



See a Social Security Number? Say Something!  
Report Privacy Problems to <https://public.resource.org/privacy>  
Or call the IRS Identity Theft Hotline at 1-800-908-4490





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

We serve together to heal body, mind and spirit, to improve the health of our community, and to be good stewards of the resources entrusted to us

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 \$ 15,034,112 including grants of \$ 22,289 ) (Revenue \$ 17,646,397 )

Hegg Memorial Health Center (HMHC) operates a 25-bed acute care hospital, a 60-bed nursing home, a 25-unit condominium apartment complex, a medical clinic and a child daycare center HMHC's purpose is to provide acute inpatient and outpatient services as well as residential nursing home services The amount of care provided was 620 acute inpatient days of care, 95 births, 21,820 nursing home days of care, 33,783 outpatient visits which include 6,847 home health visits, 3,560 Home Assist visits, and 18,450 clinic visits HMHC also provides 24 hour Emergency Care that provides care regardless of the patients' ability to pay There were 1,099 ER visits in FY 2014 Hegg Memorial Health Center received an Avera Caring with Collaboration Award for preventing pressure ulcers Acute, home health, rehab, and long term care collaborated together to educate the staff on skin care and how to identify or prevent pressure ulcers The group improved and standardized the skin care products, documentation and interventions Hospitality was also key in putting the patient first by friendly reception, compassion on the pain that pressure ulcers can create for the patient, going to the patient room or home The goal of the Community Education Department of HMHC is to offer a resource for medical issues as well as wellness promotion In May 2014, the community education department held their first Progressive Agriculture Safety Day for HMHC 121 3rd graders participated in the event along with 47 volunteers Two coordinators were trained and certified to coordinate this event with annual continuing education Josh the Otter was also a new program created in Fiscal Year 2014 Josh the Otter teaches kids about water safety and the importance of safety precautions when near the water This program reaches out to daycare, preschools, and Kindergarten classes within the community 207 kids were able to have Josh the Otter come to their classroom to share the importance of water safety In December 2013, the first Frosty 5K and Merry Mile took place hosted by HMHC There were 173 participants, 12 volunteers, and 2 committee members The participants could work as a team with Christmas team costumes and could either run or walk a 5k or 1 mile This event was brought on to help keep the community active even in the cold winter months The Community Education Department offers many opportunities for the community to grow in their knowledge of medical concerns and wellness matters Hegg Memorial Health Center was recognized as the HealthStrong CAH Top 100 for the 3rd year in a row The HealthStrong awards are based on The Hospital Strength Index, a national rankings program developed by iVantage to recognize top performing hospitals based on key metrics critical to success in the new healthcare marketplace The Hospital Strength Index ranks all 4,400+ U S general acute care hospitals, including the 1,300+ Critical Access Hospitals The Index is based on eight performance categories, measuring 56 different performance metrics HMHC was also recognized as the Top 20 CAH in quality through HealthStrong This is based on all 1,300 CAH nationwide

4b

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

4c

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

4d

Other program services (Describe in Schedule O )

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

4e

















Total program service expenses

15,034,112

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 <b>Section 501(c)(3) organizations.</b> 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 Yes	
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b Yes	
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a Yes	
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b	No
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i> . . . . .	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . .	35b		
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . .	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
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.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		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	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
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.		
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?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> 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	<b>Section 501(c)(12) organizations.</b> 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	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
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 . . . . .	9	
	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 . . . . .	7	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	Yes
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5	No
6	Did the organization have members or stockholders? . . . . .	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a	Yes
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	No
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	No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶Kari Timmer CFO 1202 21st Ave Rock Valley, IA 51247 (712) 476-8012

