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Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

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

Information about Form 990 and its instructions is at [www.IRS.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

Community Memorial Hospital of Menomonee Falls Inc

Doing Business As

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

W180 N8085 Town Hall Road

Room/suite

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

Menomonee Falls, WI 53051

F Name and address of principal officer

Jacobson Catherine A

W180 N8085 Town Hall Road

Menomonee Falls, WI 53051

H(a) Is this a group return for subordinates?

☐ Yes ☒ No

H(b) Are all subordinates included?

☐ Yes ☒ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

www froedtert com

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1959

M State of legal domicile

WI

Part I	Summary																																																																						
Activities & Governance	1 Briefly describe the organization's mission or most significant activities Community Memorial Hospital advances the health of the communities we serve through exceptional care enhanced by innovation and discovery																																																																						
	2 Check this box ☒ if the organization discontinued its operations or disposed of more than 25% of its net assets																																																																						
Revenue	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>18</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>14</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>1,443</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>235</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>0</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td></td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	18	4	Number of independent voting members of the governing body (Part VI, line 1b)	14	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	1,443	6	Total number of volunteers (estimate if necessary)	235	7a	Total unrelated business revenue from Part VIII, column (C), line 12	0	7b	Net unrelated business taxable income from Form 990-T, line 34																																																					
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Expenses	<table><tr><td>8</td><td>Contributions and grants (Part VIII, line 1h)</td><td></td><td>Prior Year</td><td>Current Year</td></tr><tr><td>9</td><td>Program service revenue (Part VIII, line 2g)</td><td></td><td></td><td>193,539</td></tr><tr><td>10</td><td>Investment income (Part VIII, column (A), lines 3, 4, and 7d)</td><td></td><td>178,272,452</td><td>180,019,335</td></tr><tr><td>11</td><td>Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)</td><td></td><td>6,461,842</td><td>1,687,780</td></tr><tr><td>12</td><td>Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)</td><td></td><td>10,155,074</td><td>7,174,158</td></tr><tr><td></td><td></td><td></td><td>194,889,368</td><td>189,074,812</td></tr><tr><td>13</td><td>Grants and similar amounts paid (Part IX, column (A), lines 1–3)</td><td></td><td>49,964</td><td>60,042</td></tr><tr><td>14</td><td>Benefits paid to or for members (Part IX, column (A), line 4)</td><td></td><td></td><td>0</td></tr><tr><td>15</td><td>Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</td><td></td><td>67,273,584</td><td>66,370,728</td></tr><tr><td>16a</td><td>Professional fundraising fees (Part IX, column (A), line 11e)</td><td></td><td></td><td>0</td></tr><tr><td>b</td><td>Total fundraising expenses (Part IX, column (D), line 25) 255,229</td><td></td><td></td><td></td></tr><tr><td>17</td><td>Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</td><td></td><td>109,874,721</td><td>132,210,218</td></tr><tr><td>18</td><td>Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</td><td></td><td>177,198,269</td><td>198,640,988</td></tr><tr><td>19</td><td>Revenue less expenses Subtract line 18 from line 12</td><td></td><td>17,691,099</td><td>-9,566,176</td></tr></table>	8	Contributions and grants (Part VIII, line 1h)		Prior Year	Current Year	9	Program service revenue (Part VIII, line 2g)			193,539	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		178,272,452	180,019,335	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		6,461,842	1,687,780	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		10,155,074	7,174,158				194,889,368	189,074,812	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		49,964	60,042	14	Benefits paid to or for members (Part IX, column (A), line 4)			0	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		67,273,584	66,370,728	16a	Professional fundraising fees (Part IX, column (A), line 11e)			0	b	Total fundraising expenses (Part IX, column (D), line 25) 255,229				17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		109,874,721	132,210,218	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		177,198,269	198,640,988	19	Revenue less expenses Subtract line 18 from line 12		17,691,099	-9,566,176
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Part II

Signature Block

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

Sign Here

Signature of officer

Scott R Hawig CFO

Type or print name and title

2015-05-08

Date

Paid Preparer Use Only

Prnt/Type preparer's name

Mollie Longhouse

Preparer's signature

Date

Check ☐ if self-employed

PTIN P00294881

Firm's name

KPMG LLP

Firm's EIN

Firm's address

191 W Nationwide Blvd Suite 500

Columbus, OH 43215

Phone no (614) 249-2300

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

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

Community Memorial Hospital advances the health of the communities we serve through exceptional care enhanced by innovation and discovery

2

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

☐ Yes ☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If "Yes," describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 88,267,894 including grants of \$) (Revenue \$ 103,292,010)

Inpatient Services Community Memorial Hospital was founded in 1964 by citizens of the community it serves The hospital is accredited by The Joint Commission Combining next-generation technology with personalized care, Community Memorial Hospital strives to enhance and improve the quality of life in Waukesha, Washington, Milwaukee and Ozaukee counties Community Memorial Hospital is approved for 237 beds of which 202 are staffed and had 8,603 patient admissions and 38,889 patient days related to a wide range of inpatient services, including hospitalist services, general surgery, internal medicine, rehabilitation services, psychiatry, obstetrics and maternity care, cardiology, and other specialty care for the twelve months ended June 30, 2014 Community Memorial Hospital's Heart and Vascular Center is nationally recognized for its excellent outcomes and superior service to patients At the Heart and Vascular Center, dedicated physicians work as a team with cardiac nurses and other specialized staff to provide the full spectrum of heart care services, from diagnostic tests and surgical procedures to cardiac rehabilitation Our extensive system of heart and vascular specialists collaborate to ensure that patients receive comprehensive, high-quality care Our partnership with Froedtert & The Medical College of Wisconsin allow us to offer patients the most advanced surgical and non-surgical treatments available During fiscal year 2014, Community Memorial had 10,298 cardiology procedures Community Memorial Hospital's Cancer Care Center is accredited by the American College of Surgeons Commission on Cancer and the American College of Radiology As a select location in the Froedtert & The Medical College of Wisconsin Cancer Network, Community Memorial provides the excellent care to which patients are accustomed, while offering access to the specialty expertise of Froedtert Hospital, eastern Wisconsin's only academic medical center Through a connection to Froedtert Hospital, patients at Community Memorial have access to expanded services nationally and internationally known specialists who focus on specific cancers, advanced treatments and technologies, and clinical trials that may provide further options Medical College of Wisconsin cancer specialists are joined by radiation therapists, oncology nurses, genetic counselors, registered dietitians, psycho-oncology specialists, and support service specialists at Community Memorial Hospital's Cancer Care Center all of whom are keenly attuned to the needs, hopes and fears of cancer patients Each patient's care is coordinated with specialists from many areas of Community Memorial Hospital, who help and support patients and their families through the physical, emotional and economic phases of treatment By combining clinical research methods with the most advanced treatments, our doctors are battling cancer from every angle possible giving patients a stronger reason to believe in a full recovery During fiscal year 2014, Community Memorial had 789 cancer registry cases At Community Memorial Hospitals Birthing Center, we are committed to relationship-centered birthing care The Birthing Center includes 13 specialty equipped rooms and provides the full spectrum of prenatal services for both normal and high-risk pregnancies The Level II Neonatal Intensive Care Unit has the technology needed to provide long-term care for babies During fiscal year 2014, Community Memorial had 978 births In addition to the cardiac, cancer care and birthing services noted above, the Hospital provided a variety of inpatient ancillary treatments and procedures during the fiscal year including but not limited to the following Surgeries 3,372 Laboratory Tests 355,356 CT Scans 3,975 MRIs 612 Nuclear Medicine Scans 302 Ultrasounds 1,799

4b

(Code) (Expenses \$ 54,252,485 including grants of \$) (Revenue \$ 63,486,825)

Outpatient Services Community Memorial had 90,107 outpatient visits in the twelve months ended June 30, 2014 Community offers a wide variety of ancillary, specialty and subspecialty services including but not limited to the following - Allergy/Immunology - Cardiology - Clinical Genetics - Dermatology - Electrophysiology - Endocrinology - Family Practice - Gastroenterology - Gerontology - Gynecologic Oncology - Gynecology - Hand Surgery - Hematology - Infectious Disease - Internal Medicine - Interventional Radiology - Magnetic Resonance Imaging - Neonatology - Nephrology - Neurosurgery - Nuclear Medicine - Occupational Medicine - Oncology - Ophthalmology - Oral Surgery - Otolaryngology - Pathology - Pediatrics - Pedodontics - Perinatology - Periodontics - Physical Medicine and Rehabilitation - Plastic/Reconstructive Surgery - Podiatry - Psychiatry - Psychology - Pulmonary Medicine - Radiology - Radiation Oncology - Rheumatology - Thoracic Surgery - Urology - Vascular Surgery

4c

(Code) (Expenses \$ 11,314,631 including grants of \$) (Revenue \$ 13,240,500)

Emergency Services Community Memorials Emergency Department is a Level III Trauma Center and provides care for individuals with emergent, urgent, and non-urgent problems During fiscal year 2014, the emergency department had 21,547 emergency visits, with patients receiving expert care from board-certified emergency physicians and nurses certified in Advanced Cardiac Life Support, stroke and trauma care Our Emergency Department is strengthened by the availability of and access to highly trained specialists in trauma, neurosurgery, cardiology, cardiothoracic surgery including robotic surgery, orthopaedics, respiratory, obstetrics, gynecology, psychiatry and other specialties when the need arises Community Memorial Hospital is a Certified Advanced Primary Stroke Center, the highest level of stroke care recognized by the Joint Commission, demonstrating its ability to provide care from a multi-disciplinary team of neurologists, neurosurgeons, emergency department specialists, radiologists, nurses, therapists, pharmacists, technicians and more all working in a coordinated, collaborative system With our new telestroke technology (secure videoconferencing), our physicians are able to consult in real-time with board-certified stroke neurologists from the Froedtert & The Medical College of Wisconsin academic medical center This technology allows for faster diagnosis and treatment of stroke patients

4d

Other program services (Describe in Schedule O)

(Expenses \$ 6,605,610 including grants of \$ 60,042) (Revenue \$ 7,729,954)

4e

Total program service expenses

160,440,620

Form 990 (2013)

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions) 	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II 	18 Yes	
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		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <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	Yes	
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	Yes	
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	Yes	
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		No
36	Section 501(c)(3) organizations. 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? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	225	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	1,443	
2b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?			No
3b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.			No
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)?			No
4b 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?			No
5b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			No
5c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
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?			No
6b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			
7 Organizations that may receive deductible contributions under section 170(c).			
7a 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?			No
7b If "Yes," did the organization notify the donor of the value of the goods or services provided?			
7c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			No
7d If "Yes," indicate the number of Forms 8282 filed during the year.		0	
7e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			No
7f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			No
7g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			No
7h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			No
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?			No
9 Sponsoring organizations maintaining donor advised funds.			
9a Did the organization make any taxable distributions under section 4966?			No
9b Did the organization make a distribution to a donor, donor advisor, or related person?			No
10 Section 501(c)(7) organizations. Enter			
10a Initiation fees and capital contributions included on Part VIII, line 12.			
10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.			
11 Section 501(c)(12) organizations. Enter			
11a Gross income from members or shareholders.			
11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			No
12b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
13a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.			No
13b 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.			
13c Enter the amount of reserves on hand.			
14a Did the organization receive any payments for indoor tanning services during the tax year?			No
14b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.			

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	18	
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	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	Yes
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. ☐ Own website ☒ Another's website ☒ Upon request ☐ Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶David Dirksmeyer N74W127501 Leatherwood Ct Menomonee Falls, WI 53051 (414) 777-0960

Part VII

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

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Aggarwal Anil MD	1 00	X						0	0	0
Director	0 00									
(2) Becker Richard C	1 00	X						0	0	0
Director	0 00									
(3) Ellis Sharon Q	1 00	X						0	0	0
Director	1 00									
(4) Fitzgerald Mark	1 00	X						0	0	0
Director	0 00									
(5) Goldberg MD David F	50 00	X						377,948	0	70,981
Dir,VP Med Afrs	0 00									
(6) Greco Patricia	1 00	X						0	0	0
Dir,VP Med Afrs	0 00									
(7) Hackett MD James G	1 00	X						0	0	0
Director	0 00									
(8) Hart Daniel	1 00	X						0	0	0
Director	1 00									
(9) Jacobson Catherine A	1 00	X						0	1,165,252	232,857
Dir,FH Pres/CEO	49 00									
(10) Lux Theresa M	50 00	X						284,507	0	43,937
Dir,VP Pt Care	1 00									
(11) Mays Cedric	1 00	X						0	0	0
Director	0 00									
(12) Nelson Eric	1 00	X						0	0	0
Director	0 00									
(13) Shepherd MD Dennis W	1 00	X						0	0	0
Executive Dir	0 00									
(14) Templin Susan	1 00	X						0	0	0
Director	1 00									
(15) Turtenwald Robyn	1 00	X						0	0	0
Director	0 00									
(16) White MD Michael G	1 00	X						0	0	0
Director	0 00									
(17) Bast Ronald R	1 00	X		X				0	0	0
Dir&Vice Chair	2 00									

Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099- MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Pieters Robert B Dir&Chair	1 00 1 00	X		X				0	0	0
(19) Pollard Dennis Dir&President	1 00 47 00	X		X				0	673,914	123,448
(20) Specht-Palmert Christine Dir&Secretary	1 00 0 00	X		X				0	0	0
(21) Stadelmann Douglas J Dir&Secretary	1 00 0 00	X		X				0	0	0
(22) Hawig Scott FH CFO	1 00 49 00			X				0	711,280	113,726
(23) Ericson Allen Chief Operating Officer	5 00 46 00				X			0	405,338	88,360
(24) Ehn Diane VP Qlty & Perf Exc	40 00 0 00					X		186,881	0	39,859
(25) Evenson Rock E VP Pln & Prg Dvlp	50 00 0 00					X		224,956	0	52,490
(26) McClure Debra Nurse Anesthetist	50 00 1 00					X		287,867	0	17,385
(27) Newkirk Garret Pharmacist	40 00 0 00					X		174,308	0	33,278
(28) Sanders Paul A Sr VP, Chnl Srvc	50 00 0 00					X		320,475	0	34,858
(29) VanDeKreeke Jeffrey Former - Officer (CFO)	0 00 47 00						X	0	405,455	71,772
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								1,856,942	3,361,239	922,951

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶60

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

Section B. Independent Contractors

1	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year		
	(A) Name and business address	(B) Description of services	(C) Compensation
	Medical College of WI 8701 Watertown Plank Milwaukee WI 53206	Physicians & Medical	5,180,879
	Boldt Procurement LLC 2525 N Roemer Rd Appleton WI 54911	Contracting	780,273
	United Dynacare 9200 W Wisconsin Ave Milwaukee WI 53226	Lab	730,155
	C&A Industries PO Box 3037 Omaha NE 68137	Temp Help	340,236
	Fresenius Management 16343 Collections Center Dr Chicago IL 60693	Dialysis treatments	319,025
2	Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶14		

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	193,539		
	e	Government grants (contributions)	1e			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f			
	g	Noncash contributions included in lines 1a-1f \$	26,580			
	h	Total. Add lines 1a-1f	193,539			
Program Service Revenue	Business Code					
	2a	Emergency/Trauma Revenue	900099	13,240,500	13,240,500	
	b	Inpatient Revenue	900099	103,292,010	103,292,010	
	c	Outpatient Revenue	900099	63,486,825	63,486,825	
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	180,019,335			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	1,781,434	1,754,838		26,596
	4	Income from investment of tax-exempt bond proceeds	0			
	5	Royalties	0			
	6a	(i) Real				
		(ii) Personal				
	b	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)	0			
	7a	(i) Securities				
		(ii) Other				
	b	Gross amount from sales of assets other than inventory	100,030			
	b	Less cost or other basis and sales expenses	193,684			
	c	Gain or (loss)	-93,654			
	d	Net gain or (loss)	-93,654			-93,654
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
	a	99,016				
	b	Less direct expenses	50,834			
	c	Net income or (loss) from fundraising events	48,182			48,182
	9a	Gross income from gaming activities See Part IV, line 19				
	a					
	b	Less direct expenses				
	c	Net income or (loss) from gaming activities	0			
	10a	Gross sales of inventory, less returns and allowances				
	a					
	b	Less cost of goods sold				
	c	Net income or (loss) from sales of inventory	0			
	Business Code					
	11a	Corporate Allocated Rev	561000	3,322,327	3,322,327	
	b	Dietary Revenue	561499	681,020		681,020
	c	Other Dept Operating Rev	561499	2,287,740	2,287,740	
	d	All other revenue	834,889	365,049		469,840
	e	Total. Add lines 11a-11d	7,125,976			
	12	Total revenue. See Instructions	189,074,812	187,749,289		1,131,984

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.	60,042	60,042		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.	0			
4	Benefits paid to or for members.	0			
5	Compensation of current officers, directors, trustees, and key employees.	835,249		835,249	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0			
7	Other salaries and wages.	61,262,252	57,970,250	3,140,113	151,889
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	0			
9	Other employee benefits.	-35,496	-33,217	-2,190	-89
10	Payroll taxes.	4,308,723	4,032,103	265,848	10,772
11	Fees for services (non-employees):				
a	Management.	293,700	293,700		
b	Legal.	68,878		68,878	
c	Accounting.	0			
d	Lobbying.	0			
e	Professional fundraising services. See Part IV, line 17.	0			
f	Investment management fees.	0			
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	10,970,201	9,282,453	1,680,124	7,624
12	Advertising and promotion.	76,444	4,982	71,462	
13	Office expenses.	988,858	481,491	499,850	7,517
14	Information technology.	429,880	87,904	340,041	1,935
15	Royalties.	0			
16	Occupancy.	3,363,020	2,768,370	586,734	7,916
17	Travel.	85,214	41,972	42,857	385
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.	0			
19	Conferences, conventions, and meetings.	140,167	120,494	18,753	920
20	Interest.	2,302,049	1,895,000	401,630	5,419
21	Payments to affiliates.	0			
22	Depreciation, depletion, and amortization.	8,827,447	7,266,576	1,540,093	20,778
23	Insurance.	3,988	3,988		
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	Corporate Allocated Expense	43,310,773	19,952,006	23,323,276	35,491
b	Medical Supplies	33,823,135	33,655,886	164,006	3,243
c	Affil Support - Comm Phys	21,726,323	16,924,806	4,801,517	
d	State Hospital Assessment	5,183,756	5,183,756		
e	All other expenses	616,385	448,058	166,898	1,429
25	Total functional expenses. Add lines 1 through 24e.	198,640,988	160,440,620	37,945,139	255,229
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		7,125	1	7,425
	2	Savings and temporary cash investments		26,309,775	2	7,403,702
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		22,202,533	4	22,204,635
	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	0
	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	0
	7	Notes and loans receivable, net		20,000	7	10,000
	8	Inventories for sale or use		3,877,301	8	4,014,952
	9	Prepaid expenses and deferred charges		1,630,172	9	1,187,611
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a192,446,776			
	b	Less accumulated depreciation	10b101,646,037	85,300,681	10c	90,800,739
	11	Investments—publicly traded securities		127,899,248	11	0
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11		54,477,096	15	17,305,483
	16	Total assets. Add lines 1 through 15 (must equal line 34)		321,723,931	16	142,934,547
Liabilities	17	Accounts payable and accrued expenses		10,485,948	17	8,119,042
	18	Grants payable			18	
	19	Deferred revenue		4,199	19	3,481
	20	Tax-exempt bond liabilities		55,729,972	20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		69,681,506	25	36,880,180
	26	Total liabilities. Add lines 17 through 25		135,901,625	26	45,002,703
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ☒ and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		184,547,067	27	96,218,364
	28	Temporarily restricted net assets		1,275,239	28	1,713,480
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here ☐ and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		185,822,306	33	97,931,844
	34	Total liabilities and net assets/fund balances		321,723,931	34	142,934,547

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	189,074,812
2	Total expenses (must equal Part IX, column (A), line 25)	2	198,640,988
3	Revenue less expenses Subtract line 2 from line 1	3	-9,566,176
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	185,822,306
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	-78,324,286
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	97,931,844

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis		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 ☐ Separate basis ☒ Consolidated basis ☐ 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?		No
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		

SCHEDULE A

(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization Community Memorial Hospital of Menomonee Falls Inc	Employer identification number 39-0987025
---	---

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33¹/₃% 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 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?

h

☐

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 D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

► 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.

Name of the organization Community Memorial Hospital of Menomonee Falls Inc	Employer identification number 39-0987025
--	--

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

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No	

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

1

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

☐ Preservation of land for public use (e g , recreation or education)

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
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

► \$

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

- 1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No
- b

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

	Amount
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	5,105,247	4,688,829	4,674,956	4,094,065	3,166,213
b Contributions	456,977	379,734	265,167	1,398,548	904,863
c Net investment earnings, gains, and losses	638,515	440,545	80,003	623,704	384,524
d Grants or scholarships	450,133	397,266	321,940	374,633	304,571
e Other expenditures for facilities and programs	69,038	6,595	9,357	1,066,388	56,965
f Administrative expenses				340	-1
g End of year balance	5,681,568	5,105,247	4,688,829	4,674,956	4,094,065

- 2

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

a

Board designated or quasi-endowment

100 000 %

b

Permanent endowment

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

(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 | | 80,711 | | 80,711 |
| b Buildings | | 111,131,620 | 47,655,825 | 63,475,795 |
| c Leasehold improvements | | 2,054,573 | 1,737,769 | 316,804 |
| d Equipment | | 41,894,520 | 27,397,633 | 14,496,887 |
| e Other | | 37,285,352 | 24,854,810 | 12,430,542 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 90,800,739 |
- 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
Part V, Line 4 Intended uses of the endowment fund	The funds are held by Community Memorial Foundation of Menomonee Falls (CMF), a related organization. The board designated endowment was created to support long range financial needs of Community Memorial Hospital of Menomonee Falls, Inc and its programs.
Part X FIN48 Footnote	Froedtert Health, Inc (FH) applies ASC No. 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements. ASC No. 740 prescribes a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. Under ASC No. 740, tax positions are evaluated for recognition, derecognition, and measurement using consistent criteria and provide more information about the uncertainty in income tax assets and liabilities. As of June 30, 2014 and 2013, Community Memorial Hospital of Menomonee Falls does not have an asset or liability recorded for unrecognized tax positions.

[illegible]

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization Community Memorial Hospital of Menomonee Falls Inc	Employer identification number 39-0987025
--	--

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.
Form 990-EZ filers are not required to complete this part.

- 1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a

☐ Mail solicitations
- e

☐ Solicitation of non-government grants
- b

☐ Internet and email solicitations
- f

☐ Solicitation of government grants
- c

☐ Phone solicitations
- g

☐ Special fundraising events
- d

☐ In-person solicitations
- 2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?
- ☐ Yes

☒ No
- b

If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total ▶						

- 3

List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.
-
-

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

Revenue		(a) Event #1 <u>Otis Spunkmeyer Cookies</u> (event type)	(b) Event #2 <u>Cheery Cherry Fall Fair</u> (event type)	(c) Other events <u>2</u> (total number)	(d) Total events (add col (a) through col (c))	
	1	Gross receipts	36,696	35,221	19,299	91,216
	2	Less Contributions . .				
	3	Gross income (line 1 minus line 2)	36,696	35,221	19,299	91,216
Direct Expenses	4	Cash prizes		200		200
	5	Noncash prizes . . .		164		164
	6	Rent/facility costs . .		4,350		4,350
	7	Food and beverages .	13,403	2,760	4,214	20,377
	8	Entertainment		500		500
	9	Other direct expenses .		6,002	8,890	14,892
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶				(40,483)
	11	Net income summary Subtract line 10 from line 3, column (d) ▶				50,733

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

Revenue		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes _____ % ☐ No	☐ Yes _____ % ☐ No	☐ Yes _____ % ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Subtract line 7 from line 1, column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

a	The organization's facility	13a	%
b	An outside facility	13b	%

14

Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☐ No

b

If "Yes," enter the amount of gaming revenue received by the organization \$ and the amount of gaming revenue retained by the third party \$

c

If "Yes," enter name and address of the third party

Name

Address

16

Gaming manager information

Name

Gaming manager compensation \$

Description of services provided

☐ Director/officer ☐ Employee ☐ Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☐ Yes ☐ No

b

Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year \$

Part IV

Supplemental Information. Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

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

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
Community Memorial Hospital of Menomonee Falls Inc

Employer identification number
39-0987025

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

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)			1,789,144		1,789,144	0 900 %
b Medicaid (from Worksheet 3, column a)			15,529,692	6,417,741	9,111,951	4 590 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			17,318,836	6,417,741	10,901,095	5 490 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	46	13,230	1,309,581	10,923	1,298,658	0 650 %
f Health professions education (from Worksheet 5)	4	763	656,720		656,720	0 330 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	15	1,789	351,362		351,362	0 180 %
j Total Other Benefits	65	15,782	2,317,663	10,923	2,306,740	1 160 %
k Total . Add lines 7d and 7j	65	15,782	19,636,499	6,428,664	13,207,835	6 650 %

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	1		10,436		10,436	0 010 %
3Community support	2		7,196		7,196	
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building	1		10,425		10,425	0 010 %
7Community health improvement advocacy						
8Workforce development	4	146	112,532		112,532	0 060 %
9Other						
10Total	8	146	140,589		140,589	0 080 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

1

No

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

5,105,000

3Enter 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

4Provide 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

5Enter total revenue received from Medicare (including DSH and IME).

5

67,694,774

6Enter Medicare allowable costs of care relating to payments on line 5.

6

102,664,141

7Subtract line 6 from line 5. This is the surplus (or shortfall).

7

-34,969,367

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "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				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

Name, address, primary website address,
and state license number

Schedule H (Form 990) 2013

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)
Community Memorial Hospital

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
9	Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	Yes
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 200 0000% If "No," explain in Part VI the criteria the hospital facility used	10	Yes
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 0000% If "No," explain in Part VI the criteria the hospital facility used	11	Yes
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes
a	☒ Income level		
b	☒ Asset level		
c	☒ Medical indigency		
d	☐ Insurance status		
e	☒ Uninsured discount		
f	☐ Medicaid/Medicare		
g	☐ State regulation		
h	☒ Residency		
i	☒ Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	13	Yes
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes
a	☐ The policy was posted on the hospital facility's website		
b	☐ The policy was attached to billing invoices		
c	☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	☐ The policy was posted in the hospital facility's admissions offices		
e	☐ The policy was provided, in writing, to patients on admission to the hospital facility		
f	☒ The policy was available upon request		
g	☒ Other (describe in Part VI)		
Billing and Collections			
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	Yes
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a	☐ Reporting to credit agency		
b	☐ Lawsuits		
c	☐ Liens on residences		
d	☐ Body attachments		
e	☐ Other similar actions (describe in Section C)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged	17	No
a	☐ Reporting to credit agency		
b	☐ Lawsuits		
c	☐ Liens on residences		
d	☐ Body attachments		
e	☐ Other similar actions (describe in Section C)		

Part V

Facility Information *(continued)*

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

☒

Notified individuals of the financial assistance policy on admission
- b**

☒

Notified individuals of the financial assistance policy prior to discharge
- c**

☒

Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d**

☒

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e**

☒

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

[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? _____

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

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
Part I, Line 6a - Related Organization Community Benefit Report	Every year, Community Memorial Hospital produces an annual community benefit report highlighting community outreach programs, patient impact stories and investments in the communities we serve The report is mailed to over 150 area non-profits, chambers of commerce, hospital partners, Community Memorial Hospital Board of Directors, Community Memorial Hospital leaders and staff, government officials, business leaders and other community members A copy of the 2014 report can be found at www.froedtert.com/community-memorial

Form and Line Reference	Explanation
Part I, Line 7 - Explanation of Costing Methodology	Charity Care and certain other community benefits costs were determined by using internal information to reduce the various activities to cost. The costing methodology follows what is laid out in the instructions from the IRS. As a not-for-profit, emergency medical care and other medically necessary care is provided to all, regardless of ability to pay for that care. Making quality patient care available to all in our community, regardless of their economic means, qualifies bad debts as a community benefit.

Form and Line Reference	Explanation
Part I, Line 7, Column F - Explanation of Bad Debt Expense	Our total expense from Form 990, Part IX, line 25, column (A) was \$198,640,988. Bad debt expense is included in Form 990, Part VIII, Statement of Revenue, Lines 2a-2c as required by ASU 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities. Therefore, bad debt expense is not included on Form 990, Part IX, Statement of Functional Expenses, Line 25, Column (A).

Form and Line Reference	Explanation
Part III, Line 2 - Methodology Used To Estimate Bad Debt Expense	The Hospital provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions and trends. The ratio of patient care cost to charges is applied to the bad debt attributable to patient accounts to calculate the estimated cost of bad debt attributable to patient accounts that is reported on line 2. Discounts and payments on patient accounts are recorded as an adjustment to revenue, not bad debt expense.

Form and Line Reference	Explanation
Part III, Line 4 - Bad Debt Expense	Patients accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of patients accounts receivable, Froedtert Health, Inc. (FH) analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, FH analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), FH records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. FH recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, FH recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of FH's uninsured patients will be unable or unwilling to pay for the services provided. Thus, FH records a significant provision for bad debts related to uninsured patients in the period the services are provided. See also page 26 and 27 of attached financial statements.

