \$331,378 and \$292,174, respectively. The estimated net loss and prior service cost for the defined benefit pension plan that will be recognized into net periodic benefit cost over the next fiscal year are \$5,781.

The Organization expects to contribute \$15,000 to its pension plan in 2015. The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

2015	\$ 10,330
2016	11,795
2017	13,489
2018	15,217
2019 - 2024	124,587

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*(In Thousands)*

June 30, 2014

**8. Retirement Plans (continued)**

The Organization's pension plan asset allocation at June 30, 2014 and 2013, by asset category as a percentage, is as follows

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Equity securities	<b>48%</b>	47%
Debt securities	<b>50%</b>	47%
Cash equivalents	<b>2%</b>	6%

The goals of the investment program are to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the Organization, maintain an asset/liability ratio that is in compliance with all applicable laws and regulations and assures timely payment of retirement benefits. The target allocation for each major category of plan assets is as follows

Equity securities	55%
Fixed income	45%

The expected long-term rate of return assumption is based on the mix of assets in the plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management

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**8. Retirement Plans (continued)**

The following table presents the plan's financial instruments as of June 30, 2014, measured on a recurring basis within the fair value hierarchy as disclosed in Note 6

	<b>Fair Value Measurements at June 30, 2014, Using</b>			
	<b>Fair Market Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Assets</b>				
Money market funds – short-term investments	\$ 6,833	\$ 6,833	\$ -	\$ -
Common stock				
U S equities	107,698	107,698	-	-
Foreign equities	25,017	25,017	-	-
Debt securities				
U S government and government agency obligations	77,489	-	77,489	-
Corporate obligations	62,808	-	62,808	-
Other	1,045	173	872	-
Total assets	<u>\$ 280,890</u>	<u>\$ 139,721</u>	<u>\$ 141,169</u>	<u>\$ -</u>

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June 30, 2014

**8. Retirement Plans (continued)**

The following table presents the plan's financial instruments as of June 30, 2013, measured on a recurring basis within the fair value hierarchy as disclosed in Note 6

	<u>Fair Value Measurements at June 30, 2013, Using</u>			
	<u>Fair Market Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Assets</b>				
Money market funds – short-term investments	\$ 13,577	\$ 13,577	\$ -	\$ -
Common stock				
U S equities	92,444	92,444	-	-
Foreign equities	19,992	19,992	-	-
Debt securities				
U S government and government agency obligations	62,122	-	62,122	-
Corporate obligations	50,723	-	50,723	-
Foreign obligations	1,263	-	1,263	-
Municipal obligations	73	-	73	-
Other	946	153	793	-
Total assets	<u>\$ 241,140</u>	<u>\$ 126,166</u>	<u>\$ 114,974</u>	<u>\$ -</u>



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June 30, 2014

**8. Retirement Plans (continued)**

Munson Medical Center maintains two separate RSPs

The first plan is for employees who continue to accrue benefits under the defined benefit plan. This plan allows employee contributions subject to IRS rules. There is no employer-matching contribution under this plan.

The second plan allows for an employer-matching contribution up to a maximum of 67% of the participants' deferrals that did not exceed 3% of compensation, with an additional 3% discretionary contribution at year-end. All employees who chose to freeze their benefit accruals in the Organization's defined benefit pension plan, employees hired after January 1, 2006, and those employees hired during 2005 who did not meet the eligibility requirements of the defined benefit plan, participate in the second plan. Accrued retirement benefits include \$1,392 and \$1,936 at June 30, 2014 and 2013, respectively, for this plan. Expenses charged to operations under this plan was \$4,806 and \$5,393 for the years ended June 30, 2014 and 2013, respectively.

**9. Postretirement Benefit Obligation**

The Organization has a postretirement health plan that benefits certain employees. Substantially all of the Organization's employees hired prior to December 31, 2005, may become eligible for benefits if they have ten years of service after age 45. Under provisions of the plan, the Organization's liability is limited to a fixed amount per retiree; retirees are required to make monthly contributions and are liable for any increase in the cost of health care benefits. The plan is not funded. Employees hired after December 31, 2005 are not eligible for the plan, as participation in the plan has been frozen as of that date.

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**9. Postretirement Benefit Obligation (continued)**

The following is information relating to this plan as of and for the years ended June 30, 2014 and 2013, the measurement dates for the plan

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Benefit obligation and underfunded status	\$ (14,538)	\$ (14,106)
Employer contributions	\$ 569	\$ 536
Benefits paid	\$ (569)	\$ (536)
Weighted-average assumptions		
Discount rate	4.35%	4.85%

The Organization expects to contribute \$645 to its postretirement plan in 2015. The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

2015	\$ 645
2016	732
2017	812
2018	882
2019	936
2020-2024	5,176

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**10. Functional Expenses**

The Organization provides inpatient, outpatient, and long-term health care services to patients in northwest Michigan. Expenses related to providing these services for the years ended June 30, 2014 and 2013 are as follows:

	<b>June 30</b>	
	<b>2014</b>	<b>2013</b>
Health care services	\$ 488,355	\$ 483,071
General and administrative	61,333	57,409
Fundraising	1,275	1,237
Total	<u>\$ 550,963</u>	<u>\$ 541,717</u>

**11. Subsequent Events**

The Organization evaluated events and transactions occurring subsequent to June 30, 2014 through October 1, 2014, the date of issuance of the consolidated financial statements. During this period, the Organization signed a non-binding letter of intent with CHE Trinity Health to purchase Mercy Hospital Cadillac and Mercy Hospital Grayling. A non-binding letter of intent has also been signed to purchase Charlevoix Area Hospital. These acquisitions will ensure a strong regional health care system for the people of northern Michigan.

The Organization has also entered into a non-binding letter of intent to explore a joint venture opportunity between its subsidiary, North Flight, Inc. and Spectrum Health. This joint venture would enhance the rescue capabilities for the region.

Subsequent to year end, the Organization will be issuing new bonds in the amount of \$60,000 to be utilized for the construction of the cancer center and to fund acquisitions.

## Supplementary Information