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) Peter Zagaeski President	10	X		X				0	0	0
(2) Scott VanKekenix President until Nov 2013	10	X		X				0	0	0
(3) Brian Richter Vice President	10	X		X				0	0	0
(4) Nancy Dorhout Secretary	10	X		X				3,430	0	103
(5) Joyce VanEngen Member	10	X						0	0	0
(6) Korrie VanMaanen Member	10	X						0	0	0
(7) Kevin Blankespoor Member	10	X						0	0	0
(8) Jamie VanZee Member	10	X						0	0	0
(9) Rob DeJong Member	10	X						0	0	0
(10) Kevin DenBoer Member	10	X						0	0	0
(11) Jerry Schlotfeldt Member until Nov 2013	10	X						0	0	0
(12) Glenn Zevenbergen CEO/Administrator	40 00			X				178,252	0	24,099
(13) Kari Timmer CFO	40 00			X				74,438	0	9,525

## Part VII

<b>1b</b>	<b>Sub-Total</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A</b>			
<b>d</b>	<b>Total (add lines 1b and 1c)</b>	256,120	0	33,727

**2** Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. ▶ 1

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b>	No
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>4</b>	Yes
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .	<b>5</b>	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
Avera McKennan Hospital 1325 S Cliff Avenue Sioux Falls SD 571175045	Radiologist, Pharmacy, IT, Lab, Manageme	696,522
Hoogendoorn Construction 47895 US Hwy 18 Canton SD 57013	Contruction Fees	627,923
Sanford USD Medical Center PO Box 5039 Sioux Falls SD 57117	Anesthesia, Speech, Occ Therapy, etc	206,548
Sioux Center Health 1101 9th St SE Sioux Center IA 51250	Radiologist Fees	125,891

**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 ▶4

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	7,338				
	d	Related organizations . . . . . 1d					
	e	Government grants (contributions) 1e					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	85,379				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .	92,717				
Program Service Revenue	2a	Patient Service Revenue	622110	15,970,716	15,970,716		
	b	Other supporting revenue	900099	1,302,111	1,258,828	43,283	
	c	Avera Health Fdtn interest	900099	449,787	449,787		
	d	Daycare	624410	267,376	267,376		
	e	Collaborative investments	900099	-32,934	-32,934		
	f	All other program service revenue					
	g	Total. Add lines 2a-2f . . . . .	17,957,056				
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .	19,363			19,363
4		Income from investment of tax-exempt bond proceeds . . . . .					
5		Royalties . . . . .					
6a		(i) Real		16,053			16,053
		(ii) Personal					
		Gross rents					
		Less rental expenses					
b		0					
c		16,053					
d		Net rental income or (loss) . . . . .		16,053			16,053
7a		(i) Securities		181,557			181,557
		(ii) Other					
		Gross amount from sales of assets other than inventory					
		Less cost or other basis and sales expenses					
b		399,750					
c		181,557					
d		Net gain or (loss) . . . . .		181,557			181,557
8a		Gross income from fundraising events (not including \$ 7,338 of contributions reported on line 1c) See Part IV, line 18 . . . . .		0			
		a	522				
		b	522				
c	Net income or (loss) from fundraising events . . . . .						
9a	Gross income from gaming activities See Part IV, line 19 . . . . .						
	a						
	b						
c	Net income or (loss) from gaming activities . . . . .						
10a	Gross sales of inventory, less returns and allowances . . . . .						
	a						
	Less cost of goods sold . . . . . b						
	c						
c	Net income or (loss) from sales of inventory . . . . .						
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .						
12	Total revenue. See Instructions . . . . .		18,266,746	17,646,397	267,376	260,256	