Form and Line Reference	Explanation
Part III, Line 8 - Explanation Of Shortfall As Community Benefit	Community Memorial Hospital believes that all of the shortfall should be considered as community benefit. The IRS Community Benefit Standard includes the provision of care to the elderly and Medicare patients. Medicare shortfalls must be absorbed by the hospital in order to continue treating the elderly in our community. The hospital provides emergency medical care or other medically necessary care regardless of this shortfall and thereby relieves the federal government of the burden of paying the full cost for Medicare beneficiaries. The costing methodology used to determine the Medicare allowable costs is based on a calculation developed by the American Hospital Association in which the data is derived from the annual filed Medicare cost report.

Form and Line Reference	Explanation
Part III, Line 9b - Provisions On Collection Practices For Qualified Patients	In alignment with the Froedtert Health financial assistance policy regarding the billing, collection and support for patients with payment obligations, Community Memorial Hospital makes every effort to adhere to the policy and is committed to implementing and applying the policy for assisting patients with limited means in a professional, consistent manner. Staff members who work closely with patients (including those working in patient registration and admitting, financial assistance, customer service, billing and collections) are trained regularly about these policies with an emphasis on treating all patients with dignity and respect regardless of their insurance or their ability to pay for services.

Form and Line Reference	Explanation
Part VI - Needs Assessment	In February 2012, Community Memorial Hospital collaborated with JKV Research, LLC along with Aurora Health Care, Childrens Hospital of Wisconsin, Columbia St Marys Health System, ProHealth Care, Wheaton Franciscan Healthcare, Washington County Health Department and Waukesha County Health Department to conduct a Community Health Needs Assessment (CHNA) in Washington and Waukesha Counties. The research from the needs assessment provides valuable behavioral data, lifestyle habits, and the prevalence of risk factors and disease conditions of Waukesha County residents. CHNA Overview/Objectives: Gather data on behavioral and lifestyle habits of the adult population and household-level data. Gather data on the prevalence of risk factors and disease conditions of the adult population. Compare health data of residents to previous health studies. Compare health data to national and state measurements. CHNA Methodology: 18 minute telephone survey of area residents. 400 completions from February 21 through April 3, 2012. Two-fold sampling: 1) RDD landline sample of listed & unlisted #s (n=300). Respondents randomly selected based on number of adults in household. Weighting based on number of adults and number of residential phone numbers in household. 2) Cell phone only sample (n=100). Adult answering the phone designated as the respondent. All data post-stratified by age and gender of adult residents as of 2010 Census proportions. Margin of error: 5%. In addition to the Washington/Waukesha County Community Health Needs Assessments, Community Memorial Hospital conducted key informant interviews with 35 individuals representing school district representatives, public health officials, non-profit health and human service professionals, churches, police/fire departments, free clinics and business professionals throughout Waukesha and Washington Counties. Following extensive interviews with key community stakeholders, findings from the assessment were categorized into eight areas: Access to Primary and Specialty Care, Chronic Disease Management, Mental Health Services, Prevention and Wellness, Alcohol, Drug, Tobacco, Abuse, Dental Services, Transportation and Other. Of those eight health needs categories, four were identified as the focus for community outreach activities in 2012 through 2016 based on select criteria: Community Health Priorities, Disproportionate Unmet Needs, Public Health Concerns and Scope of Services. The most critically documented health needs were identified: Access to Primary and Specialty Care, AODA Prevention and Wellness, Chronic Disease Management. Waukesha County Health Department Community Health Improvement Plan 2012-2016. In April 2011, Community Memorial Hospital Community Engagement Staff are active members in the Waukesha County Public Health Departments Community Health Improvement Planning Process (CHIPP). The CHIPP consists of a steering committee representing all health systems in Waukesha County as well as representation from area non-profit health and human service agencies. The steering committees role is to determine the top health priorities in the county and create an implementation plan to address community and health needs for Waukesha County Public Health Department to execute through 2015. Through the work of the CHIPP Steering Committee, three implementation teams were established to determine programs, impact strategies and outcomes to address root causes in Access to Care, Mental Health and Alcohol and Other Drug Abuse in Waukesha County. The following priorities/strategies are currently being executed by the task force and in partnership with Community Memorial Hospital and strategic partners: Access to Care, Community Advocate Training, Mental Health, Waukesha County Jail and Health & Human Services, Discharge Coordination of Care, Waukesha County Centralized Intake System, Emergency Detention Utilization Survey, AODA, SBIRT Screening Process, Naloxone Intervention Program, Underage Drinking Diversion, Risk Reduction & Adolescent Health Screening Initiative, Heroin and Illicit Drug Task Force. The CHIPP Steering Committee meets semi-annually to review the progress of strategies and outcomes for the identified priority areas. Task Force Teams must provide reports on their progress and address any implementation barriers during each meeting. Through Fiscal Year 2014, all strategies are working towards or have met desired outcome goals.

Form and Line Reference	Explanation
Part VI - Patient Education of Eligibility for Assistance	Community Memorial Hospital informs and educates patients regarding financial assistance and government program eligibility in a number of ways. Its communication efforts also address special needs of patients and their families, such as hearing or visual impairment or language interpretation. Information on hospital-based financial support policies and government programs are made available to patients during the pre-registration and registration processes through brochures, signage and direct contact with financial counselors, social workers / case managers and registration staff. Patient billing statements also inform patients that financial assistance is available. The Community Memorial Hospital website contains information regarding pricing, how to understand your hospital bill, and how to apply for Financial Assistance. Community Memorial Hospital has made financial assistance forms and information available in Spanish. Financial counselors screen uninsured patients for government program eligibility and social services staff are available to assist patients with enrollment processes. Patients who are uninsured, those covered by government programs and those with limited financial means may also be eligible for charity care or discounts through the Hospital's financial assistance program. Financial counselors make every effort to determine a patient's eligibility prior to or at the time of admission or service. However, determination for financial assistance can be made during any stage of the patient's stay after stabilization, or the collection cycle.

Form and Line Reference	Explanation
Part VI - Community Information	Since its founding in 1964 by the citizens of the community it serves, Community Memorial Hospital (CMH) has focused on the emerging healthcare and wellness needs of over 400,000 people in the three county region of Waukesha, Washington, and northwest Milwaukee Counties. The area served is generally suburban with an average income of \$50,000-\$99,999 and a large population on Medicare. There are three additional hospitals (ProHealth Care, Wheaton Franciscan, & Aurora) and one FQHC (Waukesha Community Health Center) serving the community.

Form and Line Reference	Explanation
Part VI - Community Building Activities	To promote the health of our communities, Community Memorial Hospital participates in numerous community building activities, which are not included elsewhere on Schedule H. These activities include 1) Economic Development: Participation in local chamber of commerce boards focused on economic development to improve the local economy and local job opportunities. 2) Community Support: Participation in local emergency preparedness and youth focused coalitions to improve the communities ability to respond to an emergency and to improve the community environment for youth to set them up for greater success. 3) Coalition Building: Participation in local community groups and coordination of fundraising for the local United Way Agencies to support others that are addressing health issues that are out of our scope. 4) Community Health Improvement Advocacy: Participation in creating the Community Health Improvement Plan with the local health departments to increase collaborative work in our communities. 5) Workforce Development: Diversity training and minority internship programs that recruit health professionals in our traditionally underserved communities to diversify our workforce population to better serve our communities.

Form and Line Reference	Explanation
Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	Community Memorial Hospitals community health improvement initiatives are targeted for the broad community, especially vulnerable populations (uninsured/underinsured) in the hospital's primary and secondary service areas. Community Memorial Hospitals' mission is to advance the health of the communities we serve through exceptional care enhanced by innovation and discovery. The hospital's Community Outreach Steering Committee and Community Engagement staff prioritized community health improvement programs, activities and services that reflect the hospital's mission and scope of care. Access to Primary and Specialty Care, AODA/Mental Health, Chronic Disease Management and Prevention/Wellness Drug Collection. As part of our commitment to improve the quality of life in our community and address drug/heroin addiction in our communities, Community Memorial Hospital partnered with Waukesha County Drug Free Communities Coalition to host six drug collections since October 2009. At the collections, area residents dropped off 5,350 pounds of prescription and over-the-counter medications. Over 3,500 area households participated in the collections. This year alone, it took over 25 staff and 100 hours to make the collections possible. Flu Clinics. Community Memorial Hospital offers flu clinics for uninsured populations utilizing services at three food pantries and free clinic in Community Memorial Hospital's service area. During the fall of Fiscal Year 2014, 122 people were immunized at four locations with a community benefit value of over \$3,000. Each of the clinics was staffed by hospital pharmacists and support staff who were certified by the state to administer immunizations. Athletic Trainer. When athletes at Menomonee Falls and Germantown High Schools prepare to compete, there is a Certified Athletic Trainer with them every step of the way. This service is provided by experienced athletic trainers from Community Memorial Hospital. The trainers work at the school each day, working evenings as well as Saturdays to provide training room, practice and event coverage. They prepare athletes for their activities, which might include stretching, taping and treatment as needed. During Fiscal Year 2014, 1,025 students were served at the two high schools with a community benefit value of over \$56,000. United Way Employee Giving Campaign. Community Memorial Hospital collaborates with United Way of Waukesha County to address community needs in the areas of meeting basic needs, developing self-reliance, strengthening communities and community support. Community Memorial Hospital hosts an annual workplace giving campaign to support all local United Ways. Over 150 hours were spent coordinating the Fiscal Year 2014 campaign. In addition to an employee campaign, Community Memorial Hospital matches donations up to \$10,000. Community Health & Wellness Initiative. Community Garden. Community Memorial Hospital's on-campus garden is providing produce to low-income populations residing in the hospital's service area that may not readily have access to fresh vegetables. A community health survey conducted by the hospital in 2012 identified a need for affordable and healthy nutrition options for patients utilizing services in the Community Outreach Health Clinic and clients of three area food pantries. The community garden is a great way to help those who have chronic conditions or access nutritious vegetables through the hospital's community partners. This fall's harvest, which included tomatoes, cucumbers, zucchini, peppers and beans, was distributed directly to patients who use the Outreach Clinic and Sussex, Germantown and Menomonee Falls food pantry clients. In Fiscal Year 2014, over 1,300 pounds of produce was donated. Community Outreach Health Clinic. The Community Outreach Health Clinic is a facility where uninsured populations at or below 200% federal poverty level can seek free medical care. The clinic serves people who do not have medical insurance or the ability to pay for medical care. The clinic provides quality, limited medical care with dignity and confidentiality using the services of three part-time paid Nurse Practitioners and over 80 health care volunteers including, physicians, nurses, pharmacists, technicians and other professional staff. In Fiscal Year 2014, the clinic served 1,880 individuals. Community Health Screenings. Community Memorial Hospital offers free blood pressure, skin cancer, prostate cancer and sports injury screenings. With the goal to empower people and the community to make better decisions and take actions to improve and maintain their health, our community health screenings provide much needed access to services for many of our community members. In Fiscal Year 2014, Community Memorial Hospital provided free health screenings for 209 people. Bobbie Nick Voss Colonoscopy Program. Community Memorial Hospital has partnered with Bobbie Nick Voss Charitable Funds since 2008 to provide free colonoscopies to patients (age 50 and ab

Form and Line Reference	Explanation
Part VI - Explanation Of How Organization Furthers Its Exempt Purpose	ove) in the Community Outreach Health Clinic that show signs or symptoms of colorectal related health conditions In Fiscal Year 2014, 18 patients received a colonoscopy at no cost Living Well with Chronic ConditionsLiving Well with Chronic Conditions Workshop is a six week series that teaches individuals with chronic conditions to become better self-managers of their health Topics covered include techniques to deal with problems such as frustration, fatigue, pain and isolation, appropriate exercise for maintaining and improving strength, flexibility, and endurance, appropriate use of medications, communicating effectively with family, friends and health professionals, nutrition, decision making, and evaluating new treatments The program is highly interactive and designed to enhance current treatment or disease specific education that patients are already receiving Community Memorial Hospital offered two, six week workshops in Fiscal Year 2014 helping 27 individuals better manage their symptoms and live a healthier life ACA Insurance Marketplace and Enrollment AssistanceFroedtert Health (parent company of Community Memorial Hospital) recognized the need to help individuals navigate the new choices available to them through the Affordable Care Acts Insurance Marketplace and Medicaid reforms Our network of certified application counselors assisted 123 individuals in enrollment in Medicaid and 148 individuals into a Marketplace Insurance Plan In addition, our certified application counselors answered thousands of phone calls and assisted with questions Froedtert Health also partnered with the Milwaukee Enrollment Network which represented health systems, free clinics, health departments and other non-profit organizations to reach out to people throughout Milwaukee, Washington and Waukesha Counties in securing adequate and affordable health insurance Leadership Volunteerism/Community SupportAs an indication of Community Memorial Hospitals executive teams commitment to the community, 75 hospital leaders provided more than 1,000 hours of support to local initiatives, not-for-profit organizations and community events that align with the hospitals mission and directly support identified community needs Subsidized Transportation ProgramThe Subsidized Medical Transportation Program at Community Memorial Hospital contracts with local transportation organizations in order to provide transportation to and from the hospital service locations for ambulatory/non-ambulatory eligible patients (200% federal poverty level or below) who have difficulty arranging their own transportation and lack the financial resources to purchase transportation In Fiscal Year 2014, Community Memorial Hospital provided 647 subsidized rides to 412 patients Community Outreach Steering Committee GrantsCommunity Memorial Hospitals commitment includes grants to local not-for-profit organizations that support community health improvement efforts focused on access to primary care, chronic disease management, mental health and prevention and wellness in the hospitals service area In 2014, seven local non-profit organizations received grants totaling \$50,000 from the Community Outreach Steering Committee Award recipients include Citizen Advocates of Washington County (Mental Health/Access to Care) Community Outreach Health Clinic (Access to Care/Chronic Disease Management) NAMI Waukesha County (Mental Health/AODA) Safe Babies Health Families (Access to Care) Tri-County YMCA (Prevention and Chronic Disease Management) Valley View School PTO (Prevention and Wellness) Waukesha County Community Dental Clinic (Access to Care/Dental)Health Care Career AcademyThe Healthcare Career Academy provides qualified students entering their junior or senior year at Menomonee Falls High School, Germantown High School and Sussex Hamilton High School with the opportunity to expand their knowledge base as it relates to a wide array of professional healthcare career options The th

Form and Line Reference	Explanation
Part VI - Affiliated Health Care System Roles and Promotion	Affiliated Health System Froedtert & the Medical College of Wisconsin Community Memorial Hospital, founded in 1964 by the citizens of Menomonee Falls and surrounding communities, is a full-service hospital that specializes in cancer care, heart and vascular care, orthopaedics, women's health and advanced surgical procedures. Community Memorial Hospital is part of the Froedtert & the Medical College of Wisconsin health care network, which also includes Froedtert Memorial Lutheran Hospital, Milwaukee, St. Joseph's Community Hospital of West Bend, and more than 30 primary and specialty care health centers and clinics. For more information about Froedtert Health, visit www.froedterthealth.org. Promotion of Community Health The Community Outreach Steering Committee (COSC), which is a subcommittee of the hospital's Board of Directors, actualizes the mission of Community Memorial Hospital through community benefit activities that improve the quality of life and enhance wellness resources, which meet identified comprehensive health needs of the communities served. The COSC is appointed annually by the hospital president and is advisory to the Community Memorial Hospital Board and Administration. Membership appointments are made each June with members serving one year terms. The COSC meets quarterly and is composed of hospital and board representatives, plus community members representing the various constituencies of the total service area. Functions include: - Provide a leadership role in advocating community-wide responses to health care needs in the community. - Facilitate and support community and health care partnerships. - Envision, assess and guide new community benefit opportunities. - Identify and describe unmet health needs. - Promote universal access to health care. - Determine allocation of the Community Outreach Services Fund, which awards \$50,000 annually towards area non-profits efforts to improve health disparities focused on Access to Care, Mental Health/AODA, Chronic Disease Management and Prevention and Wellness in the communities. Community Memorial Hospital serves Addressing Needs Through Targeted Outreach. Community Memorial Hospital develops and executes community outreach programming and activities based on identified community health needs. Since 1990, Community Memorial Hospital conducts needs assessments every three years in order to determine priorities and strategies in addressing community health disparities. Every needs assessment cycle, Community Memorial Hospital Community Engagement staff along with the hospital's COSC develops a Community Health Improvement Plan that is incorporated into the hospital's overall strategic plan to address the most critical needs in the communities we serve. The plan is reviewed annually by the COSC. Community Memorial Hospital Community Outreach staff, leaders and external community partners work collaboratively to develop key goals and strategies to address community health needs. Progress towards community outreach programs/activities and goals are reported quarterly through the COSC, Physician Advisory Council, Leadership Meetings and the Board of Directors. Based on the results from the 2012 Community Health Needs Assessment, programs and activities are focused around the following identified health needs: - Access to Primary and Specialty Care - AODA - Chronic Disease Management - Prevention and Wellness For more information on specific community outreach efforts, please refer to the 2014 Community Benefit Report by going to http://www.froedtert.com/upload/docs/giving/community-benefit/community-benefit-report.pdf. Froedtert Health is comprised of Froedtert Hospital in Milwaukee County, Community Memorial Hospital in Waukesha County and St. Joseph's Hospital in Washington County, along with our affiliated physician group that practice at satellite clinics around each hospital. Community Memorial Hospital has several independent physicians with privileges to care for patients in our facility. Community Memorial Hospital has an open medical staff and physicians must go through the credentialing process and apply for privileges. CMH has exclusivity rights for certain departments in the hospital, such as Radiology, Emergency and Anesthesia services. Froedtert, Community Memorial and St. Joseph's Hospitals made significant investments in the health of their communities. Patients who couldn't pay for their medical care received more than \$85 million in uncompensated services. Beyond providing care for the poor, we contributed \$72.9 million to improve access to care, teach future healthcare professionals, develop new medical therapies and participate in local partnerships aimed at reducing health disparities. Froedtert Health members develop community benefit strategies and goals based on the unique needs of each of their communities. By conducting regular community needs assessments that monitor critical public health issues, and actively seeking community input, the hospitals have built a

Form and Line Reference	Explanation
Part VI - Affiliated Health Care System Roles and Promotion	important local relationships that provide meaningful outreach programs that link each hospital to their neighbors and patients. As a not-for-profit health system, Froedtert Health reinvests its surplus funds back into the community through programs to serve the poor and uninsured, teach future healthcare professionals, develop new medical therapies, manage chronic conditions like diabetes, health education and promotion initiatives, and participate in local partnerships aimed at reducing health disparities. For more information about Froedtert Health, visit www.froedtert.com

Form and Line Reference	Explanation
Part VI - States Where Community Benefit Report Filed	WI

Form and Line Reference	Explanation
Part V - Explanation of Number of Facility Type	Community Memorial Hospital is the only facility listed under this reporting of the IRS Form 990, Schedule H

Form and Line Reference	Explanation
Part VI - Additional Information	Community Benefit Data is reported annually to the Wisconsin Hospital Association

Additional Data

Software ID: 13000170
Software Version: 2013v4.0
EIN: 39-0987025
Name: Community Memorial Hospital of Menomonee Falls Inc

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
Part V, Line 3 - Account Input from Person Who Represent the Community	In Fiscal Year 2012, Community Memorial Hospitals Community Outreach Department and Community Outreach Steering Committee conducted key informant interviews with the following non-profit health and human service agencies Addiction Resource Council of Waukesha CountyAlbrecht Free ClinicCommunity Outreach Health Clinic at Community Memorial Hospital Falls Area Community ServicesGermantown Area Chamber of Commerce Village of Germantown Fire Department Germantown Police Department Germantown Park & Recreation DepartmentGermantown School District Gloria Dei Lutheran Church Hartford Jt 1 School District Hartford Parks and Recreation DepartmentHope Network Inc Interfaith Caregivers of Washington County Interfaith Senior Programs Waukesha County Menomonee Falls Chamber of CommerceMenomonee Falls Community Education & Recreation Department Menomonee Falls Fire DepartmentMenomonee Falls Police DepartmentMenomonee Falls School District Safe Babies Healthy FamiliesSt Boniface Food Pantry St Pauls United Church of Christ Stillwaters Cancer Support ServicesSussex Area Chamber of CommerceSussex Area Outreach ServicesSussex Hamilton School District Tri-County YMCA in Menomonee FallsUniversity of Wisconsin Extension Washington County Washington County Mental Health DepartmentWashington County Public Health DepartmentWaukesha County Community Dental Clinic Waukesha County Mental Health DepartmentWaukesha County Public Health Department

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
Part V, Line 4 - List Other Hospital Facilities that Jointly Conducted Needs Assessment	Washington County Health Needs Assessment Collaboration JKV ResearchFroedtert Health Froedtert Health Community Memorial HospitalAurora Health CareColumbia St Marys Health SystemChildrens Hospital of WisconsinWashington County Public Health DepartmentWaukesha County Health Needs Assessment Collaboration JKV ResearchFroedtert Health Froedtert Health Community Memorial HospitalAurora Health CareColumbia St Marys Health SystemProHealth CareWheaton Franciscan HealthcareWaukesha County Public Health DepartmentJKV Research was hired by the participating Health Care Systems and Health Departments to lead the CHNA process for Waukesha, Washington and Milwaukee Counties The total cost of each CHNA conducted was divided up by each of the participating health systems and health departments Each health system and health department was assigned to conduct key informant interviews within their service area

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
Part V, Line 5c - Description of Making Needs Assessment Widely Available	The full version of the report and other supporting documents can be found on Froedtert Health's website Waukesha County http://www.froedterthealth.org/upload/docs/community-memorial/community-giving/Benefit/waukesha-county-community-health-survey-report.pdf Washington County http://www.froedterthealth.org/upload/docs/community-memorial/community-giving/Benefit/washington-county-community-health-survey-report.pdf Additional Websites Washington County Public Health Department - http://www.co.washington.wi.us/uploads/docs/washington-county-community-health-survey-report-march-2012.pdf Waukesha County Public Health Department http://www.waukesha-county.gov/uploadedFiles/Media/PDF/Health_and_Human_Services/Public_Health/2012%20Community%20Health%20Survey%20Report.pdf

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
Part V, Line 6i - Describe Other Needs Identified	See attached Community Health Improvement Plan for Community Memorial Hospital. The report is available online at www.froedtert.com/community-memorial. Overview: This Implementation Strategy serves as the community health improvement component of Community Memorial Hospital's community engagement strategy, focusing on Access to Primary and Specialty Care, Chronic Disease Management, Alcohol and Other Drug Abuse and Prevention and Wellness. Community Memorial Hospital's community engagement framework is to improve the quality of life in the communities we serve through health care programs and services that are measurable, accessible, and culturally appropriate. Program: Community Outreach Health Clinic Free Clinic for Uninsured Health Need: Access to primary and specialty care for uninsured individuals. Internal Resources: Lab and Radiology departments, Community Physicians, Case Management, Community Memorial Foundation, Community Partners. Aurora Advanced Healthcare, Waukesha County Community Health Center, Progressive Community Health Center, Waukesha County Community Dental Clinic, United Way of Waukesha County, United Way of Greater Milwaukee. Objectives/Outcomes: Reduced avoidable Emergency Department visits and admissions for the low income and uninsured, Increase referral process for uninsured populations from CMH Emergency Department to the Outreach Clinic, Provide free or reduced ancillary services to Community Outreach Health Clinic patients, Facilitate referrals to Specialty Care physicians and other health professionals, Reduce access barriers for uninsured populations in Washington and Waukesha Counties. Program: Bobbie Nick Voss Colorectal Cancer Screening Program Health Need: Decrease in blood stool test in past year. Internal Resources: Community Memorial Foundation, Gastroenterologist, Surgical Services, Pathology, Community Outreach Health Clinic Staff and Physicians. Community Partners: Bobbie Nick Voss Charitable Funds. Objectives/Outcomes: Increase care navigation and facilitate access for vulnerable populations through health education and colonoscopy screenings. Program: Subsidized Transportation Health Need: Affordable and accessible transportation. Internal Resources: Emergency Department, Community Engagement, Nursing Administration, Case Management. Community Partners: Personalized Transportation Services, Yellow Cab Taxi, Washington County Shared Ride Taxi, American United, Mobile Medical Specialists. Objectives/Outcomes: Provide affordable and accessible medical transportation to individuals at or below 200% Federal Poverty Level. Program: Prostate Screening Program Health Need: Decrease in Prostate Cancer Screening in the past two years in Washington and Waukesha Counties. Internal Resources: Cancer Center, Community Physicians, Community Engagement, Community Memorial Foundation, Marketing and Communications. Community Partners: ZERO Mobile non-profit prostate screening organization. Objectives/Outcomes: Increase the amount of men having PSA and Digital exam every two years. Program: Community Influenza Clinics Health Need: Decrease in populations not receiving the Influenza Vaccination in both Washington and Waukesha Counties lower than state and national averages. Internal Resources: Community Engagement, Community Outreach Health Clinic, Community Memorial Foundation, Outpatient Pharmacy, Hospital Leadership. Community Partners: Sussex Food Pantry, St. Boniface Food Pantry, Menomonee Falls Food Pantry. Objectives/Outcomes: Increase the amount of vulnerable populations receiving the Influenza Vaccination and decrease the amount of Influenza related hospitalizations for Community Outreach Health Clinic patients. Program: Every 15 Minute Program Health Need: Increase in binge drinking higher than state and national average and increase in population reported driving while under the influence or was a passenger. Internal Resources: Emergency Department Staff, Community Engagement, Emergency Preparedness Coordinator, Communications and Marketing, Nursing Administration, Security, Radiology, Community Outreach Steering Committee. Grant: Community Partners - Germantown School District, Menomonee Falls School District, Germantown Police, Fire and EMS, Menomonee Falls Police, Fire and EMS, Flight for Life. Objectives/Outcomes: Increase awareness of dangers related to distracted driving, Increase awareness of distractions related to inattentive driving as measured by post survey, Reduce youth underage drinking and driving, Reduce traffic related impairment accidents and deaths in Washington and Waukesha Counties. Program: Drug Free Communities Waukesha County Annual Drug Collection Health Need: Increase in the misuse of prescription, over the counter and other drugs in Waukesha County. Internal Resources: Community Outreach Steering Committee Grant, Community Memorial Hospital Campus, Community Engagement, Environmental Services, Pharmacy, Hospital Leadership. Community Partners: Menomonee Falls Police and Citizen Academy, Cambridge Major Laboratories.

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
Part V, Line 6i - Describe Other Needs Identified	s, ProHealth Care, Drug Enforcement Agency, Waukesha County Drug UnitObjectives/ Outcomes Reduce prescription drug abuse in Waukesha County, Reduce youth alcohol use in 14-20 year olds, Properly dispose of unused or expired medications, Utilize CMHs Drug Repository pro gram for proper disposal or reutilization of unexpired cancer & chronic disease management medicationsProgram Community Outreach Health Clinic Diabetes Case Management ProgramHeal th Need Washington County 9% and Waukesha County 7% of population diabeticInternal Partne rs Community Outreach Health Clinic Nurse Practitioners, Endocrinologists and Ophthalmolo gists, COHC Volunteer Clinical Dietician, Community Memorial FoundationCommunity Partners Tri-County YMCA Diabetes Management Program, Rx Assist Prescription Assistance Program, P rogressive Community Health Centers, National Association of Free ClinicsObjectives/Outcom es Improve Hemoglobin A1c levels to 7% or less and monitor improvement for all pre-diabet ic and diabetic patients, Promote a healthy diet for patients to reduce the chances of nee ding insulin, Educate proper use of insulin and importance of continuous monitoring, Impro ve physical activity, Decrease Retinopathy in diabetic populationsProgram Living Well wit h Chronic ConditionsHealth Need Washington County 28% and Waukesha County 26% with high b lood pressure, Washington County 21% and Waukesha County 25% with high blood cholesterol, Washington County 9% and Waukesha County 7% with diabetesInternal Resources Community Edu cation Department, Wellness Works, Community Outreach Health Clinic, Community Engagement, Nursing Administration, Communications and Marketing, Community Physicians ClinicsCommuni ty Partners Wisconsin Institute for Healthy Aging, Sussex Outreach Services, Menomonee Fa lls Food Pantry, St Boniface Food PantryOutcomes/Objectives Increase COHC patient engage ment in self-management of chronic disease, Decrease in ED utilization for chronic disease related visits, Increase in self-management as measured by pre and post survey, Increase communication with physician and medical team, Increase physical activityProgram Communit y Memorial Hospital Community GardenHealth Need Decrease in recommended fruit and vegetab le intake in Washington and Waukesha CountiesInternal Resources Community Engagement, Vol unteer Services, Grounds, Community Outreach Health ClinicCommunity Partners Sussex Food Pantry, St Boniface Food Pantry, Menomonee Falls Food Pantry, Shady Lane Nursery, Menomon ee Falls Community Education and Recreation, UW-Extension Washington County, UW-Extension Waukesha County, Tri-County YMCAObjectives/Outcomes Promote awareness/education of health y nutrition, Increase the number of fruit and vegetable intake as measured by the Communit y Health Needs Assessment in Washington and Waukesha Counties, Provide healthy food option s for diabetic and obese populations utilizing the Community Outreach Health Clinic and ar ea food pantries

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
Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why	Community Memorial Hospitals community health improvement initiatives are targeted for the broad community, especially vulnerable populations (uninsured/underinsured) in the hospitals primary and secondary service areas Community Memorial Hospitals mission is to advance the health of the communities we serve through exceptional care enhanced by innovation and discovery The Community Outreach Steering Committee prioritized community health improvement programs, activities and services that reflect the hospitals mission and scope of care Access to Primary and Specialty Care, AODA, Chronic Disease Management and Health focused Prevention and Wellness programs The following needs are not being addressed by Community Memorial Hospital Oral & Dental Health Services Community Memorial Hospital does not have dedicated resources to provide dental services in Washington and Waukesha Counties There are other local organizations/dental offices dedicated to improve access to dental care Teen Pregnancy United Way, Public Health, Safe Babies Healthy Families, the Hope Network and a number of other community organizations are working on this health issue Health Literacy and Navigation Other community organizations are working to increase awareness of health services and health seeking behaviors among low income individuals Cigarette Use Community Memorial Hospital supports the Multi-Jurisdictional Coalition of Tobacco Free Community Partnership Dodge, Jefferson and Waukesha Counties Mental Health Community Memorial Hospital does not have the dedicated resources There are other local health and human service agencies and organizations dedicated to this issue

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
Part V, Line 12h - Other Factors Used in Determining Amounts Charged Patients	Out of Pocket Maximum Discount

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
Part V, Line 14g - Other Means Hospital Facility Publicized the Policy	A summary of the Financial Assistance Policy is available on the Community Memorial Hospital website

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
Part V, Line 18e - Other Actions Took Before Any Collection Actions	We request additional documentation when an individual has submitted an incomplete financial assistance application

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.