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	20,889	20,889		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	1,400	1,400		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees . . . . .	300,056	30,220	266,871	2,965
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	42,440	42,440		
7	Other salaries and wages	8,297,536	7,704,876	556,717	35,943
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	142,603	128,796	12,748	1,059
9	Other employee benefits . . . . .	901,175	805,381	92,306	3,488
10	Payroll taxes . . . . .	524,962	477,891	44,356	2,715
11	Fees for services (non-employees)				
a	Management . . . . .	179,508		179,508	
b	Legal . . . . .				
c	Accounting . . . . .	48,444		48,444	
d	Lobbying . . . . .				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees . . . . .				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . . . .	1,804,662	1,724,608	79,430	624
12	Advertising and promotion . . . . .	155,531	68,592	73,206	13,733
13	Office expenses . . . . .	656,381	546,379	87,289	22,713
14	Information technology . . . . .	345,394	56,771	288,623	
15	Royalties . . . . .				
16	Occupancy . . . . .	259,564	259,364		200
17	Travel . . . . .	59,260	44,003	12,363	2,894
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .	109,484	93,045	16,412	27
20	Interest . . . . .	88,893	88,893		
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	1,269,139	1,258,975	9,808	356
23	Insurance . . . . .	241,816	42,586	199,230	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O )				
a	Medical supplies	1,069,144	1,057,485	11,659	
b	Food	252,392	252,392		
c	Bad debt expense	115,431	115,431		
d	Iowa LTC tax	110,087	110,087		
e	All other expenses	146,779	103,608	42,316	855
25	Total functional expenses. Add lines 1 through 24e	17,142,970	15,034,112	2,021,286	87,572
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X

Balance Sheet

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

			(A)		(B)
			Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		1	
	2	Savings and temporary cash investments	1,913,216	2	3,713,090
	3	Pledges and grants receivable, net	23,823	3	7,083
	4	Accounts receivable, net	1,732,991	4	1,312,425
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L		6	
	7	Notes and loans receivable, net	125,000	7	93,750
	8	Inventories for sale or use	313,832	8	312,911
	9	Prepaid expenses and deferred charges	184,951	9	202,770
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a26,182,891		
	b	Less accumulated depreciation	10b10,601,771	16,685,605	10c15,581,120
	11	Investments—publicly traded securities		11	
	12	Investments—other securities See Part IV, line 11	2,455,874	12	2,949,023
	13	Investments—program-related See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	57,431	15	206,175
	16	Total assets. Add lines 1 through 15 (must equal line 34)	23,492,723	16	24,378,347
Liabilities	17	Accounts payable and accrued expenses	1,300,641	17	1,436,210
	18	Grants payable		18	
	19	Deferred revenue	176,813	19	67,535
	20	Tax-exempt bond liabilities	2,577,538	20	2,262,100
	21	Escrow or custodial account liability Complete Part IV of Schedule D	1,168	21	2,447
	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	269,255	25	325,343
	26	Total liabilities. Add lines 17 through 25	4,325,415	26	4,093,635
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	18,455,836	27	19,509,213
	28	Temporarily restricted net assets	4,233	28	28,993
	29	Permanently restricted net assets	707,239	29	746,506
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	19,167,308	33	20,284,712
	34	Total liabilities and net assets/fund balances	23,492,723	34	24,378,347

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	18,266,746
2	Total expenses (must equal Part IX, column (A), line 25)	2	17,142,970
3	Revenue less expenses Subtract line 2 from line 1	3	1,123,776
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	19,167,308
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	-6,372
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	20,284,712

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
2c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O		No
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

<b>Name of the organization</b> Hegg Memorial Health Center	<b>Employer identification number</b> 42-0932564
--	---

Part I

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

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

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in <b>section 170(b)(1)(A)(i).</b>
2	<input type="checkbox"/>	A school described in <b>section 170(b)(1)(A)(ii).</b> (Attach Schedule E )
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in <b>section 170(b)(1)(A)(iii).</b>
4	<input type="checkbox"/>	A medical research organization operated in conjunction with a hospital described in <b>section 170(b)(1)(A)(iii).</b> Enter the hospital's name, city, and state _____
5	<input type="checkbox"/>	An organization operated for the benefit of a college or university owned or operated by a governmental unit described in <b>section 170(b)(1)(A)(iv).</b> (Complete Part II )
6	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in <b>section 170(b)(1)(A)(v).</b>
7	<input type="checkbox"/>	An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in <b>section 170(b)(1)(A)(vi).</b> (Complete Part II )
8	<input type="checkbox"/>	A community trust described in <b>section 170(b)(1)(A)(vi)</b> (Complete Part II )
9	<input type="checkbox"/>	An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See <b>section 509(a)(2).</b> (Complete Part III )
10	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See <b>section 509(a)(4).</b>
11	<input type="checkbox"/>	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See <b>section 509(a)(3).</b> Check the box that describes the type of supporting organization and complete lines 11e through 11h <b>a</b> <input type="checkbox"/> Type I <b>b</b> <input type="checkbox"/> Type II <b>c</b> <input type="checkbox"/> Type III - Functionally integrated <b>d</b> <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
f	<input type="checkbox"/>	If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
g	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? <b>(i)</b> A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? <b>(ii)</b> A family member of a person described in (i) above? <b>(iii)</b> A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)  
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

Section C. Computation of Public Support Percentage						
14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
b 33 1/3% support test—2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization						▶
17a 10%-facts-and-circumstances test—2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
b 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		

Part IV

**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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

SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b

▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

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

Name of the organization Hegg Memorial Health Center	Employer identification number 42-0932564
---	--

Part I

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

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

(ii)

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

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

Cat No 52283D

Schedule D (Form 990) 2013

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☒ Yes

☐ No
- b

If "Yes," explain the arrangement in Part XIII and complete the following table
- |    |        |
|----|--------|
|    | Amount |
| 1c | 845    |
| 1d | 22,340 |
| 1e | 15,969 |
| 1f | 7,216  |
- 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 . . . . .	223,074	65,231	62,747		
b Contributions . . . . .		100,000		62,747	
c Net investment earnings, gains, and losses	41,813	57,843	2,484		
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .					
f Administrative expenses . . . . .					
g End of year balance . . . . .	264,887	223,074	65,231	62,747	

- 2

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

Board designated or quasi-endowment

b

Permanent endowment

98900%

c

Temporarily restricted endowment

1100%

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)

No

b

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

3b

4

Describe in Part XIII the intended uses of the organization's endowment funds
- Part VI Land, Buildings, and Equipment.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.
- | Description of property  | (a) Cost or other basis (investment) | (b)Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|--------------------------------|------------------------------|----------------|
| 1a Land . . . . .  | 330,000                              | 608,278                        |                              | 938,278        |
| b Buildings . . . . .  | 82,394                               | 18,529,980                     | 6,271,772                    | 12,340,602     |
| c Leasehold improvements . . . . .   |                                      |                                |                              |                |
| d Equipment . . . . .  |                                      | 5,911,060                      | 3,942,367                    | 1,968,693      |
| e Other . . . . .  |                                      | 721,179                        | 387,632                      | 333,547        |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) |                                      |                                |                              | 15,581,120     |
- 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	18,062,108
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	-154,698
e	Add lines 2a through 2d . . . . .	2e	-154,698
3	Subtract line 2e from line 1 . . . . .	3	18,216,806
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	49,940
c	Add lines 4a and 4b . . . . .	4c	49,940
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12 ) . . . . .	5	18,266,746

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	17,011,570
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	0
3	Subtract line 2e from line 1 . . . . .	3	17,011,570
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	131,400
c	Add lines 4a and 4b . . . . .	4c	131,400
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18 ) . . . . .	5	17,142,970

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 IV, Line 1b	Hegg Memorial Health Center Auxiliary uses the Hegg Memorial Health Center's FEIN but has its own checking account. The Auxiliary account balances were not included in the financial statements.
Part IV, Line 2b	Residents or Resident's family members deposit money into an account that HMHC manages. The residents can use the deposited funds for small personal expenses that arise such as salon visits, personal items, and etc.
Part V, Line 4	The Endowment Fund was created for the intention of building up cash that is restricted for use to help support the operations in years to come from the interest that this fund earns. In addition, a portion of the endowment fund is designated for nursing scholarships.
Part X, Line 2	The Center is organized as an Iowa nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Center files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income. The Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Center's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2011.
Part XI, Line 2d - Other Adjustments	Bad debt included in expenses for Form 990 -115,431. Net assets of Avera Health Fdtn included in fund balance for financial stmts -39,267.
Part XI, Line 4b - Other Adjustments	Auxiliary revenue include in revenue for Form 990 22,341. Temporarily restrcted contributions incl in fund balance for financial stmts 27,599.
Part XII, Line 4b - Other Adjustments	Auxiliary expense included in expenses for Form 990 15,969. Bad debt included in expenses for Form 990 115,431.