OMB No 1545-0047
2013
Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
Community Memorial Hospital of Menomonee Falls Inc

Employer identification number
39-0987025

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) Community Outreach Health Clinic W180 N8085 Town Hall Road Menomonee Falls, WI 53051	39-1743056		25,000	0			Support operations of clinic
(2) Other Grants 5000 9200 W Wisconsin Avenue Milwaukee, WI 53226	39-0886376		25,042	0			Various
(3) United Way of Waukesha County PO Box 1041 Waukesha, WI 53187			10,000	0			Support organizations mission

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

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

Part III

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

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

Part IV

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

Return Reference	Explanation
Grantmaker's Description of How Grants are Used	Organizations submit grant requests to the Community Outreach Steering Committee (the Committee) On a quarterly basis the fund allocations are determined Each organization selected for funds receives an award letter detailing the expectations and conditions of the grant money In order to comply with applicable tax laws, regulations and the Community Outreach Services Fund policy, the Community Outreach Services Fund will provide grant support to organizations with the understanding that 1) Grant funds distributed will be used only for the purposes designated in the award letter 2) No funds will be used for any political campaign or to support attempts to influence legislation of any governmental body 3) If the organization loses exempt status, any unexpended funds will be returned to the Community Outreach Steering Committee 4) Adequate accounting records of the expenditures of funds will be maintained by the organization 5) This is a one time grant distribution Future funding requests will be considered on a case by case basis In addition, the Committee includes a Final Report Form with each organizations award letter The form requires the organization to provide a brief description of the activity and measurable outcomes/benefits, an expenditure report, follow up actions to the Committees recommendations, and future plans The Committee requests that each organization submit the Final Report Form to the Committee within thirty days after the completion of the project for which the funds were intended or within a maximum of one year from the receipt of funds

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Community Memorial Hospital of Menomonee Falls Inc

Employer identification number
39-0987025

Part I

Questions Regarding Compensation

		Yes	No
1a	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		
	☐ First-class or charter travel ☒ Housing allowance or residence for personal use		
	☐ Travel for companions ☐ Payments for business use of personal residence		
	☒ Tax idemnification and gross-up payments ☒ Health or social club dues or initiation fees		
	☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	2 Yes	
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III		
	☒ Compensation committee ☒ Written employment contract		
	☒ Independent compensation consultant ☒ Compensation survey or study		
	☐ Form 990 of other organizations ☒ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?	5a	No
b	Any related organization?	5b	No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?	6a	No
b	Any related organization?	6b	No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7 Yes	
8	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	8	No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	No

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 1a Relevant information in regards to selections on 1a	Housing Hawig, Scott - \$39,106Social club dues Pollard, Dennis - \$662Gross up social club dues Pollard, Dennis - \$400
Part I, Line 7 Non-Fixed payments not listed above	Certain management employees participate in an incentive compensation plan that includes some non-fixed elements. Upon the attainment of a certain financial threshold, incentive compensation is available for meeting identified goals in the areas of financial performance, operational efficiencies, quality improvements, customer satisfaction, strategic growth and partnership initiatives. In some cases the determination of whether a goal is met is absolute while others require a certain amount of discretion to determine if goal is met. In addition, the incentive compensation includes a purely discretionary component.
Part III, Additional Information	Part II, Column (B)(ii) Bonus and incentive compensation amounts include incentive compensation and amounts paid to individuals in lieu of participation in 457(f) deferred compensation plans.

Additional Data

Software ID: 13000170
Software Version: 2013v4.0
EIN: 39-0987025
Name: Community Memorial Hospital of Menomonee Falls Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Ehn Diane VP Qlty & Perf Exc	(i) (ii)	141,475	44,757	649	24,183	15,676	226,740	
Ericson Allen Chief Operating Officer	(i) (ii)	309,279	69,156	26,903	61,417	26,943	493,698	
Evenson Rock E VP Pln & Prg Dvlp	(i) (ii)	149,271	56,931	18,754	28,210	24,280	277,446	
Goldberg MD David F Dir,VP Med Afrs	(i) (ii)	264,593	94,728	18,627	42,000	28,981	448,929	
Hawig Scott FH CFO	(i) (ii)	490,031	193,593	27,656	87,175	26,551	825,006	
Jacobson Catherine A Dir,FH Pres/CEO	(i) (ii)	788,962	374,772	1,518	202,750	30,107	1,398,109	
Lux Theresa M Dir,VP Pt Care	(i) (ii)	198,228	67,789	18,490	33,950	9,987	328,444	
McClure Debra Nurse Anesthetist	(i) (ii)	271,971		15,896	5,875	11,510	305,252	
Newkirk Garret Pharmacist	(i) (ii)	160,055	13,950	303	9,172	24,106	207,586	
Pollard Dennis Dir&President	(i) (ii)	422,777	225,557	25,580	96,089	27,359	797,362	
Sanders Paul A Sr VP, Clncl Svcs	(i) (ii)	212,136	99,788	8,551	14,714	20,144	355,333	
VanDeKreeke Jeffrey Former - Officer (CFO)	(i) (ii)	287,555	98,578	19,322	60,000	11,772	477,227	

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

► Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
► Attach to Form 990 or Form 990-EZ. ► See separate instructions.
► Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization Community Memorial Hospital of Menomonee Falls Inc	Employer identification number 39-0987025
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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
(1) WI Renal Care Grou	See Part V	355,196	Dialysis services		No

Part V Supplemental Information

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

Return Reference	Explanation
Schedule L, Part V Supplemental Information	WI Renal Care Group Former CMH Officer Jeff Van De Kreeke was on Interested Person's management committee

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

►Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
► Attach to Form 990.

►Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Community Memorial Hospital of Menomonee Falls Inc

Employer identification number
39-0987025

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ► (Stone/Calendars/Misc Items)	X	1	26,580	Donor's FMV
26 Other ► ()				
27 Other ► ()				
28 Other ► ()				

29

Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30a

Yes

No

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

Yes

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

32a

No

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) (2013)

Part III

Supplemental Information. Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference	Explanation
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SCHEDULE N
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Name of the organization
Community Memorial Hospital of Menomonee Falls Inc

Liquidation, Termination, Dissolution, or Significant Disposition of Assets

▶ Complete if the organization answered "Yes" to Form 990, Part IV, lines 31 or 32; or Form 990-EZ, line 36.
▶ Attach certified copies of any articles of dissolution, resolutions, or plans.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule N (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number

39-0987025

Part I

Liquidation, Termination, or Dissolution. Complete this part if the organization answered "Yes" to Form 990, Part IV, line 31, or Form 990-EZ, line 36. Part I can be duplicated if additional space is needed.

1	(a)Description of asset(s) distributed or transaction expenses paid	(b)Date of distribution	(c)Fair market value of asset(s) distributed or amount of transaction expenses	(d)Method of determining FMV for asset(s) distributed or transaction expenses	(e)EIN of recipient	(f)Name and address of recipient	(g)IRC section of recipient(s) (if tax-exempt) or type of entity

2

Did or will any officer, director, trustee, or key employee of the organization

a

Become a director or trustee of a successor or transferee organization?

2a

b

Become an employee of, or independent contractor for, a successor or transferee organization?

2b

c

Become a direct or indirect owner of a successor or transferee organization?

2c

d

Receive, or become entitled to, compensation or other similar payments as a result of the organization's liquidation, termination, or dissolution?

2d

e

If the organization answered "Yes" to any of the questions on lines 2a through 2d, provide the name of the person involved and explain in Part III ▶

Part I Liquidation, Termination, or Dissolution (continued)

Note. If the organization distributed all of its assets during the tax year, then Form 990, Part X, column (B), line 16 (Total assets), and line 26 (Total liabilities), should equal -0-

3

Did the organization distribute its assets in accordance with its governing instrument(s)? If "No," describe in Part III

3

Yes

No

4a

Is the organization required to notify the attorney general or other appropriate state official of its intent to dissolve, liquidate, or terminate?

4a

Yes

No

b

If "Yes," did the organization provide such notice?

4b

Yes

No

5

Did the organization discharge or pay all of its liabilities in accordance with state laws?

5

Yes

No

6a

Did the organization have any tax-exempt bonds outstanding during the year?

6a

Yes

No

b

Did the organization discharge or defease all of its tax-exempt bond liabilities during the tax year in accordance with the Internal Revenue Code and state laws?

6b

Yes

No

c

If "Yes" to line 6b, describe in Part III how the organization defeased or otherwise settled these liabilities. If "No," explain in Part III

Part II Sale, Exchange, Disposition, or Other Transfer of More Than 25% of the Organization's Assets. Complete this part if the organization answered "Yes" to Form 990, Part IV, line 32, or Form 990-EZ, line 36. Part II can be duplicated if additional space is needed.

1	(a) Description of asset(s) distributed or transaction expenses paid	(b) Date of distribution	(c) Fair market value of asset(s) distributed or amount of transaction expenses	(d) Method of determining FMV for asset(s) distributed or transaction expenses	(e) EIN of recipient	(f) Name and address of recipient	(g) IRC section of recipient(s) (if tax-exempt) or type of entity
	Long Term Investments & Restricted Assets	07-01-2013	127,918,322	Balance Sheet Basis	39-2014409	Froedtert Health Inc 9200 W Wisconsin Avenue Milwaukee, WI 53226	501(c)(3)
	Net Long Term Debt	07-01-2013	-55,488,753	Balance Sheet Basis	39-2014409	Froedtert Health Inc 9200 W Wisconsin Avenue Milwaukee, WI 53226	501(c)(3)
	Swap Liability	07-01-2013	-4,558,617	Balance Sheet Basis	39-2014409	Froedtert Health Inc 9200 W Wisconsin Avenue Milwaukee, WI 53226	501(c)(3)

2

Did or will any officer, director, trustee, or key employee of the organization

Yes

No

a

Become a director or trustee of a successor or transferee organization?

2a

Yes

No

b

Become an employee of, or independent contractor for, a successor or transferee organization?

2b

Yes

No

c

Become a direct or indirect owner of a successor or transferee organization?

2c

Yes

No

d

Receive, or become entitled to, compensation or other similar payments as a result of the organization's significant disposition of assets?

2d

Yes

No

e

If the organization answered "Yes" to any of the questions on lines 2a through 2d, provide the name of the person involved and explain in Part III

Part III

Supplemental Information. Provide the information required by Part I, lines 2e and 6c, and Part II, line 2e. Also complete this part to provide any additional information.

Return Reference	Explanation
Sch N, Part III, Additional Information	Effective July 1, 2013, Froedtert Health Inc , the parent corporation of Community Memorial Hospital, adopted an internal accounting policy for certain balance sheet and income statement matters that are centrally managed at the parent corporation. The policy states that assets and liabilities related to centrally managed programs will be accounted for on the parent corporations consolidated balance sheet and will not be allocated to any affiliate balance sheets. Community Memorial Hospital implemented the new policy effective July 1, 2013 and has transferred all centrally managed assets and liabilities resulting in the disclosure on Schedule N. The charitable operations of Community Memorial Hospital were not impacted by this accounting change.

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization Community Memorial Hospital of Menomonee Falls Inc	Employer identification number 39-0987025
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Return Reference	Explanation
Form 990, Part III, Line 4d Other Program Services Description	OTHER PROGRAM SERVICES 4 As part of operating an acute care hospital and providing health care services to the community, other revenue is derived in the following areas Corporate Allocated Revenue - revenue passed through from Froedtert Health, a related party Other Department Operating Revenue - revenue derived from different services through the process of providing patient care and in the normal operation of a medical facility Included in this category are items such as intercompany revenue from medical and administrative services provided to the other Froedtert Health entities, meaningful use revenue, medical staff application fees, and revenue from classes, pump rentals, and other wellness services Investment Income - revenue derived from investments in affiliates (Menomonee Falls Ambulatory Surgery Center, Vanguard Health Services, & Community Memorial Foundation)

Return Reference	Explanation
Form 990, Part VI, Line 2 Description of Business or Family Relationship of Officers, Directors, Et	Scott Haw ig, Catherine Jacobson, Robert Pieters, Dennis Pollard, Daniel Hart, Sharon Ellis, Susan Templin, and Ronald Bast all have business relationships

Return Reference	Explanation
Form 990, Part VI, Line 4 Description of Significant Changes to Organizational Documents	Articles of Incorporation and Bylaws were amended and restated to reflect termination of definitive agreement that created original health care system

Return Reference	Explanation
Form 990, Part VI, Line 6 Explanation of Classes of Members or Shareholder	Froedtert Health, Inc is the sole member of Community Memorial Hospital of Menomonee Falls, Inc

Return Reference	Explanation
Form 990, Part VI, Line 7a How Members or Shareholders Elect Governing Body	Froedtert Health, Inc , as the member of Community Memorial Hospital of Menomonee Falls, has the final approval of election of all board members

Return Reference	Explanation
Form 990, Part VI, Line 7b Describe Decisions of Governing Body Approval by Members or Shareholders	Froedtert Health, Inc , as the sole member of Community Memorial Hospital of Menomonee Falls, Inc , retains certain reserved powers and authorities with respect to specific governance matters, and strategic and mission-related initiatives of Community Memorial Hospital

Return Reference	Explanation
Form 990, Part VI, Line 11b Form 990 Review Process	Froedtert Health, Inc. accounting staff prepare Form 990 which is reviewed by the Froedtert Health financial leaders and legal counsel. The 990 is then reviewed by KPMG, Froedtert Health's outside accounting firm. Next, the 990 is provided to the Froedtert Health Finance Committee and Board of Directors. Finally, the 990 is filed as required.

Return Reference	Explanation
Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	On an annual basis all officers, directors, trustees, key employees are required to complete a conflict of interest disclosure statement The data is compiled, and the Froedtert Health Vice President-Chief Compliance Officer (CCO), the Senior Vice-President-General Counsel and/or delegate will review all forms and notifications to determine if any conflicts of interest exist in the disclosure documents If it is determined that a conflict of interest exists, then the person making the disclosure shall be relieved of his/her obligations on behalf of Community Memorial Hospital with respect to the transaction or arrangement that creates the conflict of interest A report of all conflicts of interest will be made by the CCO at least annually to the Froedtert Health Finance Committee of the Board of Directors

Return Reference	Explanation
Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	Compensation of Top Management is paid by a related organization but a review is performed. In establishing the compensation of the organization's Top Management, independent compensation consultants are utilized, compensation studies are completed to gather comparative data, persons with a conflict of interest regarding the compensation arrangements at issue are not involved in the decision making process, and amounts are reviewed and approved by the Compensation Committee of the FH (the related organization) Board of Directors. In addition, there is contemporaneous documentation and recordkeeping for deliberations and decisions regarding the compensation arrangements.

Return Reference	Explanation
Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Froedtert Health, Inc's quarterly financial information is made available to the public online through the Digital Assurance Corporation, Inc website. Anyone can register to receive ongoing access to and notifications regarding financial statements at the online website. Additionally, Governing Documents and Conflict of Interest Policy are made available to the public through the corporate office upon request.

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Capital Contributions = -\$2791896

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Change in APB other than net periodic benefit = -\$5784931

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Change in Foundation Restricted Net Assets = \$438241

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Change in Foundation unrestricted net assets = -\$210939

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Increases	Other = \$25239

Return Reference	Explanation
Other Changes In Net Assets Or Fund Balances - Other Decreases	Transfer to affiliates = -\$70000000

Return Reference	Explanation
Part IX 24a Corporate Allocations	Froedtert Health allocates its revenues and expenses to Froedtert Memorial Lutheran Hospital, Community Memorial Hospital of Menomonee Falls, St Joseph's Community Hospital, and Froedtert & The Medical College of Wisconsin Community Physicians. The allocation is calculated by applying an allocation metric to each accounting unit at Froedtert Health, including a flat percentage, percentage of gross revenue to total, percentage of supply expense to total, etc. Each entity then receives its portion of the Froedtert Health allocation on a monthly basis.

Return Reference	Explanation
Part VII - Section A 1a Columns C-F	Individuals listed as 'former' but receiving compensation during the year is due to the fact the individual is currently, or was during the tax year, still employed by the organization, but is no longer in the role of director, officer, key employee, etc in the current year. Such individual was reported as such on the organization's 990 in the previous five years.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Community Memorial Hospital of Menomonee Falls Inc

Employer identification number
39-0987025

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
(1) Inception Health LLC 9200 W Wisconsin Avenue Milwaukee, WI 53226 20-2636740	Healthcare Services	WI			Froedtert Health Inc

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) Disproportionate 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	

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

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		No
1b	Yes	
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m	Yes	
1n	Yes	
1o	Yes	
1p	Yes	
1q	Yes	
1r	Yes	
1s	Yes	

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

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, Part V, Line 2	Any transactions listed on Schedule R, Part V, Line 1 and not on Schedule R, Part V, Line 2 are between related 501(c)(3) organizations and therefore, are not reported in this section

Additional Data

Software ID: 13000170
Software Version: 2013v4.0
EIN: 39-0987025
Name: Community Memorial Hospital of Menomonee Falls Inc

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) Froedtert Health Inc 9200 West Wisconsin Avenue Milwaukee, WI 532263596 39-2014409	Management Services	WI	501(c)(3)	Ln 11, Type 111	NA		No
(1) Community Outpatient Health Services W180 N8085 Town Hall Road Menomonee Falls, WI 53051 39-1743056	Outpatient Medical and Dental Services	WI	501(c)(3)	3	Community Memorial Hospital of MF	Yes	
(2) Community Memorial Foundation W180 N8085 Town Hall Road Menomonee Falls, WI 53051 39-1635057	Health and Welfare promotion	WI	501(c)(3)	Ln 11, Type 1	Community Memorial Hospital of MF	Yes	
(3) Froedtert Memorial Lutheran Hospital Inc 9200 West Wisconsin Avenue Milwaukee, WI 532263522 39-6105970	Hospital	WI	501(c)(3)	3	Froedtert Health Inc		No
(4) St Josephs Community Hospital Inc 3200 Pleasant Valley Road West Bend, WI 530953868 39-0806302	Hospital Care Services	WI	501(c)(3)	3	Froedtert Health Inc		No
(5) St Josephs Community Foundation Inc 3200 Pleasant Valley Road West Bend, WI 530953868 39-2034296	Health and welfare promotion	WI	501(c)(3)	Ln 11, Type 1	St Josephs Comm Hosp of West Bend Inc		No
(6) Froedtert Hospital Foundation Inc 9200 West Wisconsin Avenue Milwaukee, WI 532263596 39-1431192	Health, welfare, research & educ promo	WI	501(c)(3)	Ln 11, Type 1	Froedtert Memorial Lutheran Hospital Inc		No
(7) QHS 1 Inc 19601 W Bluemound Rd Brookfield, WI 53045 20-2636686	Healthcare Services	WI	501(c)(3)	Ln 11, Type 1	Froedtert Health Inc		No



FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidated Financial Statements and Schedules

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

FROEDTERT HEALTH, INC. AND AFFILIATES

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KPMG LLP
Aon Center
Suite 5500
200 East Randolph Drive
Chicago, IL 60601-6436

Independent Auditors' Report

The Board of Directors
Froedtert Health, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Froedtert Health, Inc. and Affiliates, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Froedtert Health, Inc. and Affiliates as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements themselves or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Milwaukee, Wisconsin
September 17, 2014

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidated Balance Sheets

June 30, 2014 and 2013

(In thousands)

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 111,301	105,744
Assets whose use is limited	694	1,383
Patient accounts receivable, net of estimated uncollectibles of approximately \$44,100 in 2014 and \$45,500 in 2013	177,474	183,605
Other receivables	11,189	10,710
Inventories	22,457	21,587
Collateral held for securities loaned	335,433	266,846
Prepays and other	9,574	8,748
Total current assets	668,122	598,623
Investments	1,148,198	1,004,670
Assets whose use is limited or restricted	134,551	158,498
Investments in unconsolidated affiliates	45,275	41,488
Property, plant, and equipment, net	733,598	641,104
Deferred financing costs and other assets, net	27,057	32,355
Total assets	\$ 2,756,801	2,476,738
Liabilities and Net Assets		
Current liabilities:		
Current installments of long-term debt	\$ 9,533	9,655
Accounts payable	34,274	26,578
Accrued expenses	170,423	170,455
Payable under securities lending agreement	335,433	266,846
Estimated settlements to third-party payors	12,123	6,202
Total current liabilities	561,786	479,736
Long-term debt, less current installments	570,460	580,500
Other long-term liabilities	73,878	75,751
Total liabilities	1,206,124	1,135,987
Net assets:		
Unrestricted	1,535,923	1,328,209
Noncontrolling interest in consolidated joint ventures	2,243	2,267
Total unrestricted	1,538,166	1,330,476
Temporarily restricted	12,143	9,907
Permanently restricted	368	368
Total net assets	1,550,677	1,340,751
Total liabilities and net assets	\$ 2,756,801	2,476,738

See accompanying notes to consolidated financial statements.

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidated Statements of Operations

Years ended June 30, 2014 and 2013

(In thousands)

	<u>2014</u>	<u>2013</u>
Net patient service revenue:		
Net patient service revenue before provision for bad debts	\$ 1,661,856	1,501,898
Provision for bad debts	73,390	76,156
Net patient service revenue	<u>1,588,466</u>	<u>1,425,742</u>
Other operating revenue	66,681	73,464
Total revenue	<u>1,655,147</u>	<u>1,499,206</u>
Expenses:		
Salaries	588,077	512,648
Fringe benefits	145,833	128,871
Supplies	316,443	276,288
Contract services	135,323	129,412
Affiliate support	84,769	70,451
Depreciation and amortization	72,894	59,962
Interest	23,171	22,176
Other	204,896	215,006
Total expenses	<u>1,571,406</u>	<u>1,414,814</u>
Operating revenue in excess of expenses	<u>83,741</u>	<u>84,392</u>
Nonoperating gains (losses):		
Investment income	59,469	39,817
Change in net unrealized gains on trading securities	67,989	42,081
Change in fair value of interest rate swaps	(513)	17,025
Loss on early extinguishment of debt	—	(3,640)
Loss on disposal of property, plant, and equipment	(370)	(412)
Total nonoperating gains (losses), net	<u>126,575</u>	<u>94,871</u>
Revenue and gains in excess of expenses and losses	210,316	179,263
Other changes in unrestricted net assets:		
Change in net unrealized gains (losses) on other-than-trading securities	(205)	(1,218)
Contributions and net assets released from restrictions for property, plant, and equipment	2,152	3,457
Change in accrued pension benefits other than net periodic benefit costs	(5,253)	26,372
Other	680	308
Increase in unrestricted net assets	<u>207,690</u>	<u>208,182</u>
Unrestricted net assets at beginning of year	<u>1,330,476</u>	<u>1,122,294</u>
Unrestricted net assets at end of year	<u>\$ 1,538,166</u>	<u>1,330,476</u>

See accompanying notes to consolidated financial statements.

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2014 and 2013

(In thousands)

	Unrestricted net assets	Temporarily restricted net assets	Permanently restricted net assets	Total
Balance, June 30, 2012	\$ 1,122,294	10,948	368	1,133,610
Revenue and gains in excess of expenses and losses	179,263	—	—	179,263
Change in net unrealized gains (losses) on investments	—	307	—	307
Change in net unrealized gains (losses) on other-than-trading securities	(1,218)	—	—	(1,218)
Restricted contributions	—	2,294	—	2,294
Restricted investment return	—	323	—	323
Net assets released from restrictions for operations	—	(544)	—	(544)
Contributions and net assets released from restrictions for property, plant, and equipment	3,457	(3,457)	—	—
Change in accrued pension benefits other than net periodic benefit costs	26,372	—	—	26,372
Other	308	36	—	344
Increase (decrease) in net assets	<u>208,182</u>	<u>(1,041)</u>	<u>—</u>	<u>207,141</u>
Balance, June 30, 2013	<u>1,330,476</u>	<u>9,907</u>	<u>368</u>	<u>1,340,751</u>
Revenue and gains in excess of expenses and losses	210,316	—	—	210,316
Change in net unrealized gains (losses) on investments	—	422	—	422
Change in net unrealized gains (losses) on other-than-trading securities	(205)	—	—	(205)
Restricted contributions	—	4,128	—	4,128
Restricted investment return	—	412	—	412
Net assets released from restrictions for operations	—	(581)	—	(581)
Contributions and net assets released from restrictions for property, plant, and equipment	2,152	(2,152)	—	—
Change in accrued pension benefits other than net periodic benefit costs	(5,253)	—	—	(5,253)
Other	680	7	—	687
Increase in net assets	<u>207,690</u>	<u>2,236</u>	<u>—</u>	<u>209,926</u>
Balance, June 30, 2014	<u><u>\$ 1,538,166</u></u>	<u><u>12,143</u></u>	<u><u>368</u></u>	<u><u>1,550,677</u></u>

See accompanying notes to consolidated financial statements

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended June 30, 2014 and 2013

(In thousands)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 209,926	207,141
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	72,894	59,962
Provision for bad debts	73,390	76,156
Loss on disposal of property, plant, and equipment	370	412
Loss on early extinguishment of debt	—	3,640
Income from equity interest in unconsolidated affiliates, net	(3,787)	(2,116)
Restricted contributions and investment return	(4,962)	(2,924)
Net assets released from restrictions for operations	581	544
Realized and unrealized gains and losses on unrestricted investments, net	(102,531)	(55,965)
Change in fair value of interest rate swap agreements	513	(17,025)
Change in accrued pension benefits other than net periodic benefit costs	5,253	(26,372)
Changes in assets and liabilities		
Patient accounts receivable	(67,259)	(82,774)
Estimated settlements to third-party payors	5,921	291
Accounts payable and accrued expenses	7,664	32,070
Other receivables	(479)	10,183
Inventories	(870)	(1,837)
Other assets and liabilities	(3,473)	7,003
Net cash provided by operating activities	<u>193,151</u>	<u>208,389</u>
Cash flows from investing activities		
Net additions to property, plant, and equipment	(165,875)	(126,678)
Proceeds from sales of property, plant, and equipment	51	221
Purchases of investments and assets whose use is limited or restricted	(892,232)	(440,751)
Proceeds from sales or maturities of investments and assets whose use is limited or restricted	875,871	286,251
Additional capital contributions in unconsolidated affiliates	—	(9,619)
Net cash used in investing activities	<u>(182,185)</u>	<u>(290,576)</u>
Cash flows from financing activities		
Repayments of long-term debt	(189,590)	(67,198)
Payments for deferred financing costs	(295)	(1,690)
Proceeds from issuance of long-term debt, net of bond premium	180,095	167,195
Restricted contributions and investment return	4,962	2,924
Net assets released from restrictions for operations	(581)	(544)
Net cash (used in) provided by financing activities	<u>(5,409)</u>	<u>100,687</u>
Net change in cash and cash equivalents	5,557	18,500
Cash and cash equivalents		
Beginning of year	<u>105,744</u>	<u>87,244</u>
End of year	<u>\$ 111,301</u>	<u>105,744</u>

See accompanying notes to consolidated financial statements

FROEDTERT HEALTH, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

(1) Organization and Summary of Significant Accounting Policies

Froedtert Health, Inc. (FH) is a nonstock, not-for-profit corporation organized to support and carry out the missions of Froedtert Memorial Lutheran Hospital, Inc. (FMLH); Community Memorial Hospital of Menomonee Falls, Inc. (CMH); St. Joseph's Community Hospital of West Bend, Inc. (SJCH); Froedtert & The Medical College of Wisconsin Community Physicians (CP); and Progressive Physician Network, Inc. (PPN). FH is the sole corporate member of FMLH, CMH, SJCH, and PPN.

FMLH owns and operates an acute care hospital with 655 approved beds (of which 516 are currently staffed), clinics, and related operations in Wauwatosa, Wisconsin. FMLH is the sole corporate member of Froedtert Hospital Foundation, Inc. (Froedtert Foundation), which is a supporting organization of FMLH. The purpose of Froedtert Foundation is to raise money and to accept contributions for the purpose of developing philanthropic support for FMLH. Froedtert Foundation solicits, allocates, and dispenses funds exclusively for the maintenance, benefit, and support of FMLH programs, services, education, and capital improvements in accordance with priorities set by the Froedtert Foundation's board of directors and donor restrictions. Froedtert Surgery Center, LLC (FSC) is a Wisconsin limited liability company created as a joint venture among FMLH, The Medical College of Wisconsin (MCW), and Advanced Healthcare S.C. (Advanced) to provide ambulatory surgery services. FMLH has a 50% ownership in FSC.