[illegible]

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

► Complete if the organization answered "Yes" to Form 990, Part IV, question 20.  
► Attach to Form 990. ► See separate instructions.  
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Hegg Memorial Health Center

Employer identification number  
42-0932564

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .		116	81,000		81,000	0 480 %
b Medicaid (from Worksheet 3, column a) . . . . .			643,242	504,749	138,493	0 810 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .			71,789	63,879	7,910	0 050 %
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .		116	796,031	568,628	227,403	1 340 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			34,051	20,755	13,296	0 080 %
f Health professions education (from Worksheet 5) . . . .		12	400		400	0 %
g Subsidized health services (from Worksheet 6) . . . .			486,331	295,274	191,057	1 120 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			124,735	325	124,410	0 730 %
j <b>Total</b> Other Benefits . . . .		12	645,517	316,354	329,163	1 930 %
k <b>Total.</b> Add lines 7d and 7j . .		128	1,441,548	884,982	556,566	3 270 %

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			4,024		4,024	0.020 %
3Community support			335,601	267,476	68,125	0.400 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building			411		411	0 %
7Community health improvement advocacy			345		345	0 %
8Workforce development						
9Other						
10Total			340,381	267,476	72,905	0.420 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Healthcare 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

115,431

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

28,858

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

4,567,173

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

6

4,596,616

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

7

-29,443

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				

Part V

Facility Information

Section A. Hospital Facilities

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

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

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A )1

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No		
<b>9</b> Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		<b>9</b>	Yes		
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes		
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes		
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> Income level					
<b>b</b> <input checked="" type="checkbox"/> Asset level					
<b>c</b> <input checked="" type="checkbox"/> Medical indigency					
<b>d</b> <input type="checkbox"/> Insurance status					
<b>e</b> <input type="checkbox"/> Uninsured discount					
<b>f</b> <input type="checkbox"/> Medicaid/Medicare					
<b>g</b> <input type="checkbox"/> State regulation					
<b>h</b> <input type="checkbox"/> Residency					
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)					
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes		
<b>14</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		<b>14</b>	Yes		
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website					
<b>b</b> <input type="checkbox"/> The policy was attached to billing invoices					
<b>c</b> <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms					
<b>d</b> <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices					
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility					
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request					
<b>g</b> <input checked="" type="checkbox"/> Other (describe in Part VI)					
Billing and Collections					
<b>15</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .		<b>15</b>	Yes		
<b>16</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					
<b>17</b> Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . .				<b>17</b>	No
If "Yes," check all actions in which the hospital facility or a third party engaged					
<b>a</b> <input type="checkbox"/> Reporting to credit agency					
<b>b</b> <input type="checkbox"/> Lawsuits					
<b>c</b> <input type="checkbox"/> Liens on residences					
<b>d</b> <input type="checkbox"/> Body attachments					
<b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)					

**Part V**

**Facility Information** *(continued)*

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a** ☐ Notified individuals of the financial assistance policy on admission

**b** ☒ Notified individuals of the financial assistance policy prior to discharge

**c** ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills

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

**e** ☒ Other (describe in Section C)

**Policy Relating to Emergency Medical Care**

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

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

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

**Part V Facility Information (continued)**

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

[illegible]

**Part V**

**Facility Information** *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **3**

Name and address		Type of Facility (describe)
<b>1</b>	Whispering Heights 2116 14th Street Rock Valley, IA 51247	Long-term care facility
<b>2</b>	Northwest Iowa Diagnostics 714 Lincoln St NE Le Mars, IA 51031	Diagnostic radiology
<b>3</b>	Four Seasons 1202 21st Avenue Rock Valley, IA 51247	Independent living facility
<b>4</b>		
<b>5</b>		
<b>6</b>		
<b>7</b>		
<b>8</b>		
<b>9</b>		
<b>10</b>		