CMH owns and operates an acute care hospital with 235 approved beds (of which 202 are currently staffed) in Menomonee Falls, Wisconsin. Community Memorial Foundation of Menomonee Falls, Inc. (Community Memorial Foundation) is a separate Wisconsin not-for-profit corporation whose primary purpose is to raise money and to accept contributions for the purpose of developing philanthropic support for CMH. Community Memorial Foundation solicits, allocates, and dispenses funds for the maintenance, benefit, and support of CMH programs, services, education, and capital improvements in accordance with priorities set by the Community Memorial Foundation's board of directors and donor restrictions. CMH is also the sole corporate member of Community Outpatient Health Services of Menomonee Falls, Inc. (COHS). COHS is a primary care clinic for the indigent.

SJCH owns and operates an acute care hospital with 70 approved and staffed beds in West Bend, Wisconsin. SJCH is the sole corporate member of St. Joseph's Community Foundation, Inc. (St. Joseph's Foundation), which is a supporting organization of SJCH. The purpose of St. Joseph's Foundation is to raise money and to accept contributions for the purpose of developing philanthropic support for SJCH and CP. St. Joseph's Foundation solicits, allocates, and dispenses funds for the maintenance, benefit and support of SJCH and CP programs, services, education and capital improvements in accordance with priorities set by the St. Joseph's Foundation's board of directors and donor restrictions. SJCH is also the sole corporate member of West Bend Surgery Center, LLC (WBSC), an ambulatory surgery center in West Bend, Wisconsin.

West Bend Clinic (WBC) operated multispecialty clinics and an ambulatory surgery center in West Bend, Wisconsin, and other satellite clinics in surrounding communities. Effective July 1, 2013, WBC was dissolved, merged its assets and liabilities into CP and was removed as a member of the Obligated Group. CP, formerly known as Froedtert Physician Partners, Inc. (FPP), is a joint clinical practice group between FH and MCW designed to provide clinical integration and coordinated patient care at community clinics. FH and MCW are the corporate members of CP.

FROEDTERT HEALTH, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

PPN is an independent practice association, which contracts with health plans and other third-party payors to arrange for the provision of healthcare services by its physician members. PPN serves to support a network of healthcare professionals engaged in developing reproducible clinical and administrative processes that clinically integrate such professionals in a manner which improves patient health, enhances patient experiences, and reduces or controls the cost of healthcare in such professionals' shared communities.

FH has a 60% ownership interest in Froedtert Health Hometown Pharmacy, LLP (FHHP), which owns and operates a retail pharmacy selling prescriptions and over-the-counter medications and related products in West Bend, Wisconsin. In 2013, FH became 50% owner in both FHHP-Sussex (Sussex), LLC and FHHP – Kewaskum (Kewaskum), LLC which own and operate retail pharmacies in Sussex and Kewaskum, Wisconsin, respectively.

The accompanying consolidated financial statements include the accounts of FH, FMLH, Froedtert Foundation, FSC, CMH, Community Memorial Foundation, COHS, SJCH, St. Joseph's Foundation, WBSC, CP, PPN, FHHP, Sussex, and Kewaskum.

At June 30, 2014, FH, FMLH, Froedtert Foundation, CMH, Community Memorial Foundation, SJCH, and St. Joseph's Foundation are members of the obligated group (Obligated Group) for the purposes of the issuance of bonds through the Wisconsin Health and Educational Facilities Authority (WHEFA) (note 6). The Obligated Group consisted only of the members mentioned above and excludes FSC, COHS, WBSC, PPN, CP, FHHP, Sussex, and Kewaskum. Total combined assets of FSC, COHS, WBSC, PPN, CP, FHHP, Sussex, and Kewaskum, which are not members of the Obligated Group, were \$86,526 at June 30, 2014. Total combined net assets of the same entities were \$53,377 at June 30, 2014 and total combined revenue and gains in excess of expenses and losses were \$1,150 for the year ended June 30, 2014.

The significant accounting policies of FH are as follows:

(a) Principles of Consolidation

The consolidated financial statements of FH have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) Net Assets

Net assets are classified as either permanently or temporarily restricted when the use of the assets is limited by outside parties or as unrestricted net assets when outside parties place no restrictions on the use of the assets or when the assets arise as a result of the operations of FH.

Unconditional promises to give cash and other assets to FH are reported at fair value at the date the promise is received. Pledges receivable to be collected after one year are discounted using a risk-free interest rate at the time the pledge is made. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time

FROEDTERT HEALTH, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as operating revenue in the consolidated statements of operations if restricted for operating purposes and as an increase to unrestricted net assets if restricted to purchase property, plant, and equipment. Gifts for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, are reported as other operating revenue. FH's temporarily restricted net assets are restricted for future construction or specific operations of FMLH, CMH, and SJCH. The permanently restricted net assets are endowment funds held by Froedtert Foundation and St. Joseph's Foundation, the principal of which may not be expended.

Interpretation of Relevant Law Governing Endowments

FH applies the provisions of Accounting Standards Codification (ASC) No. 958-205, *Not-for-Profit Entities Presentation of Financial Statements*. ASC 958-205 provides guidance on the net asset classification of donor restricted endowment funds for not-for-profit organizations and requires additional disclosure about endowment funds.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) legislation eliminates the historical dollar value threshold, an amount below which an organization could not spend from the endowment, and replaces it with guidelines that constitute prudent spending with preservation of the endowment. UPMIFA requires the establishment of a spending policy, which may result in the value of the endowment dropping below the historical dollar value threshold.

Froedtert Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. Investment returns in excess of spending are classified as increases in temporarily restricted net assets until appropriated for expenditure by Froedtert Foundation.

Endowment Spending Policy

Froedtert Foundation has a policy of appropriating for distribution each year, a percentage as determined periodically by the Froedtert Foundation board of the average fair market value of the assets of the endowment as of June 30 of the preceding 12 quarters. Over the duration of the investments, the Froedtert Foundation anticipates that when offset against inflationary factors, this policy will maintain the purchasing power of the endowment assets that are required to be held in perpetuity, as well as to provide additional purchasing power through new contributions and investment returns.

FROEDTERT HEALTH, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

Endowment Investment Policy

Froedtert Foundation attempts to provide a predictable stream of funding to support its endowments while seeking to maintain the purchasing power of the endowment assets. The endowment's assets are commingled with the investment assets of the Froedtert Foundation and for investment purposes are invested in a manner determined by the FH Investment Committee and in accordance with the FH investment policy. In order to satisfy the long-term rate of return of the investment policy and objectives, FH relies on a total return strategy in which investment returns are achieved through both realized and unrealized gains and losses and interest and dividend income.

(c) *Assets Whose Use Is Limited or Restricted*

Assets whose use is limited or restricted include assets set aside by management for executive compensation agreements and for affiliate support, assets held by trustees under debt agreements, assets held under swap collateral posting requirements, and assets whose use is restricted by donors. Assets whose use is limited are reported as unrestricted net assets. Assets whose use is restricted by donors are reported as temporarily restricted or permanently restricted net assets.

(d) *Revenue and Gains in Excess of Expenses and Losses*

The consolidated statements of operations include revenue and gains in excess of expenses and losses. Transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenue and expenses. Transactions incidental to the provision of healthcare services are reported as gains and losses. Changes in unrestricted net assets that are excluded from revenue and gains in excess of expenses and losses, consistent with industry practice, include changes in net unrealized gains and losses on other-than-trading securities, contributions of property, plant, and equipment (including assets acquired using contributions that by donor restrictions were to be used for the purpose of acquiring such assets), changes in accrued pension benefits other than net periodic benefit costs, and other.

(e) *Net Patient Service Revenue*

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

(f) *Investments and Investment Income*

Investments, including assets whose use is limited or restricted, with readily determinable fair values, are stated at fair value generally based upon quoted market prices. Money market accounts and fixed income securities with a maturity of three months or less are included in cash and cash equivalents on the consolidated balance sheet. Fixed income securities purchased with a maturity greater than three months but less than twelve months are included in investments on the consolidated balance sheet. Realized gains and losses and interest and dividends on funds held under debt agreements, to the extent not capitalized, are classified as other operating revenue in the

FROEDTERT HEALTH, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

consolidated statements of operations. Realized gains and losses, unrealized gains and losses on trading securities, and interest and dividends on long-term investments are classified as nonoperating gains and losses in the consolidated statements of operations. Unrealized gains and losses are included in revenue and gains in excess of expenses and losses as management considers all investments to be trading securities, other than investments held in certain project funds, which are considered other-than-trading securities.

FH invests in various investment securities including U.S. government securities, marketable equity securities, fixed income securities, money market funds, mutual funds and an alternative investment. The alternative investment is comprised of a commingled low volatility equity fund (Fund) organized as a limited liability corporation. The Fund invests primarily in marketable global equity securities with an investment objective to achieve a volatility level considerably less than the global equity market as defined by the MSCI World Index. Fund redemptions can be made on any business day with 30 calendar days' prior written notice.

Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of FH's investments could occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Investments in joint ventures in which 20% to 50% interest is held are accounted for using the equity method of accounting. Investments in joint ventures with less than a 20% interest and for which FH does not exercise significant control are accounted for using the cost method. Investments in which greater than 50% interest is held are consolidated with the recording of a noncontrolling interest in consolidated joint venture within unrestricted net assets.

(g) *Inventories*

Inventories are stated at cost, which is not in excess of market value.

(h) *Property, Plant, and Equipment*

Property, plant, and equipment are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Buildings and equipment under capital leases are recorded at the net present value of future minimum lease payments. Equipment under capital leases and leasehold improvements are amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment or leasehold improvements.

Gifts of long-lived assets with explicit restrictions by donors that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

FROEDTERT HEALTH, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

(i) Long-Lived Assets

FH periodically assesses the recoverability of long-lived assets (including property, plant, and equipment) when indications of potential impairment, based on estimated, undiscounted future cash flows exist. Management considers such factors as current results, trends, and future prospects, in addition to other economic factors, in determining whether there is an impairment of the asset. FH does not believe that there are any factors or circumstances indicating impairment of its long-lived assets for the years ended June 30, 2014 and 2013.

(j) Costs of Borrowing

Expenses incurred on the issuance of fixed rate long-term debt and the original issue premium or discount are deferred and amortized using the declining-balance method over the term of the debt. Expenses incurred on the issuance of variable rate debt are deferred and amortized using the straight-line method over the term of the underlying note for each issue.

Net interest costs, the associated premium, and deferred financing costs incurred on borrowed funds during the period of construction are capitalized as a component of the cost of significant construction projects.

(k) Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include highly liquid investments purchased with a maturity at date of purchase of three months or less, excluding assets whose use is limited or restricted.

(l) Income Taxes

FH and its affiliates, except FSC, WBSC, PPN, FHHP, Sussex, and Kewaskum are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. FSC, WBSC, FHHP, Sussex, and Kewaskum are limited liability companies and are treated as partnerships for income tax purposes. Income and losses are passed through to their members. PPN is a nonstock corporation and earnings are subject to income tax.

FH applies ASC No. 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements. ASC No. 740 prescribes a more-likely than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. Under ASC No. 740, tax positions are evaluated for recognition, derecognition, and measurement using consistent criteria and provide more information about the uncertainty in income tax assets and liabilities. As of June 30, 2014 and 2013, FH does not have an asset or liability recorded for unrecognized tax positions.

FROEDTERT HEALTH, INC. AND AFFILIATES

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(m) Derivative Instruments

FH accounts for derivatives and hedging activities in accordance with ASC No. 815, *Derivatives and Hedging*, which requires that all derivatives instruments be recorded as either assets or liabilities in the consolidated balance sheet at their respective fair values.

For hedging relationships, FH formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed, and a description of the method of measuring ineffectiveness. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities in the consolidated balance sheet.

The interest rate swap agreements do not meet the criteria to qualify for hedge accounting treatment. FH continues to carry all of its derivatives at fair value and recognizes changes in their fair value as nonoperating gains and losses in the consolidated statements of operations.

(n) Use of Estimates

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

(o) Reclassifications

Certain 2013 amounts have been reclassified to conform to the 2014 consolidated financial statement presentation.

(2) Fair Value Measurements

FH applies the provisions of Accounting Standards Update (ASU) 2010-06, *Improving Disclosures about Fair Value Measurements*. ASU 2010-06 amends ASC Subtopic No. 820-10, *Fair Value Measurement – Overall*, to provide additional disclosure requirements for transfers into and out of Levels 1 and 2 and for activity in Level 3 and to clarify other existing disclosure requirements.

ASC Subtopic No. 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. These provisions describe a fair value hierarchy that includes three levels of inputs to be used to measure fair value. The three levels are defined as follows as interpreted for use by FH:

- Level 1 – Inputs into fair value methodology are based on quoted market prices in active markets. Securities typically priced using level 1 inputs include listed equities and exchange-traded mutual funds.

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- Level 2 – Inputs into the fair value methodology are based on quoted prices for similar items, broker-dealer quotes, or models using market interest rates or yield curves. The inputs are generally seen as observable in active markets for similar items for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument. Securities typically priced using level 2 inputs include government bonds, other fixed income securities and commingled funds where net asset value (NAV) is corroborated with observable data.
- Level 3 – Inputs into the fair value methodology are unobservable and significant to the fair value measurement.

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

- The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, patient and other receivables, accounts payable, accrued expenses, and estimated settlements to third-party payors.
- Assets limited as to use, collateral held for securities loaned, and long term investments: U.S. government securities, marketable equity securities, fixed income securities, money market funds, and mutual funds are measured using quoted market prices; other observable inputs such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets at the reporting date multiplied by the quantity held. The carrying value equals fair value.
- Alternative investments are reported at the NAV reported by the Fund manager. Unless it is probable that all or a portion of the investment will be sold for an amount other than NAV, FH has concluded, as a practical expedient, that the NAV approximates fair value.
- Interest rate swaps: The fair value of interest rate swaps is determined using pricing models developed based on the LIBOR swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and FH. The carrying value equals fair value.
- Fair value of total long-term debt was \$590,064 and \$582,307 at June 30, 2014 and 2013, respectively, and is based upon borrowing rates currently available to FH for similar terms and average maturities.

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The following table represents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2014:

	<u>Total</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>
Assets				
Cash and cash equivalents	\$ 111,301	111,301	—	—
Collateral held for securities loaned	335,433	—	335,433	—
Investments, excluding interest receivable of \$2,783				
U S government securities	240,800	—	240,800	—
Marketable equity securities	521,236	521,236	—	—
Fixed income securities	152,002	—	152,002	—
Money market funds and mutual funds	196,060	196,060	—	—
Alternative investment Low volatility equity fund	35,317	—	35,317	—
Assets whose use is limited or restricted, excluding interest receivable of \$34 and pledges receivable of \$869				
Cash and cash equivalents	16,854	16,854	—	—
U S government securities	4,722	—	4,722	—
Marketable equity securities	17,084	17,084	—	—
Fixed income securities	76,680	—	76,680	—
Money market funds and mutual funds	16,226	16,226	—	—
Alternative investment Low volatility equity fund	691	—	691	—
Other	2,085	—	1,226	859
Total assets	<u>\$ 1,726,491</u>	<u>878,761</u>	<u>846,871</u>	<u>859</u>
Liabilities				
Payable under securities lending agreement	\$ 335,433	—	335,433	—
Interest rate swap agreements	26,562	—	26,562	—
Total liabilities	<u>\$ 361,995</u>	<u>—</u>	<u>361,995</u>	<u>—</u>

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The low volatility equity fund's classification as Level 2 is based on FH's ability to redeem its interest at or near the date of the consolidated balance sheet.

The following table represents assets and liabilities that are measured at fair value on a recurring basis at June 30, 2013:

	<u>Total</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>
Assets				
Cash and cash equivalents	\$ 105,744	105,744	—	—
Collateral held for securities loaned	266,846	—	266,846	—
Investments, excluding interest receivable of \$3,107				
U S government securities	252,288	—	252,288	—
Marketable equity securities	413,434	413,434	—	—
Fixed income securities	225,364	—	225,364	—
Money market funds and mutual funds	110,477	110,477	—	—
Assets whose use is limited or restricted, excluding interest receivable of \$75 and pledges receivable of \$441				
Cash and cash equivalents	8,314	8,314	—	—
U S government securities	5,866	—	5,866	—
Marketable equity securities	16,266	16,266	—	—
Fixed income securities	116,099	—	116,099	—
Money market funds and mutual funds	11,813	11,813	—	—
Other	1,007	—	272	735
Total assets	<u>\$ 1,533,518</u>	<u>666,048</u>	<u>866,735</u>	<u>735</u>
Liabilities				
Payable under securities lending agreement	\$ 266,846	—	266,846	—
Interest rate swap agreements	26,049	—	26,049	—
Total liabilities	<u>\$ 292,895</u>	<u>—</u>	<u>292,895</u>	<u>—</u>

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The following table is a rollforward of assets whose use is limited that were classified by FH within Level 3 of the fair value hierarchy as defined above:

	<u>2014</u>	<u>2013</u>
Fair value at beginning of year	\$ 735	1,191
Gains (losses) and investment income, net	124	(133)
Purchases, issuances, and write-offs, net	—	(323)
Fair value at end of year	<u>\$ 859</u>	<u>735</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. FH evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2014, there were no significant transfers in or out of Levels 1, 2, or 3.

(3) Investments and Assets Whose Use is Limited or Restricted

Investments and assets whose use is limited or restricted are summarized as follows:

	<u>June 30</u>	
	<u>2014</u>	<u>2013</u>
At fair value:		
U.S. government securities	\$ 240,800	252,288
Marketable equity securities	521,236	413,434
Fixed income securities	152,002	225,364
Money market funds and mutual funds	196,060	110,477
Alternative investment:		
Low volatility equity fund	<u>35,317</u>	<u>—</u>
Total investments at fair value	1,145,415	1,001,563
At cost:		
Interest receivable	<u>2,783</u>	<u>3,107</u>
Total investments	<u>\$ 1,148,198</u>	<u>1,004,670</u>

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	June 30	
	2014	2013
At fair value:		
Cash and cash equivalents	\$ 16,854	8,314
U.S. government securities	4,722	5,866
Marketable equity securities	17,084	16,266
Fixed income securities	76,680	116,099
Money market funds and mutual funds	16,226	11,813
Alternative investment:		
Low volatility equity fund	691	—
Other	2,085	1,007
Total assets whose use is limited at fair value	134,342	159,365
At cost:		
Interest receivable	34	75
Pledges receivable	869	441
Total assets whose use is limited or restricted	\$ 135,245	159,881

Assets whose use is limited or restricted are summarized as follows:

	June 30	
	2014	2013
Assets whose use is limited or restricted		
Under debt agreements (note 6)	\$ 84,364	112,453
Swap collateral (note 7)	1,039	98
By management:		
For executive compensation agreements	19,947	15,995
For program development and physician recruitment	5,889	10,000
For other	10,802	9,677
By donors	12,511	10,275
Other	693	1,383
Total assets whose use is limited or restricted	\$ 135,245	159,881

Assets whose use is limited or restricted are classified as current assets to the extent they are available to meet current liabilities.

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The composition of investment return on FH's cash and cash equivalents, investments, and assets whose use is limited or restricted is as follows:

	Year ended June 30	
	2014	2013
Interest and dividends on investments	\$ 26,988	26,978
Net realized gains and losses on sale of investments	34,747	15,102
Change in net unrealized gains and losses on investments	68,206	41,170
Total investment return	<u>\$ 129,941</u>	<u>83,250</u>

Investment returns are included in the accompanying consolidated statements of operation and changes in net assets for the years ended June 30, 2014 and 2013:

	Year ended June 30	
	2014	2013
Other operating revenue:		
Interest and dividend income	\$ 864	1,019
Net realized gains and losses	—	(17)
Nonoperating gains and losses – investment income	59,469	39,817
Nonoperating gains and losses – change in unrealized gains and losses on investments	67,989	42,081
Other changes in unrestricted net assets – change in net unrealized gains and losses on investments	(205)	(1,218)
Other changes in temporarily restricted investments:		
Restricted investment income	412	323
Change in net unrealized gains and losses on investments	422	307
Interest earnings offset against capitalized interest cost	990	938
Total investment return	<u>\$ 129,941</u>	<u>83,250</u>

FH has a securities lending agreement with a financial institution whereby fixed income and equity securities are loaned to third parties in exchange for cash collateral that exceeds the market value of the securities loaned. Collateral is marked to market daily to reflect changes in fair value of the securities loaned. The fair market value of the securities loaned under this arrangement was \$328,753 and \$260,105 at June 30, 2014 and 2013, respectively. The fair market value of the collateral received under this arrangement was \$335,433 and \$266,846 at June 30, 2014 and 2013, respectively. The collateral held is comprised of cash and cash equivalents, U.S. government securities, and fixed income securities. Under the terms of the securities lending agreement, FH is not entitled to the unrealized gains on the invested collateral and as such has not recognized the unrealized gains in the accompanying consolidated financial statements. The change in unrealized gains and losses on the invested collateral was \$0 for the years ended June 30, 2014 and 2013. The fair value of collateral was 102.0% and 102.6% of the fair value of securities loaned at June 30, 2014 and 2013, respectively.

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(4) Property, Plant, and Equipment

Property, plant, and equipment are summarized as follows:

	June 30	
	2014	2013
Land and land improvements	\$ 16,162	16,023
Leasehold improvements	114,325	86,850
Buildings	592,349	548,561
Fixed equipment	126,422	119,777
Movable equipment	474,265	407,150
Construction in progress	59,591	47,582
Total property, plant, and equipment	1,383,114	1,225,943
Less accumulated depreciation and amortization	649,516	584,839
Property, plant, and equipment, net	\$ 733,598	641,104

Construction in progress at June 30, 2014 and 2013 primarily relates to the FMLH Center for Advanced Care scheduled to open in the fall of 2015, which will include surgical, interventional, heart, vascular and transplant services. Various software and other renovation projects and equipment at the hospital and clinic campuses are also included in construction in progress at both June 30, 2014 and 2013. Contractually committed costs for renovation and software projects totaled \$103,807 at June 30, 2014. During the year ended June 30, 2014, FH capitalized \$4,514 of net interest cost, which is comprised of \$5,504 of interest cost less \$990 of interest earned on unexpended bond proceeds. During the year ended June 30, 2013, FH capitalized \$3,161 of net interest cost, which is comprised of \$4,099 of interest cost less \$938 of interest earned on unexpended bond proceeds.

(5) Land Lease Agreement

In 1980, FMLH entered into a land lease agreement with Milwaukee County to lease the land on which the hospital resides. The lease terms are for FMLH to pay one dollar annually through 2030, and a mutually agreed-upon amount in years 2031 through 2079. If the parties cannot mutually agree upon an amount, the annual rent will be determined as fair market value of the leased land times 10%. In December 1995, FMLH purchased certain assets of John L. Doyne Hospital (Doyne). As part of the purchase, FMLH entered into an amendment to the original land lease agreement to include the land previously used by Doyne. The lease payments on the new land lease are calculated as one dollar plus 5.25% of FMLH's annual operating cash flow, as defined in the agreement, for each of the years through 2020 and one dollar annually in years 2021 to 2079. The lease agreements are accounted for as operating leases. Lease expense has been recognized in accordance with the terms of the lease agreements amounting to \$7,037 and \$10,771 for the years ended June 30, 2014 and 2013, respectively. Cumulative amounts recognized under the lease agreements since the leases' inception in 1995 approximate \$85,406 through June 30, 2014. Payments under the lease agreements are made in the year subsequent to the year in which they relate.

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(6) Long-Term Debt

Long-term debt is summarized as follows:

	June 30	
	2014	2013
Revenue bonds, Series 2005A – due in 2015 (effective rate of 5.35% for both years ended June 30, 2014 and 2013)	\$ 424	424
Revenue bonds, Series 2009A – interest rates variable based on market conditions (effective rate of interest 3.28% in 2013, refunded December 11, 2013)	—	89,925
Revenue bonds, Series 2009B – interest rates variable based on market conditions (effective rate of interest 3.29% in 2013, refunded December 11, 2013)	—	89,920
Revenue bonds, Series 2009C – annual principal payments range from \$2,945 to \$22,885, plus interest each year through 2039. Interest rates range from 4.00% to 5.25% (effective rate of interest of 5.14% in 2014 and 5.12% in 2013)	173,820	176,720
Revenue bonds, Series 2012A – due in sinking fund installments ranging from \$265 to \$35,965 plus interest each year through 2042, ranging from 4.00% to 5.00% (effective rate of interest of 4.86% in 2014 and 4.87% in 2013)	153,815	155,100
Revenue bonds, Series 2013A – annual principal payments range from \$2,278 in 2015 to \$3,005 in 2023 with a balloon payment of \$62,765 in 2024. Interest rates variable based on market conditions (0.75% at June 30, 2014, effective rate of interest 4.2% in 2014)	87,593	—
Revenue bonds, Series 2013B – annual principal payments range from \$2,278 in 2015 to \$2,865 in 2018 with a balloon payment of \$77,045 in 2019. Interest rates variable based on market conditions (0.46% at June 30, 2014, effective rate of interest 3.9% in 2014)	87,593	—
Capital lease obligations	61,821	62,225
Other	632	879
Total debt	565,698	575,193
Less:		
Current installments of long-term debt	9,533	9,655
Unamortized bond premium, net	(14,295)	(14,962)
Total long-term debt	\$ 570,460	580,500

On December 11, 2013, WHEFA issued \$90,048 of Series 2013A and \$90,048 of Series 2013B variable rate revenue bonds on behalf of the Obligated Group. The Series 2013A and 2013B bonds were issued as

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private placements each with a respective national bank. The proceeds from the Series 2013A and Series 2013B bonds were used to refund the Series 2009A and 2009B bonds. The 2013A and 2013B private placements mature in 2024 and 2019, respectively.

On October 11, 2012, WHEFA issued \$155,100 of Series 2012A revenue bonds on behalf of the Obligated Group. The proceeds from the Series 2012A Bonds were used to legally defease the Series 2003 Bonds, refund the Series 2001 Bonds and to finance certain Obligated Group projects.

The refunding resulted in a loss on early extinguishment of debt of \$3,640, which is included in nonoperating gains and losses in the 2013 consolidated statement of operations.

Pursuant to the terms of the bond trust indentures, each Obligated Group member is jointly and severally liable for the guaranty of principal and interest on the revenue bonds issued by WHEFA on behalf of the Obligated Group. The Master Trust Indenture related to the Series 2005A, 2009C, 2012A, 2013A, and 2013B and the continuing covenant agreements related to the 2013A and 2013B bonds also place limits on the incurrence of additional borrowings and requires that the Obligated Group satisfy certain measures of financial performance as long as the bonds are outstanding.

Cash payments for interest, net of amounts capitalized, and monthly swap settlements were \$22,726 and \$19,536 for the years ended June 30, 2014 and 2013, respectively.

Scheduled principal maturities on long-term debt and capital lease obligations for each of the next five years and thereafter are as follows:

2015	\$	9,533
2016		10,230
2017		10,712
2018		11,179
2019		85,777
Thereafter		<u>438,267</u>
	\$	<u><u>565,698</u></u>

FH has entered into capital leases for certain medical office space through the year 2032. The capital lease obligations were \$61,821 and \$62,225 at June 30, 2014 and 2013, respectively.

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Future minimum lease payments under capital leases at June 30, 2014 are as follows:

2015	\$	6,662
2016		6,795
2017		6,932
2018		7,071
2019		7,212
Thereafter		90,264
Total minimum lease payments		124,936
Less amounts representing interest ranging from 7.81% to 11.17%		63,115
Present value of net minimum lease payments		\$ 61,821

FH has outstanding guarantees for payment of certain debt and capital expenditures of another corporation. The debt guaranty is for an amount up to \$4,450 as of June 30, 2014. The capital expenditure guaranty, shared with two other corporate entities, is for amounts ranging from \$2,190 to \$12,670, up to an aggregate \$34,885, for the twelve month periods ending June 30, 2014 through June 30, 2018.

(7) Derivative Instruments and Hedging Activities

The derivative instruments used by FH are interest rate swap agreements that are used to convert variable rate interest on the long-term debt to fixed rate interest. The variable interest rate on the debt generally exposes FH to variability in cash flow in rising or declining interest rate environments. In converting variable rate interest to a fixed rate, the interest rate swap effectively reduces the variability of the cash flow of the debt.

(a) Objectives and Strategies

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

By using derivative financial instruments to hedge exposures to changes in interest rates, FH exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes FH, which creates credit risk for FH. When the fair value of a derivative contract is negative, FH owes the counterparty, and therefore, it does not pose credit risk. FH minimizes the credit risk in derivative instruments by entering into transactions with high quality counterparties.

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Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

(b) Risk Management Policies

FH assesses market risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows and by evaluating hedging opportunities. FH maintains risk management control systems to monitor market risk attributable to both the outstanding or forecasted debt obligations, as well as the offsetting hedge positions. The risk management control systems involve the use of analytical techniques, including cash flow sensitivity analysis, to estimate the expected impact of changes in interest rates on future cash flows.

FH does not use derivative instruments for speculative investment purposes.

(c) Transactions

Consistent with the objectives set forth above, the Obligated Group's interest rate swap agreements are matched to its Series 2009A and Series 2009B Bonds, which were refunded by the Series 2013A and Series 2013B revenue bonds. Under the terms of the interest rate swap agreements, the Obligated Group pays a fixed rate on the bonds and receives a variable rate of interest equal to the three-month LIBOR index, reset weekly.

The fair value of the interest rate swaps of \$26,562 and \$26,049 is included in other long-term liabilities in the consolidated balance sheets at June 30, 2014 and 2013, respectively. The change in fair value of the interest rate swaps of \$(513) and \$17,025 is included in nonoperating gains and losses in the consolidated statements of operations for the years ended June 30, 2014 and 2013, respectively.

The interest rate swap agreements for the Obligated Group at June 30, 2014 consist of the following:

Type	Original notional amount	Maturity date	Fixed pay rate	Variable pay rates at June 30	
				2014	2013
2009A bonds*	\$ 94.050	April 1, 2035	3.366%	0.157%	0.186%
2009B bonds*	94.050	April 1, 2035	3.366	0.157	0.186

* The Series 2009A and Series 2009B bonds were refunded by the Series 2013A and Series 2013B revenue bonds, as noted above.

Cash paid for monthly settlement under the interest rate swap agreements was \$5,718 and \$5,747 and is included within interest expense in the consolidated statements of operations. No cash was received under the interest rate swap agreements during the years ended June 30, 2014 and 2013. FH posted collateral as required under the interest rate swap agreements of \$1,039 and \$98 as of June 30, 2014 and 2013, respectively.

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(8) Net Patient Service Revenue

A summary of the basis of reimbursement with major third-party payors follows:

Medicare – Inpatient acute care, most outpatient, and defined capital costs for services rendered to Medicare beneficiaries are paid at prospectively determined rates per case. These rates vary according to a payment classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, medical education, and certain organ acquisition costs related to Medicare beneficiaries are paid based upon cost reimbursement methods, established fee screens, or a combination thereof. FMLH, CMH, and SJCH are reimbursed for cost reimbursement items at tentative rates with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The FMLH cost reports have been audited by the Medicare fiscal intermediary through June 30, 2009. The CMH and SJCH cost reports have been audited by the Medicare fiscal intermediary through June 30, 2010.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed primarily based upon prospectively determined rates.

Wisconsin's Economic Recovery Act includes a tax assessment on hospital and ambulatory surgery center revenues. Funds collected under the tax are used to increase federal funding for the Wisconsin Medicaid program. FH recognized \$45,351 and \$42,725 of increased Medicaid reimbursement and \$33,398 and \$32,569 of tax expense as a result of the law for the years ended June 30, 2014 and 2013, respectively. The increased Medicaid reimbursement and tax assessment expense are recorded in net patient service revenue and other expense, respectively, in the 2014 and 2013 consolidated statements of operations.

There are various other proposals at the federal and state levels that could, among other things, reduce reimbursement rates, modify reimbursement methods, or increase managed care penetration, including Medicare and Medicaid. The ultimate outcome of these proposals and other market changes cannot presently be determined.

The percentage of net patient service revenue applicable to services provided to Medicare and Medicaid patients was 35% for the years ended June 30, 2014 and 2013. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. FH believes it is in compliance, in all material respects, with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations may be subject to future government review and interpretation. Noncompliance with such laws and regulations could result in repayments of amounts improperly reimbursed, substantial monetary fines, civil and criminal penalties, and exclusion from the Medicare and Medicaid programs.

FH has received notices from the Medicare program requiring that they provide Medicare with documentation for claims to carry out the Recovery Audit Contract (RAC) program. FH is responding to these requests. Review of claims through the RAC program may result in a liability to the Medicare program and could have an adverse impact on FH's net patient service revenue.

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FH, FMLH, CMH, SJCH, and CP also have entered into reimbursement agreements with certain commercial insurance carriers and managed care organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

For the years ended June 30, 2014 and 2013, the consolidated statements of operations include \$3,055 and \$6,000, respectively, as an increase in net patient service revenue for changes in prior year estimates related to third-party contractual allowances and retroactive settlements with third-party payors.

The Medical Electronic Health Record (EHR) Incentive Program (the Program) provides incentive payments to eligible hospitals and professionals as they adopt, implement, upgrade, or demonstrate meaningful use of certified EHR technology in their first year of participation and demonstrate meaningful use for up to five remaining participation years. FH accounts for the Program using International Accounting Standards 20 (IAS20), *Accounting for Government Grants and Disclosures of Government Assistance*. FH applies the “ratable recognition” approach, which states that the grant income can be recognized ratably over the entire “EHR” reporting period once the “reasonable assurance” income recognition threshold of IAS20 is met. For the years ended June 30, 2014 and 2013, FH recognized \$4,643 and \$7,306, respectively, as other revenue related to Medicare and Medicaid EHR incentives, which have been received or are expected to be received based on certifications prepared by management under the appropriate guidelines for stage 1 attestation.

Patients’ accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of patients’ accounts receivable, FH analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, FH analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), FH records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. Write-offs associated with self-pay patients were \$71,131 in 2013 and \$73,706 in 2014. FH has not changed its charity care or uninsured discount policies during the fiscal years 2013 or 2014.

FH recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, FH recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical

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experience, a significant portion of FH's uninsured patients will be unable or unwilling to pay for the services provided. Thus, FH records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (before the provision for bad debts), is recognized in the period from these major payor sources, as follows:

	2014	2013
Medicare	\$ 445,298	411,154
Medicaid	130,191	109,986
Managed care/contracted payor	906,883	797,989
Self-pay	63,089	72,841
Other	116,395	109,928
Net patient service revenue before provision for bad debts	\$ <u>1,661,856</u>	<u>1,501,898</u>

(9) Concentration of Credit Risk

FH grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors as of June 30, 2014 and 2013 is as follows:

	June 30	
	2014	2013
Medicare	22%	21%
Medicaid	9	7
Managed care/contracted payor	42	38
Self-pay	22	27
Other	5	7
	<u>100%</u>	<u>100%</u>

(10) Charity Care

FH provides uncompensated care based on the cost of providing care to patients, in accordance with established policies. FH provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because FH does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. FH applies the provisions of ASU 2010-23, *Measuring Charity Care for Disclosure*, which requires that cost be used as the measurement basis for charity care disclosure purposes and that cost can be identified as direct and indirect costs of providing charity care. The amount of cost incurred for services and supplies furnished under FH's charity care policy was \$21,813 and \$19,510 for the years ended June 30, 2014 and 2013, respectively.

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(11) Related Organizations and Other Significant Transactions

(a) *The Medical College of Wisconsin, Inc. (MCW)*

FH and MCW continue to pursue opportunities to enhance operational and clinical integration that provides coordinated patient care in the communities that are served. This led to the creation of Froedtert & The Medical College of Wisconsin Community Physicians (CP), a joint clinical practice group to serve patients at community clinics in the service area. It also led to a Mission Related Funds Flow Agreement (Funds Flow Agreement) that summarizes the economic relationship that supports the joint missions of both organizations.

Froedtert & The Medical College of Wisconsin Community Physicians

Effective July 1, 2013, West Bend Clinic (WBC) was dissolved, merged all of its assets and liabilities into FPP and was removed as a member of the Obligated Group. FPP subsequently changed its name to Froedtert & The Medical College of Wisconsin Community Physicians (CP). The operations of the clinical sites that were previously affiliated with MCW's Clinical Venture Group were also transferred to CP. FH and MCW are the corporate members of CP. CP is not a member of the Obligated Group. The financial position and results of operations of CP are included in these consolidated financial statements as of and for the year ended June 30, 2014.

Funds Flow Agreement

FH and MCW entered into a Mission Related Funds Flow Agreement effective in July 2013 that provides a formalized structure of the economic relationships that support the joint missions of both organizations. The Funds Flow Agreement provides for payment of Fixed Contracted Services Payments for professional services agreements, medical directorships, graduate medical education support, nonclinical support and other services.

The Funds Flow Agreement also provides for a Variable Performance Payment that is based on the operating income of FH. The Variable Performance Payment provides funding for the shared academic mission and additional venues in support of education, research and community engagement.

Affiliate support relating to the Funds Flow Agreement and previous payments made to MCW amounted to \$72,503 and \$61,876 for the years ended June 30, 2014 and 2013, respectively.

(b) *Unconsolidated Affiliates*

United/Dynacare, LLC is an independent diagnostic services provider of which FH has a 50% ownership interest. The investment in United/Dynacare, LLC of \$17,313 and \$14,233 at June 30, 2014 and 2013, respectively, is included in investments in unconsolidated affiliates on the consolidated balance sheets. FH purchased services of \$40,797 and \$43,919 from United/Dynacare, LLC for the years ended June 30, 2014 and 2013, respectively, which are included in contract services in the consolidated statements of operations.

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During the year ended June 30, 2013, FH entered into a joint venture, Fresenius Medical Care Midwest Dialysis (Fresenius), with MCW and an unrelated party. FH has a 15% ownership interest in the joint venture. The investment in Fresenius of \$8,918 and \$8,518 at June 30, 2014 and 2013, respectively, is included in investments in unconsolidated affiliates on the consolidated balance sheets.

The following represents summary financial data (unaudited) for all unconsolidated affiliates, including those described above:

	2014	2013
Current assets	\$ 77,940	69,841
Current liabilities	(24,325)	(20,305)
Working capital	53,615	49,536
Property and equipment, net	40,887	44,547
Other long-term assets	70,069	70,365
Long-term liabilities	(20,441)	(30,066)
Net assets	\$ 144,130	134,382
Revenues	\$ 224,074	192,738
Expenses	(183,683)	(154,826)
Excess of revenues over expenses	\$ 40,391	37,912

(c) United Hospital System, Inc.

FMLH entered into a membership and affiliation agreement with United Hospital System, Inc. (UHS), a not-for-profit corporation located in Kenosha, Wisconsin, in 2001 for the purpose of integrating activities in order to benefit the patients and communities served. FMLH records its investment in UHS of \$15,000 under the cost basis. The investment in UHS is noninterest bearing and unsecured. The investment is included in deferred financing costs and other assets on the consolidated balance sheets.

(d) Noncontrolling Interest in Consolidated Joint Ventures

FH applies the guidance under ASC No. 810, *Consolidation*, for the presentation of noncontrolling interests, reporting it as a separate component of net assets and including a schedule reconciling beginning and ending balances of controlling and noncontrolling interests of net assets in the notes to the consolidated financial statements.

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Changes in unrestricted net assets attributable to FH and to noncontrolling interest in consolidated joint ventures are as follows:

	<u>Total</u>	<u>Controlling interest</u>	<u>Non controlling interest</u>
Balance, June 30, 2012	\$ 1,122,294	1,120,474	1,820
Revenues and gains in excess of expenses and losses	179,263	178,855	408
Changes in net unrealized gains and losses on other-than-trading securities	(1,218)	(1,218)	—
Contributions and net assets released from restrictions for property, plant, and equipment	3,457	3,457	—
Change in accrued pension benefits other than net periodic benefit costs	26,372	26,372	—
Other	308	269	39
Changes in net assets	<u>208,182</u>	<u>207,735</u>	<u>447</u>
Balance, June 30, 2013	<u>1,330,476</u>	<u>1,328,209</u>	<u>2,267</u>
Revenues and gains in excess of expenses and losses	210,316	210,337	(21)
Changes in net unrealized gains and losses on other-than-trading securities	(205)	(205)	—
Contributions and net assets released from restrictions for property, plant, and equipment	2,152	2,152	—
Change in accrued pension benefits other than net periodic benefit costs	(5,253)	(5,253)	—
Other	680	683	(3)
Changes in net assets	<u>207,690</u>	<u>207,714</u>	<u>(24)</u>
Balance, June 30, 2014	<u>\$ 1,538,166</u>	<u>1,535,923</u>	<u>2,243</u>

(12) Employee Benefit Plans

(a) Defined Contribution Plans

FMLH previously sponsored a defined contribution pension plan and a 403(b) thrift plan covering substantially all FMLH employees, which were frozen effective December 31, 2007.

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Community Health Care Services of Menomonee Falls, Inc. (CHCS) previously sponsored a 403(b) thrift plan and a 401(a) plan, which were frozen effective December 31, 2007. Sponsorship of the CHCS 401(a) plan was transferred to FH and effective January 1, 2011 renamed the Froedtert Health, Inc. 401 (a) Retirement Plan (FH Retirement Plan).

FH created a new 403(b) plan, the Froedtert & Community Health, Inc. 403(b) Plan (F&CH 403(b) Plan) covering the employees of FH, FMLH, and CMH effective January 1, 2008, employees of SJCH and WBC effective January 1, 2010, and employees of FPP effective September 3, 2010. The F&CH 403(b) plan provides a nonelective employer contribution, which varies based on employee's service from 3% of pay for employees with less than 10 years of service to 5% of pay for employees with 26 or more years of service. The nonelective employer contribution is also provided for those employees that no longer qualify for future service in the CMH defined benefit plan. It also provides a matching employer contribution of 50% of the first 5% of pay deferred by an employee. FH's contributions to these plans are made annually. FH's pension expense for the plan was \$21,667 and \$20,448 for the years ended June 30, 2014 and 2013, respectively.

(b) Defined Benefit Plans

FMLH has a defined benefit plan (the FMLH Plan), sponsored by FH, that covers certain former Milwaukee County employees who became employees of FMLH. FMLH and United/Dynacare, LLC are responsible for funding 10% of the FMLH Plan, with Milwaukee County funding 90%. FMLH has recorded the difference between the projected benefit obligation and the fair market value of plan. There is a corresponding long-term receivable from United/Dynacare, LLC and Milwaukee County for their portion of the unfunded projected benefit obligation of \$6,052 and \$11,634 at June 30, 2014 and 2013, respectively, included in deferred financing costs and other assets, net on the consolidated balance sheets. FMLH's pension expense for the FMLH Plan was \$191 and \$720 for the years ended June 30, 2014 and 2013, respectively.

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Data relative to the FMLH Plan for the years ended June 30, 2014 and 2013 follows:

	2014	2013
Change in pension benefit obligation:		
Projected benefit obligation at beginning of year	\$ 59,257	66,475
Service cost	879	1,140
Interest cost	2,893	2,600
Actuarial (gain) loss	1,139	(8,867)
Expenses paid	(369)	(346)
Benefits paid	(1,968)	(1,745)
Projected benefit obligation at end of year	<u>61,831</u>	<u>59,257</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	45,961	39,425
Actual return on plan assets	8,300	5,831
Employer contributions	3,881	2,796
Expenses paid	(369)	(346)
Benefits paid	(1,968)	(1,745)
Fair value of plan assets at end of year	<u>55,805</u>	<u>45,961</u>
Funded status	\$ <u>(6,026)</u>	<u>(13,296)</u>
	2014	2013
Amounts not yet reflected in net periodic benefit costs and included as an accumulated reduction to unrestricted net assets:		
Prior service cost	\$ 4	51
Accumulated loss	<u>4,562</u>	<u>9,206</u>
Unrecognized pension costs	\$ <u>4,566</u>	<u>9,257</u>
Net periodic pension cost is comprised of the following:		
Service cost	\$ 879	1,140
Interest cost on projected benefit obligation	2,893	2,600
Expected return on plan assets	(3,043)	(2,785)
Net amortization and deferral	47	47
Recognized actuarial loss	<u>526</u>	<u>2,651</u>
Net periodic pension cost	\$ <u>1,302</u>	<u>3,653</u>

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	2014	2013
Assumptions used:		
Discount rate for measurement of pension obligation	4.35%	4.99%
Discount rate for determining net periodic pension cost	4.99	3.98
Rate of increase in compensation levels	3.25	4.00
Expected return of plan assets	6.50	7.00

The long-term rate of return on assets reflects historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio. FMLH's investment strategy is of a long-term nature and is intended to ensure that funds are available to pay benefits as they become due and to maximize total return at an appropriate level of investment risk.

As of June 30, 2014 and 2013, the Mercer Above Mean Yield Curve was used to select the discount rate used to measure liabilities of the FMLH Plan.

The employer contribution for the FMLH Plan for the year ending June 30, 2015 is estimated to be \$3,086. The benefits expected to be paid in each year from 2015 through 2019 are expected to be \$2,415, \$2,570, \$2,733, \$2,926, and \$3,135, respectively. The aggregate benefits to be paid in the five years from 2020 through 2024 are expected to be \$18,441. The expected benefits to be paid are based on the same assumptions used to measure the projected benefit obligation at June 30, 2014.

The amounts that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal year 2015 are estimated to be \$4.

The weighted average asset allocation of the pension plan at June 30, 2014 and 2013 is as follows:

	2014	2013
Equity securities	61%	63%
Debt securities	37	35
Cash and cash equivalents	2	2
Total	100%	100%

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FMLH intends to provide an appropriate range of investment options that span the risk/return spectrum. The investment options will allow for construction of a portfolio consistent with plan circumstances, goals, time horizons, and tolerance for risk. Major asset classes to be offered include:

<u>Asset class</u>	<u>Target percentage</u>
Equity securities	50% – 70%
Debt securities	30% – 50%
Other	—%

CMH has a noncontributory, defined benefit pension plan (the CMH Plan), sponsored by FH, which covers substantially all employees of CMH who work at least 1,000 hours in a 12-consecutive month period. CMH funds the amount calculated by the CMH Plan's consulting actuary to meet the minimum Employee Retirement Income Security Act funding requirements. The CMH Plan uses the projected-unit-credit-cost actuarial method. The CMH Plan amortizes prior service cost on a straight-line basis over the average remaining service period of employees expected to receive benefits under the CMH Plan. Actuarial gains or losses are deferred to the extent that, as of the beginning of the year, the unrecognized net gain or loss does not exceed 10% of the greater of the projected benefit obligation or the fair value of plan assets. If recognition is required, the excess gain or loss is amortized in the same manner as the prior service cost.

Effective December 31, 2007, the CMH Plan no longer accepted new participants. No additional benefits will accrue for participants who have not attained age 40 or those with less than five years of vesting service as of December 31, 2007. Participation in a defined contribution plan was offered to participants who were affected by this change.

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Data relative to the CMH Plan for the years ended June 30, 2014 and 2013 follows:

		June 30	
		2014	2013
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	\$	98,135	106,315
Service cost		2,477	2,909
Interest cost		4,972	4,350
Actuarial loss (gain)		16,738	(12,724)
Expenses paid		(443)	(413)
Benefits paid		(2,668)	(2,302)
Projected benefit obligation at end of year		<u>119,211</u>	<u>98,135</u>
Change in plan assets:			
Fair value of plan assets at beginning of year		71,237	59,682
Actual return on plan assets		12,781	8,999
Employer contributions		6,987	5,271
Expenses paid		(443)	(413)
Benefits paid		(2,668)	(2,302)
Fair value of plan assets at end of year		<u>87,894</u>	<u>71,237</u>
Funded status	\$	<u><u>(31,317)</u></u>	<u><u>(26,898)</u></u>
		June 30	
		2014	2013
Amounts not yet reflected in net periodic benefit costs and included as an accumulated reduction to unrestricted net assets:			
Prior service cost	\$	105	148
Accumulated loss		<u>31,150</u>	<u>25,322</u>
Unrecognized pension costs	\$	<u><u>31,255</u></u>	<u><u>25,470</u></u>
Net periodic pension cost consists of the following:			
Service cost	\$	2,477	2,909
Interest cost		4,972	4,350
Expected return on plan assets		(4,495)	(4,317)
Net amortization and deferral		43	45
Recognized actuarial loss		<u>2,624</u>	<u>4,706</u>
Net periodic pension cost	\$	<u><u>5,621</u></u>	<u><u>7,693</u></u>

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(Dollars in thousands)

	June 30	
	2014	2013
Assumptions used:		
Discount rate for measurement of pension obligation	4.45%	5.14%
Discount rate for determining net periodic pension cost	5.14	4.14
Rate of increase in compensation levels	3.00 – 6.00	3.30 – 4.00
Expected long-term rate of return on assets	6.50	7.00

The long-term rate of return on assets reflects historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio. CMH's investment strategy is of a long-term nature and is intended to ensure that funds are available to pay benefits as they become due and to maximize the investments' total return at an appropriate level of investment risk.

As of June 30, 2014 and 2013, the Mercer Above Mean Yield Curve was used to select the discount rate used to measure liabilities of the CMH Plan.

The minimum employer contributions for the CMH Plan for the year ending June 30, 2015 are estimated to be \$7,410. The benefits expected to be paid in each year from 2015 through 2019 are \$3,076, \$3,350, \$3,765, \$4,268, and \$4,889, respectively. The aggregate benefits to be paid in the five years from 2020 through 2024 are \$33,972. The expected benefits to be paid are based on the same assumptions used to measure the projected benefit obligation at June 30, 2014.

The amounts that will be amortized from unrestricted net assets into net periodic benefit cost in fiscal year 2015 are estimated to be \$43.

The weighted average asset allocation of the CMH Plan at June 30 follows:

	June 30	
	2014	2013
Equity securities	61%	63%
Debt securities	37	35
Other	2	2
Total	100%	100%

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CMH intends to provide an appropriate range of investment options that span the risk/return spectrum. The investment options will allow for construction of a portfolio consistent with plan circumstances, goals, time horizons, and tolerance for risk. Major asset classes to be offered include:

<u>Asset class</u>	<u>Target percentage</u>
Equity securities	50% – 70%
Debt securities	30% – 50%
Other	—%

Fair Value Measurements

The following methods and assumptions were used by FH in estimating the fair value of its financial instruments of the FMLH and CMH defined benefit plans (the Plans):

- Fair values of the Plans' investments are estimated based on prices provided by its investment managers and its custodian bank. Fair value for cash and cash equivalents, corporate stocks, pooled equity funds, international equity funds, U.S. government securities, corporate and foreign bonds, and annuity contracts are measured using quoted market prices; other observable inputs such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets at the reporting date multiplied by quantity held.

Fair Value Hierarchy

The Plans apply the provisions of ASC Subtopic No. 715-20-50, *Defined Benefit Plans – Disclosure*, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Subtopic No. 715-20-50 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

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The following table presents the Plans' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2014:

	<u>Total</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>
Plan assets				
Collateral for securities loaned	\$ 68,343	—	68,343	—
Investments				
Cash and short-term investments consisting of money market funds	2,749	2,749	—	—
Corporate stocks	50,974	50,974	—	—
Pooled equity funds	21,961	21,961	—	—
International equity funds	14,515	14,515	—	—
Corporate and foreign bonds	22,113	—	22,113	—
U S government securities	28,942	—	28,942	—
Annuity contract	2,445	—	—	2,445
Total	<u>\$ 212,042</u>	<u>90,199</u>	<u>119,398</u>	<u>2,445</u>
Liabilities				
Payable under securities lending agreement	\$ 68,343	—	68,343	—

The following table is a rollforward of the Plan's assets and liabilities that were classified by FH within Level 3 of the fair value hierarchy as defined above:

Fair value at June 30, 2013	\$ 2,348
Gains/losses and investment income, net	(6)
Purchases, issuances, and write-offs, net	—
Contributions, disbursements, net	<u>103</u>
Fair value at June 30, 2014	<u>\$ 2,445</u>

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The following table presents the Plans' fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2013:

		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Total			
Plan assets				
Collateral for securities loaned	\$ 48,589	—	48,589	—
Investments				
Cash and short-term investments consisting of money market funds	2,595	2,595	—	—
Corporate stocks	43,116	43,116	—	—
Pooled equity funds	18,594	18,594	—	—
International equity funds	11,163	11,163	—	—
Corporate and foreign bonds	18,298	—	18,298	—
U S government securities	21,084	—	21,084	—
Annuity contract	2,348	—	—	2,348
Total	<u>\$ 165,787</u>	<u>75,468</u>	<u>87,971</u>	<u>2,348</u>
Liabilities				
Payable under securities lending agreement	\$ 48,589	—	48,589	—

The following table is a rollforward of the Plan's assets and liabilities that were classified by FH within Level 3 of the fair value hierarchy as defined above:

Fair value at June 30, 2012	\$ 1,887
Gains/losses and investment income, net	(212)
Purchases, issuances, and write-offs, net	73
Contributions, disbursements, net	600
Fair value at June 30, 2013	<u>\$ 2,348</u>

FH has a securities lending agreement with a financial institution whereby fixed income and equity securities are loaned to third parties in exchange for cash collateral that exceeds the market value of the securities loaned. Collateral is marked to market daily to reflect changes in fair value of the

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securities loaned. The fair market value of the securities loaned under this arrangement was \$66,967 and \$47,276 at June 30, 2014 and 2013, respectively. The fair market value of the collateral received under this arrangement was \$68,343 and \$48,589 at June 30, 2014 and 2013, respectively. Under the terms of the securities lending agreement, FH is not entitled to the unrealized gains on the invested collateral and as such has not recognized the unrealized gains at June 30, 2014 and 2013. The fair value of collateral was 102.1% and 102.8% of the fair value of securities loaned at June 30, 2014 and 2013, respectively.

(c) *Postretirement Medical Plan*

FMLH has an unfunded postretirement medical plan (the FMLH Medical Plan), sponsored by FH, that covers certain former Milwaukee County employees who became employees of FMLH. These employees had less than 15 years of vesting service and were not vested in Milwaukee County's postretirement medical benefit plan. FMLH is responsible for providing the postretirement benefit coverage for this population if they achieve 15 years of vesting service (Milwaukee County & Froedtert combined) and they retire from FMLH.

The projected benefit obligation at June 30, 2014 and 2013 using a discount rate of 4.36% and 5.02% was \$4,107 and \$3,342, respectively, of which \$184 and \$138, respectively, are included in short-term liabilities and \$3,923 and \$3,204, respectively, are included in other long-term liabilities on the consolidated balance sheets.

(13) Professional Liability Insurance

FMLH, CMH, SJCH, and CP have professional liability insurance for claim losses of less than \$1,000 per claim and \$3,000 per year for professional liability claims incurred during a policy year, regardless of when the claim is reported (claims-occurred basis). Losses in excess of these amounts are covered through the FMLH, CMH, SJCH, and CP mandatory participation in the Injured Patients' and Families Compensation Fund of the State of Wisconsin. FH applies the provisions of ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a healthcare entity should not net insurance recoveries against a related malpractice claim liability or similar liability and which is consistent with the guidelines in ASC Subtopic 210-20, *Balance Sheet – Offsetting*. FH has recorded an estimated insurance recovery of \$1,813 and \$2,727 at June 30, 2014 and 2013, respectively, and a related insurance liability of \$1,525 and \$2,100 at June 30, 2014 and 2013, respectively.

(14) Commitments and Contingencies

(a) *Leases*

FH, FMLH, CMH, SJCH, CP, and PPN lease equipment and office space under the terms of various operating leases. Rent expense for these leases was \$29,031 and \$26,352 for the years ended June 30, 2014 and 2013, respectively, included in the consolidated statements of operations.

FROEDTERT HEALTH, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

Future minimum operating lease payments, excluding the land lease with Milwaukee County (note 5), that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2014 are as follows:

2015	\$	11,770
2016		11,494
2017		10,075
2018		8,785
2019		7,180
Thereafter		23,990

FMLH has agreed to lease certain space to MCW through the year 2025 under an operating lease that calls for a base rent and additional rent allocated for the expenses incurred. Rental income of \$5,297 and \$5,740 for space leased to MCW is included in other operating revenue for the years ended June 30, 2014 and 2013, respectively, in the consolidated statements of operations. Also included in other operating revenue for the years ended June 30, 2014 and 2013 was a total of \$3,603 and \$3,531, respectively, for certain other leased space to MCW and United/Dynacare, LLC.

(b) Health Insurance

FH has a self-insured health plan that covers substantially all liability for health costs associated with claims for employees up to certain limits under a commercial stop-loss agreement. Provisions for self-insured health claims include the ultimate cost of claims reported and claims incurred but not reported as of the consolidated balance sheet dates. Included in other accrued expenses at June 30, 2014 and 2013 are estimated amounts payable for health insurance claims incurred as of such dates of \$6,512 and \$6,474, respectively.

(c) Litigation

FH is subject to various legal proceedings and claims that are incidental to its normal business activities. In the opinion of FH, the amount of ultimate liability with respect to these actions will not materially affect the consolidated operations or net assets of FH.

FROEDTERT HEALTH, INC. AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2014 and 2013

(Dollars in thousands)

(d) *Regulatory Investigation and Other*

The U.S. Department of Justice (DOJ) and other federal agencies routinely conduct regulatory investigations and compliance audits of health care providers. FH is subject to these regulatory efforts. Additionally, the laws and regulations governing the Medicare, Medicaid, and other government health care programs are extremely complex and subject to interpretation, making compliance an ongoing challenge for FH and other health care organizations. Recently the federal government has increased its enforcement activity, including audits and investigations related to billing practices, clinical documentation, and related matters. FH maintains a system-wide compliance program and conducts audits and other activities to identify potential compliance issues, including overpayments to governmental payors. Management is currently unaware of any regulatory or compliance matters that may have a material adverse effect on FH's consolidated financial position or results of operations.

(e) *The Patient Protection and Affordable Care Act*

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

On May 6, 2011, CMS issued a final rule establishing a value-based purchasing program for acute care hospitals paid under the Medicare Inpatient Prospective Payment System. Beginning in federal fiscal year 2013, incentive payments are made based on achievement of or improvement in a set of clinical and quality measures designed to foster improved clinical outcomes. FH continues to monitor the impact of this and other proposed regulations as they become finalized and implemented.