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
Part I, Line 3c	Hegg Memorial Health Center (HMHC) utilizes the FPG as a starting point to determine if the patients meet or qualify for charity care. If the patient's income is above the FPG, they are issued points depending on how much they are over the FPG. Patients are also issued points for dollar value of major assets. Points are then deducted based on the dollar amount of medical bills a patient owes. From there, the total points are calculated and used to determine the percentage of financial assistance that gets deducted from the patient's medical bill within our health center. If a patient falls below the FPG, it generates a 100% write-off under the charity care policy. As of January 2013, 400% of FPG is the maximum to determine eligibility for discounted care.

Form and Line Reference	Explanation
Part I, Line 6a	HMHC is included in the community benefit report that is submitted to Avera Health, a related organization. It is available through the website and requested mailing, and is filed with the Catholic Health Association. HMHC also reports to the Iowa Hospital Association (IHA) for the state's reporting on community benefits, and files their own community benefit report. For the fiscal year ended June 30, 2014, the community benefit report is currently in process and will be published in the local newspaper in the Spring of 2015 which will be mailed to approximately 5,000 community members; additionally, it will be posted to HMHC's website.

Form and Line Reference	Explanation
Part I, Line 7	Charity care expense was converted to cost on line 7a based on an overall cost-to-charge ratio addressing all patient segments. Lines 7b and 7c were determined using the ratio of patient care costs to charges calculated in IRS Worksheet 2. Lines 7e, 7f and 7i were obtained utilizing the actual general ledger system. Line 7g was obtained from the Medicare Cost Report.

Form and Line Reference	Explanation
Part I, Ln 7 Col(f)	Bad debt expense of \$115,431 was subtracted from total operating expense

Form and Line Reference	Explanation
Part II, Community Building Activities	The involvement of Hegg Memorial Health Center's employees in the community through the Economic Development board, Chamber of Commerce boards/committees, the County Coalition Building committee, and training/educating of students helps to develop a better town, a better county, and creates leadership and skills in the children for the future. Hegg Memorial Health Center also provides a Daycare Center for the community and funds the annual loss. In the FY 2013 CHNA, daycare was listed as one of the top priorities.

Form and Line Reference	Explanation
Part III, Line 2	Bad debt write-offs are recorded using gross charges. If an account is written off to bad debts, payments received after the write off for that account are posted to the Allowance for Bad Debt Account. No discounts are applied to the bad debt allowance or expense as the accounts are not eligible for discounts once they reach the point of being deemed uncollectible. The allowance for bad debt is calculated using an estimated uncollectible percentage of accounts receivable. The difference between the estimate and the amount recorded to the allowance for bad debt is recorded to bad debt expense. Bad debt expense on line 2 is reported at charges as presented on the financial statements.

Form and Line Reference	Explanation
Part III, Line 3	Hegg Memorial Health Center estimates that approximately 25% of bad debt expense could reasonably be attributable to patients who would qualify for financial assistance under the Hospital's financial assistance policy if sufficient information had been available to the facility to make a determination of their eligibility

Form and Line Reference	Explanation
Part III, Line 4	Please see the financial statement Note 1 - Patient and Resident Receivable, on pages 7 & 8 of the attached audit report

Form and Line Reference	Explanation
Part III, Line 8	Hegg Memorial Health Center is an acute care hospital and has not shown a Medicare shortfall in prior years. There was a shortfall in FY2014 due to sequestration. Even though Medicare was at a loss, the Health Center continues to provide services to these patients because access to healthcare and individual's health is important to the Health Center. Therefore, the Medicare shortfall is considered a community benefit Medicare allowable cost of care was calculated from the Medicare Cost Report for fiscal year ending 6/30/2014. The Medicare Cost Report is completed based on the rules and regulations set forth by the Centers for Medicaid and Medicare Services.

Form and Line Reference	Explanation
Part III, Line 9b	Persons who are known to qualify for financial assistance do not enter into collections unless the amount owed after financial assistance is not paid If, during the collection process, it is determined that a patient may qualify for financial assistance, the collection agency is directed to refer the patient back to Hegg Memorial Health Center to assess financial assistance eligibility If the patient is deemed to qualify for financial assistance, the collection agency will cease collection efforts and send the account back to the Health Center

Form and Line Reference	Explanation
Part VI, Line 2	The majority of HMHC's community benefit stems from our Community Education Department. There are 2 co-directors who share duties. One co-director is also the Foundation Director. The other co-director is also the Clinic Nurse Manager. Her role provides direct knowledge of patient needs within the community. HMHC conducted Focus Groups and sent out a 16 page survey to community members within Hegg Memorial Health Center service area. This data was collected and analyzed in the Fall of 2012 to provide us with a better understanding of community needs. The CHNA report was completed and made public the spring of 2013. Through the data that was collected, the Community Education Department has implemented programs focused on the priorities identified. Focus groups will be held again winter/spring of 2015 to receive updated information regarding the community needs.

Form and Line Reference	Explanation
Part VI, Line 3	HMHC contacts the patient regarding payment concerns (unless the organization is contacted by the patient) related to their ability to make required payments. Payment options, financial assistance and governmental benefits are discussed with the patient by phone, mail, or in person. A financial assistance policy and application form is mailed out (upon request), picked up by the patient, or accessed online. HMHC discusses the availability of various government benefits, such as Medicaid or state programs with the patient, and assists the patient with qualification for such programs, where applicable. Information regarding our payment policy, which includes applying for financial assistance, is stated on the back of each hospital statement. A card is inserted in every patient statement that informs the patient that we have a financial assistance policy, where to locate it, and who to contact for more information. HMHC also has posted signs to inform the patient when they are in the facility.

Form and Line Reference	Explanation
Part VI, Line 4	Rock Valley is a rural community located in Sioux County, Iowa. Agriculture and manufacturing are the primary industries in this community. In 2010, Rock Valley recorded a population of 3,354. Rock Valley continues to grow both in population and in businesses. In 2009, the median household income for Rock Valley was recorded at \$41,954 with 5.1% of the population being reported as below the poverty level. Hegg Memorial Health Center is 1 of 4 hospitals located in Sioux County.