(15) Subsequent Events

FH has signed a letter of intent and is currently pursuing an agreement with Ministry Health Care, Inc. to purchase an ownership interest in Network Health, Inc., a Wisconsin based insurance plan. The transaction is expected to be closed by the end of calendar year 2014.

Subsequent events have been evaluated through September 17, 2014 which is the date the financial statements were available to be issued, noting no additional subsequent events requiring recording or disclosure in the financial statements or related notes to the financial statements.

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidating Balance Sheet Information

June 30, 2014

(In thousands)

	Froedtert Memorial Hospital	Froedtert Hospital Foundation	Froedtert Surgers Center	Eliminations and consolidating entries	Consolidated Froedtert Memorial Hospital
Assets					
Current assets					
Cash and cash equivalents	\$ 16,657	220	2,153	—	19,030
Assets whose use is limited	—	—	—	—	—
Patient accounts receivable, net of estimated uncollectibles of \$44,100	128,442	—	779	—	129,221
Other receivables	21,286	962	—	(430)	21,818
Inventories	14,678	—	268	—	14,946
Collateral held for securities loaned	—	—	—	—	—
Prepays and other	3,265	—	47	—	3,312
Total current assets	184,328	1,182	3,247	(430)	188,327
Investments	—	13,335	—	—	13,335
Assets whose use is limited or restricted	108,988	10,469	—	(24,624)	94,833
Investments in unconsolidated affiliates	2,143	—	—	(2,103)	40
Property, plant, and equipment, net	433,473	—	1,665	—	435,138
Deferred financing costs and other assets, net	21,378	—	—	—	21,378
Total assets	\$ 750,310	24,986	4,912	(27,157)	753,051
Liabilities and Net Assets					
Current liabilities					
Current installments of long-term debt	\$ 83	—	—	—	83
Accounts payable	29,743	361	437	(430)	30,111
Accrued expenses	45,957	1	269	—	46,227
Payable under securities lending agreement	—	—	—	—	—
Estimated settlements to third-party payors	9,952	—	—	—	9,952
Total current liabilities	85,735	362	706	(430)	86,373
Long-term debt, less current installments	550	—	—	—	550
Other long-term liabilities	10,443	—	—	—	10,443
Total liabilities	96,728	362	706	(430)	97,366
Net assets (deficit)					
Unrestricted	628,958	14,343	4,206	(4,206)	643,301
Unrestricted net assets of Froedtert Health, Inc. and Affiliates	—	—	—	2,103	2,103
Noncontrolling interests in consolidated joint ventures	628,958	14,343	4,206	(2,103)	645,404
Total unrestricted	125,916	28,686	8,412	(2,103)	132,911
Temporarily restricted	24,258	9,915	—	(24,258)	9,915
Permanently restricted	366	366	—	(366)	366
Total net assets	653,582	24,624	4,206	(26,727)	655,685
Total liabilities and net assets	\$ 750,310	24,986	4,912	(27,157)	753,051

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidating Balance Sheet Information

June 30, 2014

(In thousands)

Assets	Community Memorial Hospital	Community Memorial Foundation	Community Outpatient Health Services	Eliminations and consolidating entries	Consolidated Community Memorial Hospital
Current assets					
Cash and cash equivalents	\$ 7,411	1,051	13	—	8,475
Assets whose use is limited	—	—	—	—	—
Patient accounts receivable, net of estimated uncollectibles of \$44,100	20,549	—	—	—	20,549
Other receivables	5,731	45	256	(417)	5,615
Inventories	4,015	—	—	—	4,015
Collateral held for securities loaned	—	—	—	—	—
Prepaids and other	1,188	—	—	—	1,188
Total current assets	38,894	1,096	269	(417)	39,842
Investments	—	2,461	—	—	2,461
Assets whose use is limited or restricted	—	3,924	—	—	3,924
Investments in unconsolidated affiliates	13,230	—	—	(7,045)	6,185
Property, plant, and equipment, net	90,801	—	—	—	90,801
Deferred financing costs and other assets, net	10	—	—	—	10
Total assets	\$ 142,935	7,481	269	(7,462)	143,223
Liabilities and Net Assets					
Current liabilities					
Current installments of long-term debt	—	—	—	—	—
Accounts payable	8,434	436	7	(417)	8,460
Accrued expenses	4,578	—	—	—	4,578
Payable under securities lending agreement	—	—	—	—	—
Estimated settlements to third-party payors	675	—	—	—	675
Total current liabilities	13,687	436	7	(417)	13,713
Long-term debt, less current installments	—	—	—	—	—
Other long-term liabilities	31,317	—	—	—	31,317
Total liabilities	45,004	436	7	(417)	45,030
Net assets (deficit)					
Unrestricted	96,218	5,332	262	(5,332)	96,480
Unrestricted net assets of Froedtert Health, Inc. and Affiliates	—	—	—	—	—
Noncontrolling interests in consolidated joint ventures	96,218	5,332	262	(5,332)	96,480
Total unrestricted	1,713	1,713	—	(1,713)	1,713
Temporarily restricted	—	—	—	—	—
Permanently restricted	97,931	7,045	262	(7,045)	98,193
Total net assets	142,935	7,481	269	(7,462)	143,223
Total liabilities and net assets					

FROEDTERT HEALTH, INC. AND AFFILIATES

Schedule 1

Consolidating Balance Sheet Information

June 30 2014

(In thousands)

	St. Joseph's Community Hospital	St. Joseph's Community Foundation	Eliminations and consolidating entries	Consolidated St. Joseph's Community Hospital
Assets				
Current assets				
Cash and cash equivalents	\$ 3 693	998	—	4 691
Assets whose use is limited	373	—	—	373
Patient accounts receivable net of estimated uncollectibles of \$44 100	11 999	—	—	11 999
Other receivables	2 449	119	(1 029)	1 539
Inventories	2 431	—	—	2 431
Collateral held for securities loaned	—	—	—	—
Prepaids and other	228	—	—	228
Total current assets	21 173	1 117	(1 029)	21 261
Investments	—	26 620	—	26 620
Assets whose use is limited or restricted	147	8 772	—	8 919
Investments in unconsolidated affiliates	20	—	—	20
Property plant and equipment net	78 746	—	—	78 746
Deferred financing costs and other assets net	—	—	—	—
Total assets	\$ 100 086	36 509	(1 029)	135 566
Liabilities and Net Assets				
Current liabilities				
Current installments of long-term debt	—	—	—	—
Accounts payable	7 694	1 030	(1 029)	7 695
Accrued expenses	3 369	—	—	3 369
Payable under securities lending agreement	—	—	—	—
Estimated settlements to third-party payors	1 496	—	—	1 496
Total current liabilities	12 559	1 030	(1 029)	12 560
Long-term debt less current installments	—	—	—	—
Other long-term liabilities	2 341	—	—	2 341
Total liabilities	14 900	1 030	(1 029)	14 901
Net assets (deficit)				
Unrestricted	85 038	35 110	—	120 148
Unrestricted net assets of Froedtert Health Inc. and Affiliates	85 038	35 110	—	120 148
Noncontrolling interests in consolidated joint ventures	148	367	—	515
Total unrestricted	—	2	—	2
Temporarily restricted	—	—	—	—
Permanently restricted	85 186	35 479	—	120 665
Total net assets	85 186	35 479	—	120 665
Total liabilities and net assets	\$ 100 086	36 509	(1 029)	135 566

FROEDTERT HEALTH, INC. AND AFFILIATES

(Consolidating Balance Sheet Information)

June 30 2014

(In thousands)

Schedule 1

Assets

Current assets	
Cash and cash equivalents	
Assets whose use is limited	
Patient accounts receivable, net of estimated uncollectibles of \$44,100	
Other receivables	
Inventories	
Collateral held for securities loaned	
Prepays and other	
Total current assets	
Investments	
Assets whose use is limited or restricted	
Investments in unconsolidated affiliates	
Property, plant, and equipment, net	
Deferred financing costs and other assets, net	
Total assets	

Liabilities and Net Assets

Current liabilities	
Current installments of long-term debt	
Accounts payable	
Accrued expenses	
Payable under securities lending agreement	
Estimated settlements to third-party payors	
Total current liabilities	
Long-term debt, less current installments	
Other long-term liabilities	
Total liabilities	
Net assets (deficit)	
Unrestricted	
Unrestricted net assets of Froedtert Health, Inc. and Affiliates	
Noncontrolling interests in consolidated joint ventures	
Total unrestricted	
Temporarily restricted	
Permanently restricted	
Total net assets	
Total liabilities and net assets	

	Froedtert Health (Parent Only)	Froedtert Health Hometown Pharmacy	Eliminations and consolidating entries	Consolidated Froedtert Health (Parent Only)
\$	73,012	227	—	73,239
	—	—	—	—
	—	386	—	386
	8,591	139	—	8,730
	335,433	860	—	860
	4,767	—	—	335,433
	421,803	10	—	4,777
	1,105,782	1,622	—	423,425
	26,875	—	—	1,105,782
	39,311	—	—	26,875
	100,216	99	(281)	39,030
	4,662	157	—	100,315
\$	1,698,649	1,878	(281)	4,819
	9,450	—	—	1,700,246
	34,314	1,439	—	9,450
	92,999	18	—	35,753
	335,433	—	—	93,017
	—	—	—	335,433
	472,196	1,457	—	—
	569,910	—	—	473,653
	26,564	—	—	569,910
	1,068,670	1,457	—	26,564
	629,979	421	(421)	1,070,127
	—	—	140	629,979
	629,979	421	(281)	140
	—	—	—	630,119
	—	—	—	—
	629,979	421	(281)	—
	1,698,649	1,878	(281)	—
\$	1,698,649	1,878	(281)	630,119
	—	—	—	1,700,246

FROEDTERT HEALTH, INC. AND AFFILIATES

(Consolidating Balance Sheet Information)

June 30 2014

(In thousands)

Schedule I

Assets

Current assets	
Cash and cash equivalents	
Assets whose use is limited	
Patient accounts receivable net of estimated uncollectibles of \$44,100	
Other receivables	
Inventories	
Collateral held for securities loaned	
Prepays and other	
Total current assets	
Investments	
Assets whose use is limited or restricted	
Investments in unconsolidated affiliates	
Property, plant, and equipment net	
Deferred financing costs and other assets net	
Total assets	

Liabilities and Net Assets

Current liabilities	
Current installments of long-term debt	
Accounts payable	
Accrued expenses	
Payable under securities lending agreement	
Estimated settlements to third-party payors	
Total current liabilities	
Long-term debt less current installments	
Other long-term liabilities	
Total liabilities	
Net assets (deficit)	
Unrestricted	
Unrestricted net assets of Froedtert Health, Inc. and Affiliates	
Noncontrolling interests in consolidated joint ventures	
Total unrestricted	
Temporarily restricted	
Permanently restricted	
Total net assets	
Total liabilities and net assets	

See accompanying independent auditors' report

	F&MC W Community Physicians	Progressive Physician Network	Eliminations and consolidating entries	Consolidated Froedtert Health, Inc.
\$	5,578	288	—	111,301
	321	—	—	694
	15,319	—	—	177,474
	25,092	71	(51,676)	11,189
	205	—	—	22,457
	—	—	—	335,433
	64	5	—	9,574
	46,579	364	(51,676)	668,122
	—	—	—	1,148,198
	—	—	—	134,551
	—	—	—	45,275
	28,587	11	—	733,598
	850	—	—	27,057
\$	76,016	375	(51,676)	2,756,801
	—	—	—	9,533
	108	3,823	(51,676)	34,274
	23,176	56	—	170,423
	—	—	—	335,433
	—	—	—	12,123
	23,284	3,879	(51,676)	561,786
	—	—	—	570,460
	3,213	—	—	73,878
	26,497	3,879	(51,676)	1,206,124
	49,519	(3,504)	—	1,535,923
	—	—	—	2,243
	49,519	(3,504)	—	1,538,166
	—	—	—	12,143
	—	—	—	368
	49,519	(3,504)	—	1,550,677
\$	76,016	375	(51,676)	2,756,801

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidating Statement of Operations Information

Year ended June 30, 2014

(In thousands)

	Froedtert Memorial Lutheran Hospital	Froedtert Hospital Foundation	Froedtert Surgery Center	Eliminations and consolidating entries	Consolidated Froedtert Memorial Lutheran Hospital
Net patient service revenue	\$ 1,169,911	—	7,792	—	1,177,703
Net patient service revenue before provision for bad debts	55,450	—	474	—	55,924
Provision for bad debts	1,114,461	—	7,318	—	1,121,779
Net patient service revenue	32,351	1,545	64	(726)	33,234
Other operating revenue	1,146,812	1,545	7,382	(726)	1,155,013
Total revenue					
Expenses					
Salaries	274,793	410	1,519	(441)	276,281
Fringe benefits	72,166	111	657	(111)	72,823
Supplies	238,727	1	1,839	—	240,567
Contract services	87,246	—	831	—	88,077
Affiliate support	111,804	—	—	—	111,804
Depreciation and amortization	39,710	—	379	—	40,089
Interest	12,566	—	—	—	12,566
Other	94,306	1,503	1,805	—	97,614
Corporate allocations	129,087	—	—	—	129,087
Total expenses	1,060,405	2,025	7,030	(552)	1,068,908
Operating revenue in excess (deficient) of expenses	86,407	(480)	352	(174)	86,105
Nonoperating gains and losses					
Investment income	2,378	623	—	—	3,001
Change in net unrealized gains and losses on trading securities	—	806	—	—	806
Change in fair value of interest rate swaps	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—
Loss on disposal of property, plant, and equipment	(108)	—	(1)	—	(109)
Revenue and gains in excess of expenses and losses	88,677	949	351	(174)	89,803
Other changes in unrestricted net assets					
Transfers (to) from affiliates	(445,402)	(870)	—	—	(446,272)
Change in net unrealized gains and losses on other-than-trading securities	(205)	—	—	—	(205)
Contributions and net assets released from restriction for property, plant, and equipment	2,000	109	—	—	2,109
Change in accrued pension benefits other than net periodic benefit costs	532	—	—	—	532
Forgiveness of receivable from Foundation	(531)	531	—	—	—
Other	—	—	(3)	—	(3)
Increase in unrestricted net assets	(354,929)	719	348	(174)	(354,036)
Unrestricted net assets (deficit) at beginning of year	983,887	13,624	3,858	(1,929)	999,440
Unrestricted net assets (deficit) at end of year	\$ 628,958	14,343	4,206	(2,103)	645,404

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidating Statement of Operations Information

Year ended June 30, 2014

(In thousands)

	Community Memorial Hospital	Community Memorial Foundation	Community Outpatient Health Services	Eliminations and consolidating entries	Consolidated Community Memorial Hospital
Net patient service revenue	\$ 185,122	—	—	—	185,122
Net patient service revenue before provision for bad debts	5,105	—	—	—	5,105
Provision for bad debts	180,017	—	—	—	180,017
Net patient service revenue	5,179	747	811	(959)	5,778
Other operating revenue	185,196	747	811	(959)	185,795
Total revenue					
Expenses					
Salaries	61,944	—	107	(159)	61,892
Fringe benefits	17,293	—	—	—	17,293
Supplies	33,504	—	249	—	33,753
Contract services	7,690	—	—	—	7,690
Affiliate support	22,222	—	—	—	22,222
Depreciation and amortization	8,828	—	—	—	8,828
Interest	2,303	—	—	—	2,303
Other	13,956	813	417	(275)	14,911
Corporate allocations	27,122	—	—	—	27,122
Total expenses	194,862	813	773	(434)	196,014
Operating revenue in excess (deficient) of expenses	(9,666)	(66)	38	(525)	(10,219)
Nonoperating gains and losses					
Investment income	(1)	269	—	—	268
Change in net unrealized gains and losses on trading securities	—	322	—	—	322
Change in fair value of interest rate swaps	2	—	—	—	2
Loss on early extinguishment of debt	—	—	—	—	—
Loss on disposal of property, plant, and equipment	(94)	—	—	—	(94)
Revenue and gains in excess of expenses and losses	(9,759)	525	38	(525)	(9,721)
Other changes in unrestricted net assets					
Transfers (to) from affiliates	(72,747)	(45)	—	—	(72,792)
Change in net unrealized gains and losses on other-than-trading securities	—	—	—	—	—
Contributions and net assets released from restriction for property, plant, and equipment	—	15	—	—	15
Change in accrued pension benefits other than net periodic benefit costs	(5,785)	—	—	—	(5,785)
Forgiveness of receivable from Foundation	—	—	—	—	—
Other	(38)	12	1	18	(7)
Increase in unrestricted net assets	(88,329)	507	39	(507)	(88,290)
Unrestricted net assets at beginning of year	184,547	4,825	223	(4,825)	184,770
Unrestricted net assets at end of year	\$ 96,218	5,332	262	(5,332)	96,480

FROEDTERT HEALTH, INC. AND AFFILIATES

(Consolidating Statement of Operations Information)

Year ended June 30, 2014

(In thousands)

Schedule 2

	St. Joseph's Community Hospital	St. Joseph's Community Foundation	Eliminations and consolidating entries	Consolidated St. Joseph's Community Hospital
Net patient service revenue	\$ 119,617	—	—	119,617
Net patient service revenue before provision for bad debts	6,223	—	—	6,223
Provision for bad debts	113,394	—	—	113,394
Net patient service revenue	4,147	375	—	4,522
Other operating revenue	117,541	375	—	117,916
Total revenue				
Expenses				
Salaries	32,682	91	—	32,773
Fringe benefits	7,999	—	—	7,999
Supplies	20,393	49	—	20,442
Contract services	4,359	—	—	4,359
Affiliate support	24,219	—	—	24,219
Depreciation and amortization	6,255	—	—	6,255
Interest	2,685	—	—	2,685
Other	8,856	369	—	9,225
Corporate allocations	14,293	—	—	14,293
Total expenses	121,741	509	—	122,250
Operating revenue in excess (deficient) of expenses	(4,200)	(134)	—	(4,334)
Nonoperating gains and losses				
Investment income	2	1,860	—	1,862
Change in net unrealized gains and losses on trading securities	2	2,481	—	2,483
Change in fair value of interest rate swaps	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—
Loss on disposal of property, plant, and equipment	(68)	—	—	(68)
Revenue and gains in excess of expenses and losses	(4,264)	4,207	—	(57)
Other changes in unrestricted net assets				
Transfers (to) from affiliates	25,357	(11,163)	—	14,194
Change in net unrealized gains and losses on other-than-trading securities	—	—	—	—
Contributions and net assets released from restriction for property, plant, and equipment	—	28	—	28
Change in accrued pension benefits other than net periodic benefit costs	—	—	—	—
Forgiveness of receivable from Foundation	(123)	123	—	—
Other	—	—	—	—
Increase in unrestricted net assets	20,970	(6,805)	—	14,165
Unrestricted net assets at beginning of year	64,068	41,915	—	105,983
Unrestricted net assets at end of year	\$ 85,038	35,110	—	120,148

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidating Statement of Operations Information

Year ended June 30, 2014

(In thousands)

Schedule 2

	Froedtert Health (Parent Only)	Froedtert Health Hometown Pharmacy	Eliminations and consolidating entries	Consolidated Froedtert Health (Parent Only)
Net patient service revenue	—	4 076	—	4 076
Net patient service revenue before provision for bad debts	—	—	—	—
Provision for bad debts	—	4 076	—	4 076
Net patient service revenue	308 092	—	199	308 291
Other operating revenue	308 092	4 076	199	312 367
Total revenue	76 150	800	—	76 950
Expenses	101 238	—	—	101 238
Salaries	4 662	3 142	—	7 804
Fringe benefits	20 703	—	—	20 703
Supplies	6	—	—	6
Contract services	13 098	51	—	13 149
Affiliate support	5 597	20	—	5 617
Depreciation and amortization	74 174	460	—	74 634
Interest	—	—	—	—
Other	295 628	4 473	—	300 101
Corporate allocations	12 464	(397)	199	12 266
Total expenses	54 338	—	—	54 338
Operating revenue in excess of expenses	64 378	—	—	64 378
Nonoperating gains and losses	(515)	—	—	(515)
Investment income	—	—	—	—
Change in net unrealized gains and losses on trading securities	—	—	—	—
Change in fair value of interest rate swaps	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—
Loss on disposal of property, plant, and equipment	—	—	—	—
Revenue and gains in excess of expenses and losses	130 665	(397)	199	130 467
Other changes in unrestricted net assets	460 953	—	—	460 953
Transfers (to) from affiliates	—	—	—	—
Change in net unrealized gains and losses on other-than-trading securities	—	—	—	—
Contributions and net assets released from restriction for property, plant, and equipment	—	—	—	—
Change in accrued pension benefits other than net periodic benefit costs	—	—	—	—
Forgiveness of receivable from Foundation	—	—	—	—
Other	—	—	—	—
Increase (decrease) in unrestricted net assets	591 618	(397)	199	591 420
Unrestricted net assets at beginning of year	38 361	818	(480)	38 699
Unrestricted net assets at end of year	\$ 629 979	421	(281)	\$ 630 119

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidating Statement of Operations Information

Year ended June 30, 2014

(In thousands)

	West Bend Clinic	F&MCW Community Physicians	Progressive Physician Network	Eliminations and consolidating entries	Consolidated Froedtert Health, Inc.
Net patient service revenue	\$ —	175,338	—	—	1,661,856
Net patient service revenue before provision for bad debts	—	6,138	—	—	73,390
Provision for bad debts	—	—	—	—	1,588,466
Net patient service revenue	—	169,200	—	—	66,681
Other operating revenue	—	9,291	87	(294,522)	1,655,147
Total revenue	—	178,491	87	(294,522)	—
Expenses					
Salaries	—	141,328	—	(1,147)	588,077
Fringe benefits	—	27,618	—	(81,138)	145,833
Supplies	—	13,959	—	(82)	316,443
Contract services	—	17,814	175	(3,495)	135,323
Affiliate support	—	(73,482)	—	—	84,769
Depreciation and amortization	—	4,561	12	—	72,894
Interest	—	—	—	—	23,171
Other	—	25,984	76	(17,548)	204,896
Corporate allocations	—	20,610	—	(191,112)	—
Total expenses	—	178,392	263	(294,522)	1,571,406
Operating revenue in excess (deficient) of expenses	—	99	(176)	—	83,741
Nonoperating gains and losses					
Investment income	—	—	—	—	59,469
Change in net unrealized gains and losses on trading securities	—	—	—	—	67,989
Change in fair value of interest rate swaps	—	—	—	—	(513)
Loss on early extinguishment of debt	—	—	—	—	—
Loss on disposal of property, plant, and equipment	—	(99)	—	—	(370)
Revenue and gains in excess (deficient) of expenses and losses	—	—	(176)	—	210,316
Other changes in unrestricted net assets					
Transfers (to) from affiliates	1,922	41,995	—	—	—
Change in net unrealized gains and losses on other-than-trading securities	—	—	—	—	(205)
Contributions and net assets released from restriction for property, plant, and equipment	—	—	—	—	2,152
Change in accrued pension benefits other than net periodic benefit costs	—	—	—	—	(5,253)
Forgiveness of receivable from Foundation	—	—	—	—	—
Other	—	690	—	—	680
Increase (decrease) in unrestricted net assets	1,922	42,685	(176)	—	207,690
Unrestricted net assets (deficit) at beginning of year	(1,922)	6,834	(3,328)	—	1,330,476
Unrestricted net assets (deficit) at end of year	\$ —	49,519	(3,504)	—	1,538,166

See accompanying independent auditors' report

FROEDTERT HEALTH, INC. AND AFFILIATES
Consolidating Statement of Changes in Net Assets Information
Year ended June 30, 2014
(In thousands)

	Froedtert Memorial Lutheran Hospital	Froedtert Hospital Foundation	Froedtert Surgery Center	Eliminations and consolidating entries	Consolidated Froedtert Memorial Lutheran Hospital
Unrestricted net assets					
Revenue in excess of expenses and losses	\$ 88,677	949	351	(174)	89,803
Transfers (to) from affiliates	(445,402)	(870)	—	—	(446,272)
Change in net unrealized gains and losses on other-than-trading securities	(205)	—	—	—	(205)
Net assets released from restrictions for property, plant, and equipment	2,000	109	—	—	2,109
Change in accrued pension benefits other than net periodic benefit costs	532	—	—	—	532
Forgiveness of receivable from Foundation	(531)	531	—	—	—
Other	—	—	(3)	—	(3)
Increase in unrestricted net assets	(354,929)	719	348	(174)	(354,036)
Unrestricted net assets at beginning of year	983,887	13,624	3,858	(1,929)	999,440
Unrestricted net assets at end of year	\$ 628,958	14,343	4,206	(2,103)	645,404
Temporarily restricted net assets					
Change in net unrealized gains on investments	\$ —	396	—	—	396
Restricted contributions	2,000	1,622	—	—	3,622
Restricted investment income	—	390	—	—	390
Net assets released from restrictions for operations	—	(516)	—	—	(516)
Net assets released from restrictions for property, plant, and equipment	(2,000)	(109)	—	—	(2,109)
Change in beneficial interest in foundations	2,502	—	—	(2,502)	—
Other	—	—	—	—	—
Increase (decrease) in temporarily restricted net assets	2,502	1,783	—	(2,502)	1,783
Temporarily restricted net assets at beginning of year	21,756	8,132	—	(21,756)	8,132
Temporarily restricted net assets at end of year	\$ 24,258	9,915	—	(24,258)	9,915
Permanently restricted net assets					
Permanently restricted net assets at beginning of year	\$ 366	366	—	(366)	366
Permanently restricted net assets at end of year	\$ 366	366	—	(366)	366

FROEDTERT HEALTH, INC. AND AFFILIATES
Consolidating Statement of Changes in Net Assets Information
Year ended June 30, 2014
(In thousands)

	Community Memorial Hospital	Community Memorial Foundation	Community Outpatient Health Services	Eliminations and consolidating entries	Consolidated Community Memorial Hospital
Unrestricted net assets					
Revenue in excess of expenses and losses	\$ (9,759)	525	38	(525)	(9,721)
Transfers (to) from affiliates	(72,747)	(45)	—	—	(72,792)
Change in net unrealized gains and losses on other-than-trading securities	—	—	—	—	—
Net assets released from restrictions for property, plant, and equipment	—	15	—	—	15
Change in accrued pension benefits other than net periodic benefit costs	(5,785)	—	—	—	(5,785)
Forgiveness of receivable from Foundation	—	—	—	—	—
Other	(38)	12	1	18	(7)
Increase in unrestricted net assets	(88,329)	507	39	(507)	(88,290)
Unrestricted net assets at beginning of year	184,547	4,825	223	(4,825)	184,770
Unrestricted net assets at end of year	<u>\$ 96,218</u>	<u>5,332</u>	<u>262</u>	<u>(5,332)</u>	<u>96,480</u>
Temporarily restricted net assets					
Change in net unrealized gains on investments	\$ —	26	—	—	26
Restricted contributions	—	449	—	—	449
Restricted investment income	—	22	—	—	22
Net assets released from restrictions for operations	—	(51)	—	—	(51)
Net assets released from restrictions for property, plant, and equipment	—	(15)	—	—	(15)
Change in beneficial interest in foundations	438	—	—	(438)	—
Other	—	7	—	—	7
Increase (decrease) in temporarily restricted net assets	438	438	—	(438)	438
Temporarily restricted net assets at beginning of year	1,275	1,275	—	(1,275)	1,275
Temporarily restricted net assets at end of year	<u>\$ 1,713</u>	<u>1,713</u>	<u>—</u>	<u>(1,713)</u>	<u>1,713</u>
Permanently restricted net assets					
Permanently restricted net assets at beginning of year	\$ —	—	—	—	—
Permanently restricted net assets at end of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

FROEDTERT HEALTH, INC. AND AFFILIATES
Consolidating Statement of Changes in Net Assets Information
Year ended June 30, 2014
(In thousands)

	St. Joseph's Community Hospital	St. Joseph's Community Foundation	Eliminations and consolidating entries	Consolidated St. Joseph's Community Hospital
Unrestricted net assets				
Revenue in excess of expenses and losses	\$ (4,264)	4,207	—	(57)
Transfers (to) from affiliates	25,357	(11,163)	—	14,194
Change in net unrealized gains and losses on other-than-trading securities	—	—	—	—
Net assets released from restrictions for property, plant, and equipment	—	28	—	28
Change in accrued pension benefits other than net periodic benefit costs	—	—	—	—
Forgiveness of receivable from Foundation	(123)	123	—	—
Other	—	—	—	—
Increase in unrestricted net assets	20,970	(6,805)	—	14,165
Unrestricted net assets at beginning of year	64,068	41,915	—	105,983
Unrestricted net assets at end of year	<u>\$ 85,038</u>	<u>35,110</u>	<u>—</u>	<u>120,148</u>
Temporarily restricted net assets				
Change in net unrealized gains on investments	\$ —	—	—	—
Restricted contributions	4	53	—	57
Restricted investment income	—	—	—	—
Net assets released from restrictions for operations	—	(14)	—	(14)
Net assets released from restrictions for property, plant, and equipment	—	(28)	—	(28)
Change in beneficial interest in foundations	—	—	—	—
Other	—	—	—	—
Increase (decrease) in temporarily restricted net assets	4	11	—	15
Temporarily restricted net assets at beginning of year	144	356	—	500
Temporarily restricted net assets at end of year	<u>\$ 148</u>	<u>367</u>	<u>—</u>	<u>515</u>
Permanently restricted net assets				
Permanently restricted net assets at beginning of year	\$ —	2	—	2
Permanently restricted net assets at end of year	<u>\$ —</u>	<u>2</u>	<u>—</u>	<u>2</u>

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidating Statement of Changes in Net Assets Information

Year ended June 30, 2014

(In thousands)

	Froedtert Health (Parent Only)	Froedtert Health Hometown Pharmacy	Eliminations and consolidating entries	Consolidated Froedtert Health (Parent Only)
Unrestricted net assets				
Revenue in excess of expenses and losses	\$ 130,665	(397)	199	130,467
Transfers (to) from affiliates	460,953	—	—	460,953
Change in net unrealized gains and losses on other-than-trading securities	—	—	—	—
Net assets released from restrictions for property, plant, and equipment	—	—	—	—
Change in accrued pension benefits other than net periodic benefit costs	—	—	—	—
Forgiveness of receivable from Foundation	—	—	—	—
Other	—	—	—	—
Increase (decrease) in unrestricted net assets	591,618	(397)	199	591,420
Unrestricted net assets at beginning of year	38,361	818	(480)	38,699
Unrestricted net assets at end of year	\$ 629,979	421	(281)	630,119
Temporarily restricted net assets				
Change in net unrealized gains on investments	\$ —	—	—	—
Restricted contributions	—	—	—	—
Restricted investment income	—	—	—	—
Net assets released from restrictions for operations	—	—	—	—
Net assets released from restrictions for property, plant, and equipment	—	—	—	—
Change in beneficial interest in foundations	—	—	—	—
Other	—	—	—	—
Increase (decrease) in temporarily restricted net assets	—	—	—	—
Temporarily restricted net assets at beginning of year	—	—	—	—
Temporarily restricted net assets at end of year	\$ —	—	—	—
Permanently restricted net assets				
Permanently restricted net assets at beginning of year	\$ —	—	—	—
Permanently restricted net assets at end of year	\$ —	—	—	—

FROEDTERT HEALTH, INC. AND AFFILIATES

Consolidating Statement of Changes in Net Assets Information

Year ended June 30, 2014

(In thousands)

	West Bend Clinic	F&MCW Community Physicians	Progressive Physician Network	Eliminations and consolidating entries	Consolidated Froedtert Health, Inc.
Unrestricted net assets					
Revenue in excess (deficient) of expenses and losses	\$ —	—	(176)	—	210,316
Transfers (to) from affiliates	1,922	41,995	—	—	—
Change in net unrealized gains and losses on other-than-trading securities	—	—	—	—	(205)
Net assets released from restrictions for property, plant, and equipment	—	—	—	—	2,152
Change in accrued pension benefits other than net periodic benefit costs	—	—	—	—	(5,253)
Forgiveness of receivable from Foundation	—	—	—	—	—
Other	—	690	—	—	680
Increase (decrease) in unrestricted net assets	1,922	42,685	(176)	—	207,690
Unrestricted net assets (deficit) at beginning of year	(1,922)	6,834	(3,328)	—	1,330,476
Unrestricted net assets (deficit) at end of year	\$ —	49,519	(3,504)	—	1,538,166
Temporarily restricted net assets					
Change in net unrealized gains on investments	—	—	—	—	422
Restricted contributions	—	—	—	—	4,128
Net assets released from restrictions for operations	—	—	—	—	412
Net assets released from restrictions for property, plant, and equipment	—	—	—	—	(581)
Change in beneficial interest in foundations	—	—	—	—	(2,152)
Other	—	—	—	—	—
Increase (decrease) in temporarily restricted net assets	—	—	—	—	7
Temporarily restricted net assets at beginning of year	—	—	—	—	2,236
Temporarily restricted net assets at end of year	\$ —	—	—	—	9,907
Permanently restricted net assets					
Permanently restricted net assets at beginning of year	—	—	—	—	12,143
Permanently restricted net assets at end of year	\$ —	—	—	—	368
Permanently restricted net assets at end of year	\$ —	—	—	—	368

See accompanying independent auditors' report

2014

Community Engagement Report

Community Memorial Hospital, Menomonee Falls
St. Joseph's Hospital, West Bend



Our Community Commitment



Dennis Pollard



Allen Ericson

Our mission of advancing the health of the communities we serve through exceptional patient care includes providing care to the most vulnerable of populations in our service areas. The work we do every day in our hospitals and in our community carries out this mission.

Based on our 2011/2012 community health needs assessments, we identified four health priorities in our service area:

- Access to primary and specialty care
- Mental health as well as alcohol and drug abuse awareness
- Chronic disease management
- Health wellness and injury prevention

Our approach has been strategic as we developed and implemented plans and

programming to address these needs. As we embark on the final year of our three-year community health improvement plan, it's fitting to reflect back on our progress. This report outlines our accomplishments.

Access to primary and specialty care through our outreach clinics. Community Outreach Health Clinic in Menomonee Falls has served those uninsured or underinsured individuals in Waukesha County since 2000, while our partnership with Albrecht Free Clinic allows us to bring health care to qualifying residents needing it the most in Washington County.

Awareness surrounding alcohol and other drug abuse. Together with local law enforcement and area school districts, we continue to be a part of programs like Every 15 Minutes. This program, through a dramatic re-enactment, delivers a powerful message about the consequences of drinking and driving.

Education related to chronic disease management. We continue to offer onsite educational programs like Living Well with Chronic Conditions, where trained instructors help individuals learn to self-manage health conditions like diabetes. Resources after treatment are crucial in self-managing one's health.

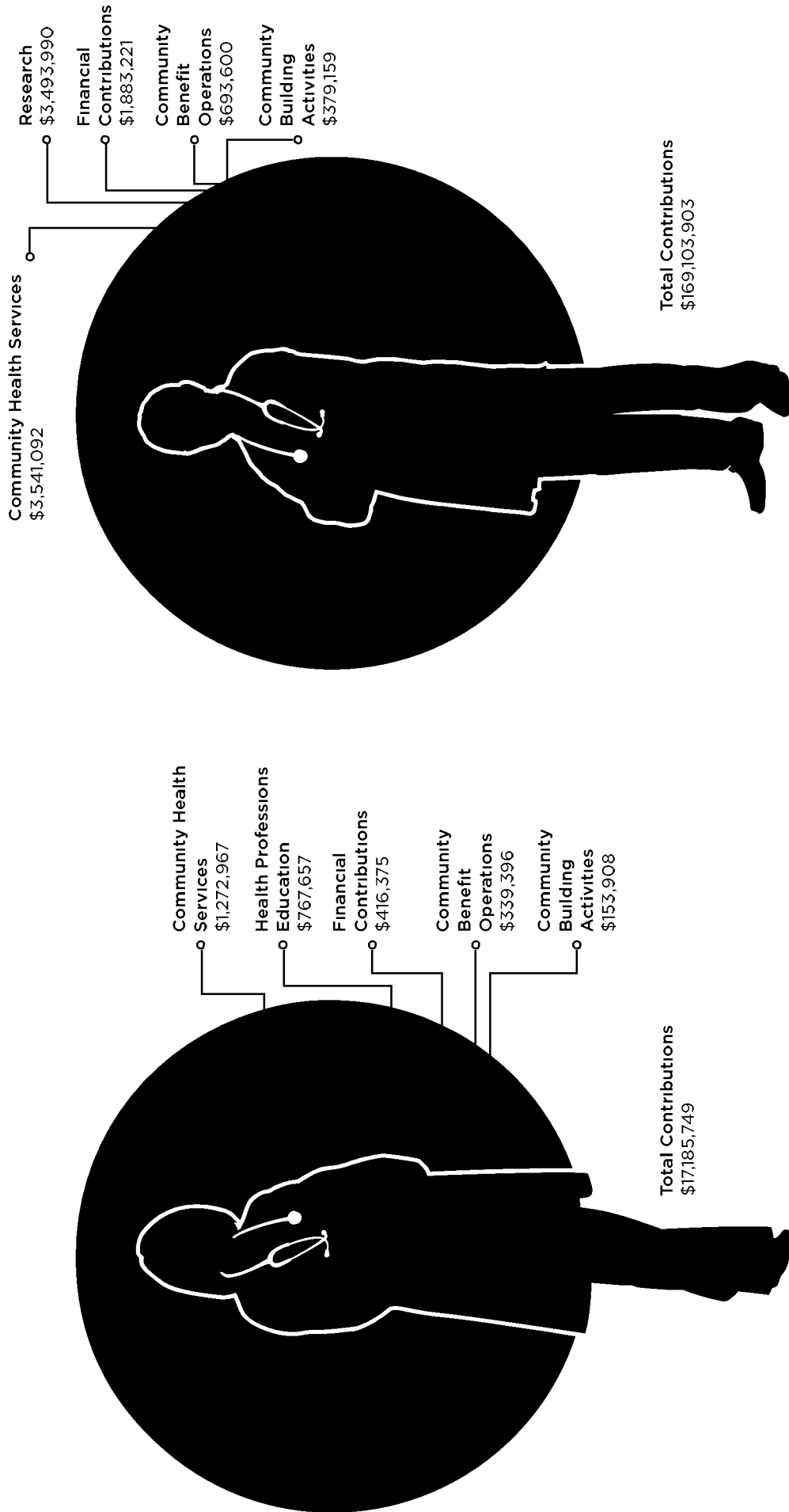
Community-based screening events promote wellness. These local and free-to-the-public events have included screenings for prostate cancer, skin cancer and hypertension along with our Heart 360 program, where we partnered with the American Heart Association and Casa Guadalupe to raise awareness about heart disease. Prevention and early detection are key factors in keeping our communities healthy.

Through these efforts, together with tremendous community support and dedicated partnerships, we have been able to make significant progress in helping those in most urgent need. However, there is still much work to be done. As we look ahead, we will continue to build upon existing partnerships and create new ones to identify those populations in most critical need of our help. While navigating the constantly changing and often uncertain health care environment, our success to improve the health of area residents is only possible through continued collaboration with community organizations. With our mission guiding us, our direction is clear.

DENNIS POLLARD
President
Froedtert & the Medical College of Wisconsin
Community Memorial Hospital

ALLEN ERICSON
President
Froedtert & the Medical College of Wisconsin
St. Joseph's Hospital

Fiscal Year 2014 Contributions to Health



Community Memorial Hospital and St. Joseph's Hospital

Financial data, while unique to Froedtert & the Medical College Community Memorial Hospital and Froedtert & the Medical College of Wisconsin St. Joseph's Hospital, is based on reporting methodology similar to that used by Catholic Health Association of the United States and VHA Guide for Planning and Reporting Community Benefit. All patient care figures reflect the actual cost of care. Data based on unaudited numbers available at time of report printing.

Froedtert Health totals

Not reflected in the above totals is over \$8 million in community health improvement activities and financial assistance provided by Froedtert & the Medical College of Wisconsin Community Physicians.

Clinic helps Washington County residents when they need it

Albrecht Free Clinic offers access to free health care to those in Washington County who are uninsured or underinsured, primarily through its walk-in clinic. While clinic practitioners offer care for sudden, urgent health conditions, they have recently seen more patients dealing with multiple, serious ongoing conditions such as diabetes and high blood pressure and who often struggle to afford their needed medications. The stories of two typical patients, Gary and Thomas, demonstrate the need for the free clinic within our community.

GARY'S STORY – EXPERIENCING ONGOING HEALTH CONDITIONS

Unemployed and with no health insurance, Gary came to the Albrecht Free Clinic late in 2011 for the first time after he had been discharged from Froedtert & the Medical College of Wisconsin St. Joseph's Hospital for congestive heart failure and atrial fibrillation. Gary had a history of high blood pressure, high lipid levels of the blood and diabetes. Under its Chronic Care program, Albrecht Free Clinic provided the help Gary needed with his medications, follow-up appointments and educational tools to help him better manage his conditions. A carpenter by trade, Gary was able to regain employment and spend more time with his granddaughter, something that Gary sorely missed.

Like many chronically ill patients the clinic supports, Gary lost touch with the clinic as his condition improved, but returned to the clinic in 2014 in need of medication refills. He had been off of his medications



Carey Cameron, MD, a family medicine physician who volunteers her time at the Albrecht Free Clinic, meets with patients

for several months and was starting to feel the effects. Three days after the clinic refilled his medications and ordered lab work, he suffered cardiac arrest. His condition was stabilized at St. Joseph's Hospital and he was connected to its financial assistance program. After his discharge, Gary returned to the clinic, where, with the help of the certified application counselor, he was approved for BadgerCare, the state's Medicaid program, and transitioned to care through the Froedtert & the Medical College of Wisconsin West Bend Health Center.

THOMAS' STORY – RECOVERING FROM HEART SURGERY

With a history of coronary artery disease, high cholesterol and high blood pressure, Thomas, 52, visited the Albrecht Free Clinic in 2012 after

having undergone emergency open heart surgery at Froedtert & the Medical College of Wisconsin Froedtert Hospital. He was on multiple medications post-surgery and needed close lab monitoring. Under the Chronic Care Program, the clinic provided Thomas with the educational tools and in-person assistance in enrolling into the state Medicaid program, BadgerCare. Through the medical assistance at the clinic, Thomas is now stable on prescription medication and is able to get back to work in the construction industry.

Established in 1996 as Donated Health and renamed the Albrecht Free Clinic in 2001, the clinic's purpose remains: Bringing accessible and affordable health care to qualifying Washington County residents who need it most.

Menomonee Falls clinic offers a helping hand to those in need

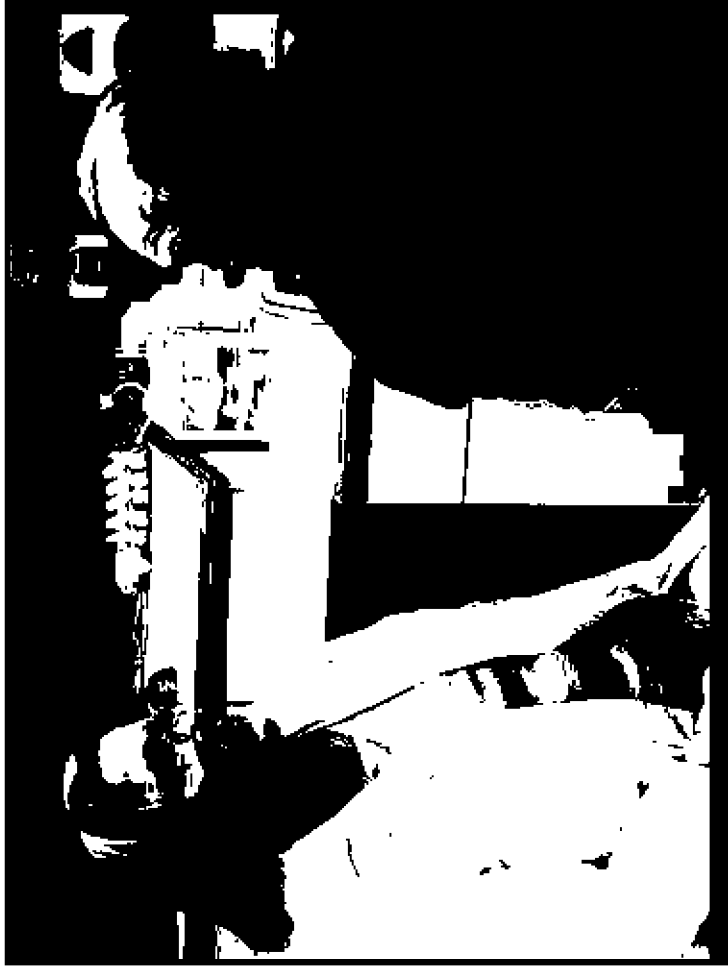
Dave Shadduck knows what it's like to have good health insurance, and what it's like to be without it. He was fortunate that Froedtert & the Medical College of Wisconsin Community Memorial Hospital's Community Outreach Health Clinic was there for him when he needed care.

In 2009, Dave was laid off from his steam-fitting job after 20 years, along with many of his coworkers.

"I couldn't afford to pay to have my health insurance continue," even though, like many of the clinic's patients he had chronic conditions that required regular monitoring and medications to manage high cholesterol, high blood pressure and borderline diabetes. His health worsened, and his girlfriend encouraged him to go to the clinic. "I was able to get my medications and have regular check-ups with Linda (a nurse practitioner) and Anita (an RN) who encouraged me to take care of my own health and kept me on track."

Also, an accident with his overly affectionate dog resulted in an eye laceration. Through the outreach clinic, Dave was referred to the Verre Eye Clinic, where Robert Fish, MD, an ophthalmologist, provided treatment and follow-up care that saved Dave's eyesight (he has limited vision in his other eye due to a previous on-the-job injury). He was referred to dentist Tom Albiero, DDS, for an abscessed tooth, which required surgery by Terrence Riesch, DDS, an oral and maxillofacial surgeon. Additionally, a recurring staph infection in Dave's leg was successfully treated at the clinic with antibiotics.

After being laid off, Dave decided to improve his job prospects with additional training and recently completed a two-year degree in computer science and accounting. He is hopeful that his job search will result in regular employment, with health insurance. But he is thankful that the outreach clinic was there to care for him when he needed it. He has demonstrated his gratitude with homemade caramel corn and other treats for clinic staff and volunteers. "That's the least I could do after all they did for me."



Dave Shadduck meets with Linda Smith, NP, at the Community Outreach Health Clinic

Workshops show people how to live better with their chronic conditions

"When I started the program I was not feeling well at all, but the Living Well Workshop motivated me to make daily choices to do something to feel better," said John upon completion of six weekly sessions of the Living Well with Chronic Conditions Workshop. The program shows participants how to become better self-managers of their health by learning the skills and gaining the confidence they need to deal with their life's challenges

Froedtert & the Medical College of Wisconsin St. Joseph's Hospital and Froedtert & the Medical College of Wisconsin Community Memorial Hospital partnered with the Wisconsin Institute for Healthy Aging to offer three, six week workshops in Washington and Waukesha Counties. Participants were dealing with a variety of conditions such as arthritis/rheumatic disease, lung disease, heart disease, osteoporosis, multiple chemical sensitivity, depression/anxiety disorders, high blood pressure, essential tremors, diabetes, chronic myofascial pain syndrome, Raynaud's disease (reduced blood flow due to cold or stress), stroke and fibromyalgia.

"My self-motivation and accountability have improved," John said. At the end of the program, another participant wrote, "I am now walking every day for 30 minutes and doing the stretches from the book for 20 minutes four days a week." "This program is helpful for all people, not only those with chronic conditions," said another participant.

Topics covered include techniques to deal with problems such as frustration, fatigue, pain and isolation, appropriate exercise for maintaining and improving strength, flexibility, and endurance, appropriate use of medications, communicating effectively with family, friends, and health professionals, nutrition, decision-making, and evaluating new treatments. The six-week program is highly participative and designed to enhance current treatment or disease specific education that patients are already receiving. Materials are provided for the duration of the class.

Developed at the Stanford University School of Medicine, these small-group workshops have demonstrated significant positive outcomes in a variety of ways: improved exercise and cognitive symptom management, as well as communication with physicians. Participants typically spend fewer days in the hospital, and often require fewer outpatient visits. The program is also being hosted by Froedtert & the Medical College of Wisconsin Froedtert Hospital.



Promoting education, prevention and early detection of colorectal cancer

Strollin' Colon Helps Educate on Colon Health

One in 19 people will develop colorectal cancer — the third most common cancer — in his or her lifetime. If caught early, however, colorectal cancer is highly treatable and often curable. In an effort to raise awareness about colorectal cancer and colon health, Froedtert & the Medical College of Wisconsin Community Memorial Hospital brought an educational tool to the biennial Sussex Spring Fest that certainly gets people talking. Hundreds of festival attendees walked through an inflatable called the Strollin' Colon, which teaches people about how the colon works and how to take care of it. Froedtert & the Medical College of Wisconsin health network physicians were also on hand to talk about colon health.

Providing free colonoscopies to underinsured

Since 2008, the Bobbie Nick Voss Charitable Funds has partnered with Community Memorial Foundation to promote prevention and early detection of colorectal cancer. The funding has allowed the Community Outreach Health Clinic to provide colonoscopies to 118 uninsured, low-income patients identified as at risk for colorectal cancer. The majority of these patients had polyps removed or they were diagnosed and treated for other illnesses that placed them at risk for cancers or other health crises. For those age 50 and over without



James Thomas, MD, Froedtert & the Medical College of Wisconsin medical oncologist, and Christine Campione of Sanofi led participants at Sussex Spring Fest through the Strollin' Colon.

insurance, 81 percent have not had a colonoscopy, making access to screening especially important for this vulnerable population.

The Bobbie Nick Voss Charitable Funds has also supported community awareness efforts, educating thousands of people throughout the community about recognizing symptoms,

prevention strategies, and the importance of early diagnosis through colonoscopies.

Other partners in this project include Froedtert & the Medical College of Wisconsin Community Memorial Hospital and Froedtert & the Medical College of Wisconsin gastroenterologists. Together, we continue to make a positive difference.

Partnership in Washington County improves the health of Hispanic residents

The No. 1 cause of death for Latino women is cardiovascular diseases, but only one in three is aware, and heart disease and stroke caused 31 percent of all deaths in Wisconsin in 2010.

A program that encourages Hispanic residents of Washington County to reduce their high blood pressure and lead a healthy lifestyle saw positive results during its inaugural session in 2014. Heart 360 is a free, four-month program created by the American Heart Association that was held for the first time in Washington County.

The motto of the program is "check, change, control;" to help participants improve their heart health. The sessions were held in West Bend and Hartford, where participants had blood pressure taken by a Froedtert & the Medical College St. Joseph's Hospital

staff member, and participated in either a heart-healthy cooking demonstration or a physical activity.

Thanks to Heart 360, 47 individuals have acquired tools to help them live healthier lives. Overall, participants saw a decrease in blood pressures, with systolic blood pressures down by an average of 12 and diastolic numbers lowered an average of seven. The participants were both women (58 percent) and men (42 percent), and nearly half completed more than half or the entire program.

Heart 360 was hosted by the Casa Guadalupe Education Center and geared toward the Hispanic Healthy Lifestyle Choices Project. It was a collaboration of St. Joseph's Hospital, the American Heart Association, the Kettle Moraine YMCA and other organizations.





Embracing dignity and respect

The Dignity & Respect campaign unites Froedtert Health under the common value that everyone deserves to be treated with dignity and respect. Every system partner is dedicated to these principles, both internally and in the community.

The Dignity & Respect campaign encourages behaviors that drive multicultural awareness through nationally established best practices. To bring the campaign to life, Froedtert Health worked to develop our own best practices. These included creating a dignity and respect staff video, launching an artwork contest in which children illustrated what dignity and respect means to them, and organizing a variety of dignity and respect educational programs.



Froedtert Health receives supplier diversity award

The North Central Minority Supplier Development Council named Froedtert Health as a recipient of its 2014 Supplier Diversity Award of Excellence for its commitment to economic development of minority-owned business enterprises in its local communities

Froedtert Health set a 10 percent participation goal for minority business entrepreneurs and women-owned minority businesses, and is currently exceeding the goal at 20 percent. The ongoing construction of Froedtert Hospital's Center for Advanced Care (pictured above) is one example, focusing on supplier diversity with contractors and suppliers for the project. Froedtert Health also offers a mentor/protégé program to help minority businesses secure specialty certifications required for work in health care facilities.

Froedtert Health values, embraces and celebrates the wealth of diversity reflected in its patients, their families, our workforce, and the many diverse communities we serve. It is committed to engaging the expertise of minority-owned businesses to support diversity in the trades and to help reduce minority unemployment.

Improving our wayfinding signage

By integrating our most commonly used languages and universal symbols in all of our hospital and clinic navigation signage, we have made finding one's way through our facilities much more convenient for patients, their family members and visiting medical professionals.



Enhancing language services

Accurate and effective communication with patients, their families and medical professionals allows better understanding and results in higher quality of care. We are developing, enhancing and expanding our translation and interpretation services to continue serving our Limited English Proficient (LEP) patients. The top five languages served at Froedtert Health are Spanish, Hmong, American Sign Language, Russian and Arabic.

We currently have medical interpreters on staff providing services in Spanish, Russian, Hmong and Arabic. We have technical capabilities to provide interpretation in over 150 languages and video interpreting for our American Sign Language patients. Froedtert & the Medical College of Wisconsin takes pride in providing accurate, impartial and timely language services across the health system.



Community garden provides bounty of nutrition

Recognizing the need for nutritious food options, especially for families who are unable to afford them, volunteers at Froedtert & the Medical College of Wisconsin Community Memorial Hospital plant, maintain and harvest a bounty of fresh garden produce every summer. In 2013 the garden yielded 1,315 pounds of produce, a 97 percent increase from the previous year's 667 pounds harvested. It was distributed to patients at the Community Outreach Health Clinic and local food pantries in Menomonee Falls, Germantown and Sussex.



A team of staff and volunteers collected hundreds of pounds of medication at Moorland Reserve Health Center's first drug collection

Program helps proper disposal of medications

Together with Drug Free Communities Waukesha County and the Menomonee Falls Police Department, Froedtert & the Medical College of Wisconsin Community Memorial Hospital hosted a drug collection for the sixth consecutive year. In addition to Community Memorial Hospital and six other community locations, Froedtert & the Medical College of Wisconsin Moorland Reserve Health Center served as a collection site in Waukesha County for the first time, filling a gap in the New Berlin area.

Community Memorial Hospital collected nearly 950 pounds of medication from 623 area households, while 716 pounds of medication from 588 households were collected at Moorland Reserve. Disposing of expired drugs properly helps prevent childhood poisonings, reduces substance abuse, and protects the environment.

Joe Muchka, executive director of the Addiction Resource Council and Drug Free Communities Waukesha County, said, "Without the dedication of our volunteers and the commitment of our drop-off sites to host this annual event, our reach in Waukesha County would not be as great as it is. We are able to save lives with our Take Back Day because of the support and partnerships that exist in communities throughout Waukesha County."

Educating students on realities of distracted or drunken driving

People have dates burned into their minds for all sorts of occasions, such as birthdays, anniversaries and other joyous occasions. But on April 24, 2014, parents of a Kewaskum High School student got the news that their daughter had not survived a car crash caused by a drunk driver. This news, if it were real, would also make that a day to remember forever, as it is for so many families of victims of drunken driving crashes. Fortunately, it was not real. It was a mock-fatal traffic crash, part of "Every 15 Minutes" put on by the Kewaskum police and fire departments, the school district and the Washington County Injury Prevention Coalition.

A student was taken from class every 15 minutes by the grim reaper, the morning that the program was taking place, to represent the statistic that every 15 minutes someone dies as a result of drunk driving. In the afternoon, these students, led by the grim reaper, led the rest of the student body to the scene of the mock-fatal crash. Stunned students sat in silence, listened to the police and fire pages over the public address system and could hear the increasing sirens coming from a distance. Students watched as the jaws of life were used by the firefighters to cut students out of a four-door sedan and SUV, the medical examiner covered a body, one student was rushed to the hospital by Flight for Life helicopter, two others were brought to the Froedtert & the Medical College of Wisconsin St. Joseph's Emergency Care Center by ambulances and the driver who caused the accident was put through a sobriety test right there at the scene.

EMS and hospital staff were filmed treating the patients of the mock crash for the video that was shown at school the next day. The video included events leading up to the crash, images from the scene, the aftermath in the ambulance, at the hospital, the driver going through court and legal proceedings and the grieving parents finding out about the deaths and making funeral arrangements. The next morning at an assembly, students filed past two caskets of the classmates who had "died" in the mock-fatal crash the day before and watched the video.

This event was all too real for the family of Pamela Matenaer, who was killed by a drunken driver on Christmas day 2012. An Injury Prevention Coalition member



read the real obituary aloud for the students and then Mark Matenaer, Pamela's son, spoke to the audience about this personal experience.

The assembly concluded with students being encouraged to write to representatives about putting stricter penalties in place for drunken driving. Wisconsin has the highest drunken driving rates in the nation. There were more than 33,000 convictions for drunken driving offenses in 2012, the same year alcohol-related crashes killed 223 people and injured nearly 3,000 according to the Wisconsin Department of Transportation. That makes 223 more families with a date to remember for the death of a loved one that was preventable.

Skin screenings identify potential cancers

Skin cancer is the most common form of all cancers and accounts for nearly half of all cancers in the United States. For nearly a decade, Froedtert & the Medical College of Wisconsin Community Memorial Hospital Cancer Center has facilitated free skin cancer screenings for community residents. At this year's screening event in May, 80 people took advantage of the service. Of those screened, 30 were recommended for follow-up and, of those individuals, 16 were recommended for a biopsy.

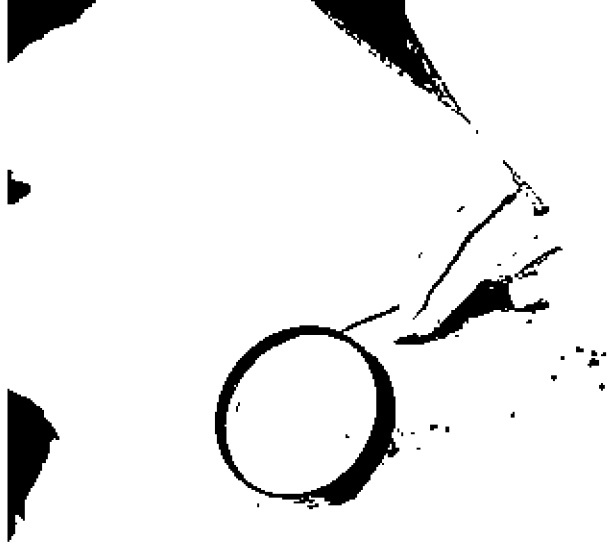
Froedtert & the Medical College of Wisconsin St. Joseph's Hospital also held a free skin screening in May at the Kraemer Cancer Center. Of the 143 individuals who were screened, 65 were recommended for either biopsy or follow-up care. Screenings included a spot check examination of skin lesions such as moles, birth marks and scaly patches for signs of cancer or precancerous conditions. Dermatologists volunteered their time to perform the screenings.

More than two million cases of skin cancer will be diagnosed this year in the United States. Skin screenings can help identify skin cancer early, when it is often most treatable.



Helping patients get to needed services

For those needing transportation to and from the hospital but who have difficulty arranging their own transportation and lack the financial resources to pay for transportation, Froedtert & the Medical College of Wisconsin Community Memorial Hospital and Froedtert & the Medical College of Wisconsin St. Joseph's Hospital provide this service. The Subsidized Medical Transportation Program provides transportation to and from each hospital location for eligible participants. Last year, over 2,200 rides were provided to patients needing emergency, cancer and outpatient services at both campuses.



Hospitals award more than \$273,000 in grants

Recognizing that local partners play an essential role in improving community health, both Froedert & the Medical College of Wisconsin Community Memorial Hospital and Froedtert & the Medical College of Wisconsin St. Joseph's Hospital awarded grants this year to community partners whose missions overlap with those of the hospitals.

The Health Community Fund, administered through St. Joseph's Community Foundation, awarded \$223,489 in grants to 10 area non-profit organizations. The agencies selected included:

- Albrecht Free Clinic
- Boys and Girls Club of Washington County
- Casa Guadalupe Education Center
- Elevate Inc
- Family Promise of Washington County
- Friends of Abused Families
- Interfaith Caregivers of Washington County
- Kettle Moraine YMCA
- Seeds of Hope Center
- The Youth and Family Project Inc

The Community Outreach Steering Committee, a sub-committee of the Community Memorial Hospital Board of Directors, awards \$50,000 in grants to nonprofit organizations annually. This year's recipients included:

- Citizen Advocates of Washington County
- Community Outreach Health Clinic
- NAMI Waukesha County
- Safe Babies Healthy Families
- Tri County YMCA
- Valley View PTO
- Waukesha County Community Dental Clinic (WCCDC)



The Albrecht Free Clinic provides access to free health care to those in Washington County who are uninsured or underinsured.



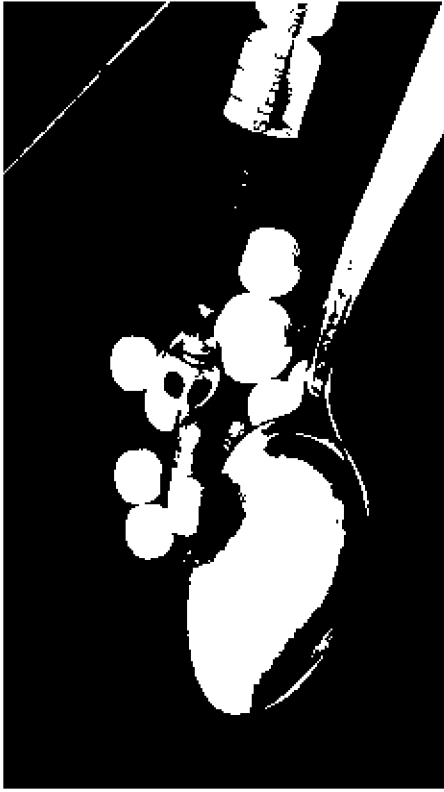
Linda Smith, NP, consults with a patient in the Community Outreach Health Clinic.



Project aims to improve health through school nutrition

More than 16,000 students in area school districts are now finding more fruits and vegetables and fewer nutrient-poor carbohydrates on their lunch trays, thanks to changes in the National School Lunch Program. Locally, the change presented an opportunity for the Healthy People Project of Washington County to convene an action team of area school food service directors, dietitians and health care professionals to find ways of increasing fruit and vegetable consumption. Creating school gardens, implementing farm to school programs and exploring local food sourcing are some of the ways the project aims to improve nutrition, as well as increase physical activity and improve overall health.

Froedtert & the Medical College of Wisconsin St. Joseph's Hospital is an active participant in the project, recognizing that improving children's daily diets is a key component to helping them improve their overall health and well-being. Implementing changes now will pave the way for halting and reversing the rising obesity rates among children. Also, teaching students about proper nutrition will build the base for them to live healthier lifestyles in adulthood. The Froedtert & the Medical College of Wisconsin health network has had a representative in the project since its inception in 2006.



County partnership addressing heroin use

The Washington County Heroin Task Force was launched in February 2014 in response to the rising problem of prescription drug and heroin abuse in Washington County. Labeled a nationwide crisis and epidemic, reports from professionals in the community reinforced that confronting prescription drug and heroin abuse is essential to protecting the public health and safety of all residents, including youth.

The Task Force was convened to understand and address the local problem in a strategic yet timely manner. Froedtert & the Medical College of Wisconsin, St. Joseph's Hospital, along with other community members including law enforcement, elected officials, county agencies and community members, came together in a collaborative manner to identify and understand common problems and applicable resources. Initial meetings allowed countywide

representatives to share information describing the effects of prescription drug and heroin abuse on impacted systems and on affected individuals and families.

The Task Force identified four specific target areas: prevention, treatment, advocacy and law enforcement and courts. Work began to develop and implement actions calculated to reduce prescription drug misuse, heroin abuse and overdose in Washington County.

Prevention focuses on education

and awareness of the risks and harm related to abuse through methods such as Community Forums, parent discussion groups and showing of the documentary, "The Hungry Heart." Mary Lewis, MD, St. Joseph's Hospital's emergency room medical director, spoke at the informational community forum that was held in May at the West Bend High School auditorium. "Almost every day I see a patient affected by heroin in one way or another," Lewis said.

Treatment focuses on accessibility and choices of treatment options. Advocacy focuses on the legislative level, laws or policies and procedures of service providers that may improve the well-being of all associated with the abuse of opioids and heroin. Law enforcement and courts focus on ways to educate the community on how they can best communicate suspicious activity or behavior to law enforcement and ensure that medication collection continues throughout the county.



Sheriff's detective Mark Sette speaks during the Washington County Community Forum on Heroin.



Local prostate screenings reach 34 men

One in every six men will develop prostate cancer, but with early detection, the disease is highly curable. Froedtert & the Medical College of Wisconsin Cancer Network, Community Memorial Foundation, St. Joseph's Community Foundation and ZERO-Prostate Cancer Testing collaborated to encourage men to protect themselves against prostate cancer with free annual screenings in the community.

At the Community Memorial Hospital screening this year, 34 men were screened, with seven individuals having abnormal PSA results.

"If you're over 50, or are over 40 with an increased risk based on family history or ethnicity, getting checked is a simple step that could save your life," said William See, MD, a Medical College of Wisconsin urologic oncologist. "We may be in one of the most progressive periods ever with prostate and urological cancer research."

Men are encouraged to talk with their physicians about whether and when screening is appropriate. The screening involves a physical examination of the prostate gland and a blood draw to measure the amount of prostate specific antigen in the blood, a widely used diagnostic tool to identify changes in the prostate that may indicate disease. Each participant at the screening at Community Memorial Hospital learned the confidential result of his physical exam immediately, and PSA test results were mailed within four weeks.



(above) William See, MD, consults with an attendee at the prostate screening event

Community Memorial Hospital and St. Joseph's Hospital would like to give a special thanks to their partners:

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • Addiction Resource Council • Albrecht Free Clinic • American Cancer Society • Better Together –Sussex Community Summit • Blood Center of Wisconsin • Cambridge Major Laboratories • Casa Guadalupe Education Center • Celebrate Families • Drug Free Communities Waukesha County • Elmbrook Community Health Coalition • Elevate Inc • Falls Sussex Youth Leadership • Germantown Chamber of Commerce • Germantown Community Scholarship Fund • Germantown High School • Germantown Park & Recreation Department • Germantown Police Department • Germantown Senior Center • Germantown Youth Futures • Hartford Area Chamber of Commerce • Hartford Union High School • Healthy People Project Washington County • Horizon Home Care & Hospice • Interfaith Caregivers of Washington County • Kettle Moraine YMCA • Kiwanis of Germantown | <ul style="list-style-type: none"> • Kiwanis Kewaskum • Kiwanis West Bend • Leadership Germantown • Leadership Menomonee Falls • Leadership West Bend • Linden Grove • Menomonee Falls Chamber of Commerce • Menomonee Falls Area Food Pantry • Menomonee Falls High School • Menomonee Falls Kiwanis Club • Menomonee Falls Little League • Menomonee Falls Police Department • Menomonee Falls Rotary Club • Menomonee Falls • Scholarship & Educational Foundation • Milwaukee Area Health Education Center • National MS Society – Wisconsin Chapter • New Berlin Police Department • New Berlin School District • New Berlin Chamber of Commerce • Richfield Youth • Basketball & Softball Association • Roger's Memorial Hospital • Rotary Club of Washington County • Schauer Arts & Activity Center • Shady Lane Greenhouses | <ul style="list-style-type: none"> • St Boniface Food Pantry • Sussex Area Chamber of Commerce • Sussex Hamilton School District • Sussex Outreach Services • Town of Lisbon • Tri-County YMCA • United Performing Arts Fund • United Way of Greater Milwaukee • United Way of Washington County • United Way of Waukesha County • UW-Extension Washington County • UW-Extension Waukesha County • Village of Sussex Recreation Department • Washington County Fair • Washington County Public Health Department • Washington County Shared Ride Taxi • Waukesha County Community Dental Clinic • West Bend ACTS • West Bend Area Chamber of Commerce • West Bend High Schools • West Bend Lioness/Lions Club • West Bend Park • West Bend Park and Recreation and Forestry Department • Wisconsin Institute for Healthy Aging |
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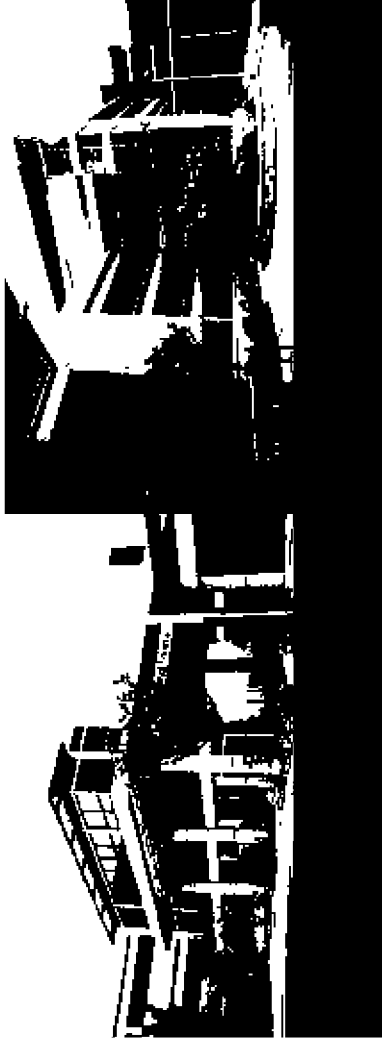
2014 Community Engagement Report

Community Memorial Hospital, Menomonee Falls • St. Joseph's Hospital, West Bend

Fiscal 2014: July 1, 2013 to June 30, 2014

froedtert.com/community-memorial

froedtert.com/st-josephs





Community Memorial
Hospital

Implementation Strategy

Community Health Improvement Plan

Community Memorial Hospital
Fiscal Year 2014

Adopted and Approved by the Community Outreach Steering
Committee on December 13, 2013

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Overview

This Implementation Strategy serves as the *community health improvement* component of Community Memorial Hospital's community benefit strategy, focusing on Access to Primary/Specialty Care, Chronic Disease Management, Alcohol and Other Drug Abuse and Prevention/Wellness

Community Memorial Hospital's community benefit framework is to improve the quality of life in the communities we serve through health care programs and services that are measurable, accessible, and culturally appropriate

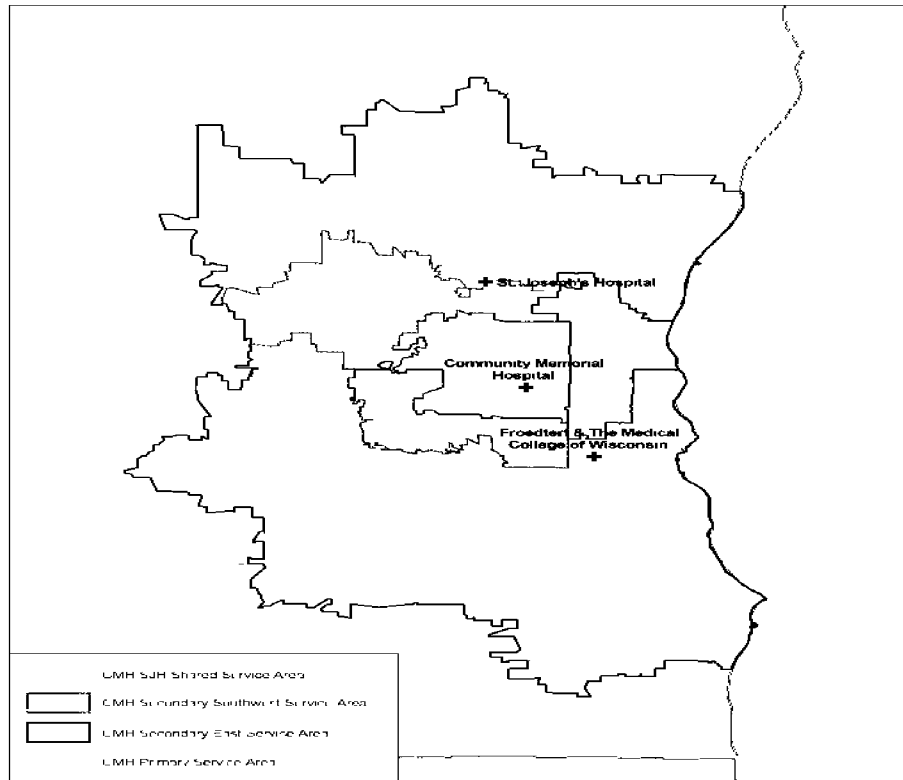
Community Outreach Steering Committee

The Community Outreach Steering Committee (COSC) which is a subcommittee of the hospital's Board of Directors actualizes the mission of Community Memorial Hospital (CMH) through community benefit activities that improve the quality of life and enhance wellness resources which meet identified comprehensive health needs of the communities served. The Community Outreach Steering Committee is appointed annually by the hospital president and is advisory to the CMH Board and Administration. Membership appointments are made each June with members serving one-year terms. The COSC meets quarterly and is composed of hospital and board representatives plus community members representing the various constituencies of the total service area. Functions include:

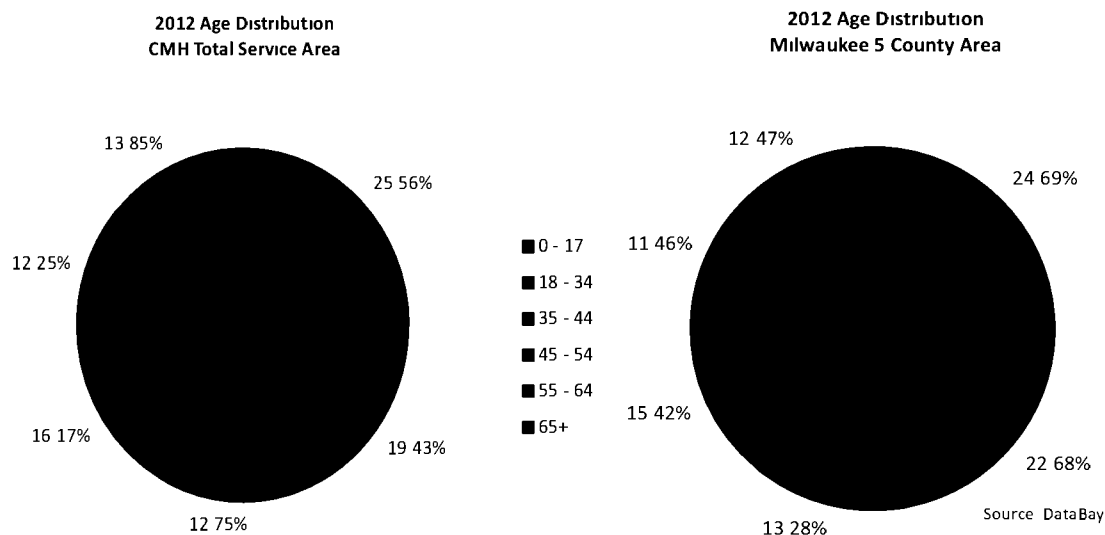
- Provide a leadership role in advocating community-wide responses to health care needs in the community
- Facilitate and support community and health care partnerships
- Envision, assess and guide new community benefit opportunities
- Identify and describe unmet health needs
- Promote universal access to health care
- Determine allocation of the Community Outreach Services Fund which awards \$50,000 annually towards area non-profits efforts to improve health disparities focused on Access to Care, Mental AODA, Chronic Disease Management and Prevention and Wellness in the communities CMH serves

Community Demographics

Community Memorial Hospital develops its health improvement strategies and programs to meet the needs of the communities it serves. Community Memorial Hospital's total service area map reflects the 29 zip codes within the Milwaukee five-county area.

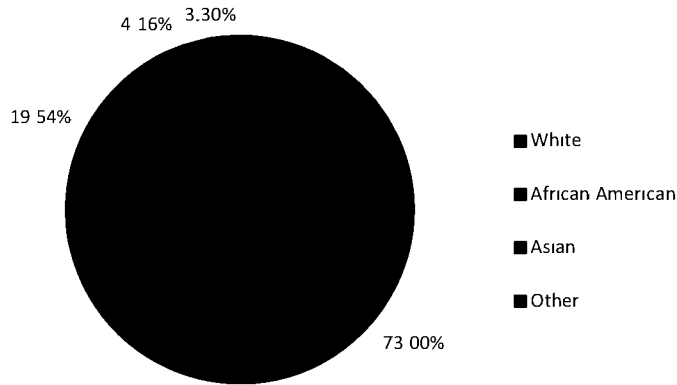


- **Age** – The CMH Total service area has a comparable age distribution as the Milwaukee five-county area. The percentage of 35-44, critical ages when people begin getting routine screenings, is 12.75% in the CMH Total service area and slightly higher at 13.28% in the five-county area.

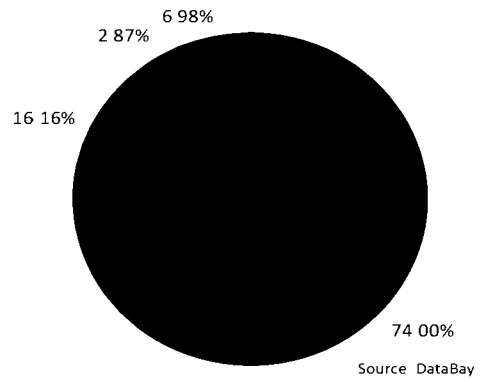


- **Race/Ethnicity** – Similar to the age distribution, the racial distribution of the CMH Total service area is comparable to the five-county area with a Caucasian majority.

**2012 Racial Distribution
CMH Total Service Area**

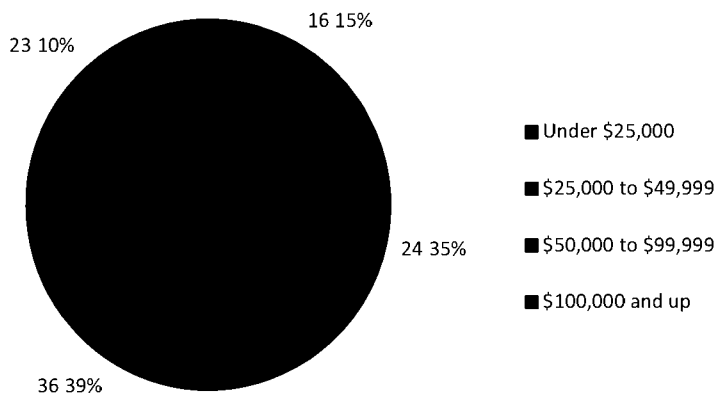


**2012 Racial Distribution
Milwaukee 5 County Area**

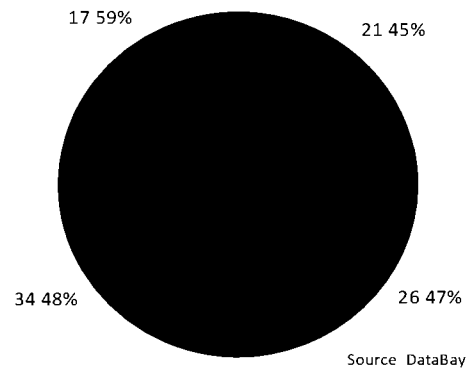


- **Household Income** – 59.50% of the CMH Total service area earn more than \$50,000 annually whereas in the five-county area, only 52.07% of the population earns \$50,000 or more

**2012 Household Income Distribution
CMH Total Service Area**

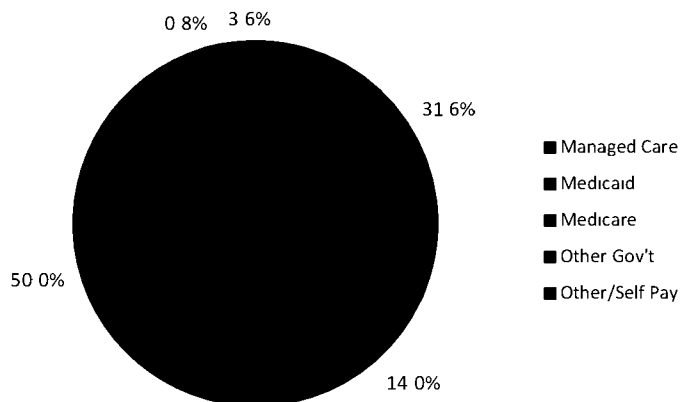


**2012 Household Income Distribution
Milwaukee 5 County Area**

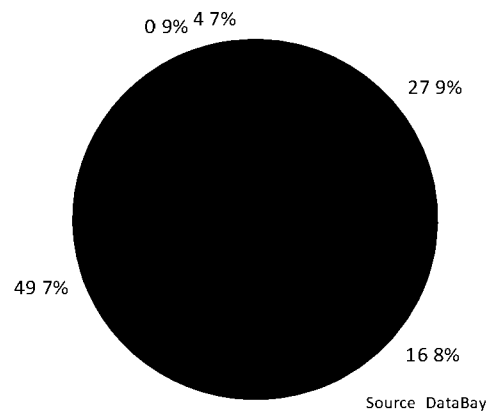


- **Payer Mix** – 17.6% of the patients in the CMH Total service area are Medicaid or Self Pay (uninsured) patients, compared to 21.5% in the five-county area

**FY 2012 Payer Mix
CMH Total Service Area**



**FY 2012 Payer Mix
Milwaukee 5 County Area**



Community Health Needs Assessment

Froedtert Health is a member of the Milwaukee Health Care Partnership www.mkehcp.org, a public private consortium dedicated to improving care for underserved populations in Milwaukee County. Through the Partnership, Milwaukee's five health systems and the Washington County and Washington County Health Departments aligned resources to complete a shared community health needs assessment (CHNA) in 2012. Supported by additional analysis from the Center for Urban Population Health, this robust community-wide CHNA includes findings from a community health survey of over 800 adults, significant key informant interviews and a secondary source data analysis. This shared CHNA serves as the foundation for Community Memorial Hospital's implementation strategy to improve health outcomes and reduce disparities in Washington and Waukesha Counties.

The CHNA summary and full reports can be found on Community Memorial Hospital's website:

[Washington County CHNA Executive Summary](#)

[Washington County CHNA Community Health Survey](#)

[Waukesha County CHNA Executive Summary](#)

[Waukesha County CHNA Community Health Survey](#)

Identified Community Health Needs in Washington and Waukesha Counties

Priorities across the CHNA Health Survey, Stakeholder Interviews and Secondary Data	
Access to Health Care Services includes behavioral, oral health and prenatal services	
Health Insurance Coverage	
Mental Health includes Alcohol and Other Drug Abuse (AODA)	
Obesity, Nutrition and Physical Activity	
Chronic Disease	
Sexual Health includes sexually transmitted infections and teen pregnancy	
Health Literacy and Navigation	
The Washington and Waukesha County Community Health Surveys and the Stakeholder Interviews reported slightly different health need priorities	
Identified Survey Priorities • Alcohol & Other Drug Abuse (AODA) • Chronic Diseases • Mental Health or Depression • Teen Pregnancy • Infectious Diseases • Violence • Infant Mortality	Key Informant & Focus Group Priorities • Access to Primary and Specialty Care • Transportation • Chronic Diseases • Health Insurance Coverage • Mental Health & AODA • Obesity, Nutrition and Physical Activity • Prevention and Wellness • Dental (Adult)

Community Memorial Hospital's Implementation Strategy Priorities

Reflecting Community Memorial Hospital's clinical strengths and community partnerships, the CHNA identified priorities of **Access to Primary/Specialty Care, AODA, Prevention and Wellness, and Chronic Disease** as focus areas for its Implementation Strategy

Implementation Strategy Evaluation

Community Memorial Hospital and its Community Outreach Steering Committee regularly monitors and reports on progress towards the Implementation Strategy objectives. Those reports will include, but are not limited to: access metrics regarding primary, specialty and preventive services, participation rates and qualitative data for individuals engaging in wellness and disease management programs, and, improvement in clinical health indicators associated with chronic disease management initiatives.

**Froedtert & the Medical College of Wisconsin Community Memorial Hospital
Implementation Strategy – Fiscal Year 2014 and 2015**

Community Health Need/Rationale	Community Partners/Resources
• Access to primary and specialty care for uninsured individuals <u>Washington County</u> • 11% of population uninsured <u>Waukesha County</u> • 7% of population uninsured	• Aurora Advanced Healthcare • Waukesha County Community Health Center • Progressive Community Health Centers • Waukesha County Community Dental Clinic • United Way of Waukesha County • United Way of Greater Milwaukee
<u>Washington County</u> • Decrease in blood stool test in past year • 69% of population age 50 and older had a colonoscopy in the past 10 years <u>Waukesha County</u> • Decrease in blood stool test in past year	• Bobbie Nick Voss Charitable Funds

Community Health Need/Rationale	Community Partners/Resources
Affordable and Accessible Transportation	- Personalized Transportation Services - Yellow Cab Taxi - Washington County Shared Ride Taxi - American United - Mobile Medical Specialists
Decrease in Prostate Cancer Screening in the past two years in Washington and Waukesha Counties	ZERO – Mobile non-profit prostate screening organization
Decrease in populations not receiving the Influenza Vaccination in both Washington and Waukesha Counties – Lower than state and national averages	- Sussex Food Pantry - St. Boniface Food Pantry - Menomonee Falls Food Pantry

Community Health Need/Rationale	Community Partners/Resources
<u>Washington County</u> • Increase in binge drinking – higher than state and national average • 3% of population reported driving under the influence or was a passenger	• Germantown School District • Menomonee Falls School District • Germantown Police, Fire and EMS • Menomonee Falls Police, Fire and EMS • Flight for Life
<u>Waukesha County</u> • 22% of population reported binge drinking – higher than national average • Increase in population reported driving while under the influence or was a passenger	
• Increase in the misuse of prescription, over the counter and other drugs in Waukesha County	• Menomonee Falls Police and Citizen Academy • Cambridge Major Laboratories • ProHealth Care • Drug Enforcement Agency • Waukesha County Drug Unit

Community Health Need/Rationale	Community Partners/Resources
<u>Washington County</u> • 9% of population diabetic <u>Waukesha County</u> • 7% of population diabetic	• Tri-County YMCA – Diabetes Management Program • Rx Assist – Prescription Assistance Program • Progressive Community Health Centers • National Association of Free Clinics
<u>Washington County</u> • 28% with high blood pressure • 21% with high blood cholesterol • 9% with diabetes <u>Waukesha County</u> • 26% with high blood pressure • 25% with high blood cholesterol • 7% with diabetes	• Wisconsin Institute for Healthy Aging • Sussex Outreach Services • Menomonee Falls Area Food Pantry • St. Boniface Food Pantry

Community Health Need/Rationale	Community Partners/Resources
Decrease in recommended fruit and vegetable intake in Washington and Waukesha Counties	- Sussex Food Pantry - St. Boniface Food Pantry - Menomonee Falls Food Pantry - Shady Lane Nursery - Menomonee Falls Community Education & Recreation - UW-Extension Washington County - UW-Extension Waukesha County - Twin-County YMCA

Community Health Need/Rationale	Community Partners/Resources
- Open enrollment in Marketplace begins October 1, 2013 - Transition of 5,031 individuals off Medicaid in Washington and Waukesha Counties 26,000 newly eligible for the Marketplace in Washington and Waukesha Counties	- Milwaukee Enrollment Network - Milwaukee HealthCare Partnership - Impact 211 - Waukesha County Community Health Center

	Community Health Need/Rationale		Community Partners/Resources	
	Provide financial resources through grants administered by the Community Outreach Steering Committee of the Board of Directors which result in improvement of the community's overall health status		Community Outreach Steering Committee members	