Form and Line Reference	Explanation
Part VI, Line 5	<p>HMHC feels that the health and wellness of its service area/community are of utmost importance. As the largest healthcare leader in the community, HMHC is a centralized resource that not only provides compassionate patient care, but also offers life skills classes and health care reform education and webinars for the community. HMHC is also involved with the area Economic Development Board, Chamber of Commerce, and the Sioux County Coalition. HMHC works to enhance the quality of life and empower its patients, care-givers and community with the resources they need when they need them. Hegg Community Education Department covers programs for all ages in the community. Physicians, Nurses and hospital staff presented educational opportunities for 5th grade boys and girls in the Rock Valley and surrounding areas that dealt with puberty, anatomy and self-esteem issues. Babysitter Basics classes are offered each year to the youth in the community. Anti Smoking classes were given to area youth by hospital staff that touched on the importance of staying tobacco free. HANK and Friends (Healthy Active Nutritious Kids) is a program that was piloted five years ago and has grown to serve over 800 students in grades K-5 in Rock Valley and the surrounding areas. This program focuses on nutrition and age specific exercises for children that will help to combat the increasing rise of obesity in the Midwest. Lunch and Learns were offered to area seniors focusing on topics including, but not limited to diabetes management, Occupational Therapy, proper lifting techniques, Home Health services, etc. Community Health Screenings that focused on cholesterol management as well as Diabetes Screenings were offered to community members at a reduced rate. Many other events touch on teaching the basics of certain health related issues that may either negatively or positively affect the lives of the community members that we serve. Hegg Memorial also promotes health and wellness through a 5K/10K Run/Walk and programs that focus on nutrition and obesity prevention. HMHC also started the first Frosty 5K/Merry Mile program for promoting exercise in the winter months. A women's night out was held in November. More than 300 women from the community and surrounding areas attended. This event focuses on emotional wellbeing of women. A community breakfast was held for area employers and managers that addressed triggers such as stress management and drug abuse. Various employees are involved in the promotion of the American Cancer Society Relay for Life, the American Heart Association Heart Walk, Alzheimer's Association Walk, Memory Loss Support Group, and free Prenatal Classes. CPR and First Aid Classes are offered to health care workers, daycare providers, foster/adoptive parents, and the general public at a reduced cost. Various organizations request speakers from the Hegg Community Education Department. The speakers are provided at no cost utilizing the professional knowledge of our Health Center. The Community Education Department strives to offer a wide array of services at a free or reduced rate. The goal of the department is to further the mission of the Health Center through caring for others, body, mind, and soul. HMHC has a nine member board comprised of citizens that live in the primary service area. HMHC extends privileges to physicians in the immediate area. HMHC uses surplus funds to fund building improvements to enhance services to our patients. The facility completed a \$4 million project in May 2013 that added additional space for Rehab and Wellness activities. HMHC offers a 24/7 emergency department that is available to the community regardless of their ability to pay. HMHC also participates in many scholarship/educational programs. HMHC grants \$200 to two individuals annually that are planning on education in a healthcare field. HMHC also sponsors a Radiology program at Northwest Iowa Community College (NCC) so that this program can be offered in our community. HMHC offers opportunities to interns and students interested in a healthcare profession, whether bookkeeping, medical records, physical therapy, physician, etc. We also pledge \$3,000 annually to support a scholarship program at NCC. In June, 2014, Rock Valley and the surrounding communities experienced the largest flooding that anyone can remember. Many homes were under water and community members had to vacate their homes to find drier grounds. HMHC used the day of the flooding to allow employees to assist in sand-bagging, moving residents out of their homes, helping schools move supplies, and hand out food and water to those that were volunteering. Employees that were able to leave their work station to help out for an hour or the whole day were reimbursed by HMHC.</p>

Form and Line Reference	Explanation
Part VI, Line 6	Hegg Memorial Health Center (HMHC) is a managed facility of Avera Health. Avera Health and HMHC work cooperatively to enhance healthcare throughout the community served by HMHC. As a managed facility, HMHC is able to participate in Avera e-CARE services. These services include Avera e-ICU, e-Emergency, e-Pharmacy and e-Consult. These services allow rural patients to be cared for at their local hospitals, provide rural hospitals access to immediate specialty care and support, and help reduce health care costs and travel. HMHC also has access to "back office" support services, such as legal consultation, quality benchmarking, coding, computer services, contract negotiations, administrative consultation, group purchasing, human resource assistance and many other services. Avera Health is able to provide these services to HMHC at a cost below that which HMHC could otherwise achieve. In turn, local caregivers are able to devote more resources to patient and resident care. Avera Health and HMHC dedicate resources to endeavors that make a positive difference to improve the health of the communities they serve. These activities include leadership development and training for community members, economic development, physical improvements in the community, contributions to nonprofit community organizations, nonprofit event sponsorships, donated medical supplies, community health education and support groups, health screenings, flu-shot clinics, community health education and various other activities.

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	IA

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 42-0932564

**Name:** Hegg Memorial Health Center

### 990 Schedule H, Supplemental Information

**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
Hegg Memorial Health Center	
Hegg Memorial Health Center	Part V, Section B, Line 6i The hospital facility's CHNA and Implementation strategy is available upon request and on their website at <a href="http://www.avera.org/hegg-memorial-health-center/about/community-needs-documents">www.avera.org/hegg-memorial-health-center/about/community-needs-documents</a>
Hegg Memorial Health Center	Part V, Section B, Line 7 Pursuant to the implementation strategy adopted by Hegg Memorial Health Center, the need for a community or recreation center will not be addressed as HMHC feels this need is outside of the Hospital's scope of practice. The Hospital was not able to address the need for urgent care due to a personnel shortage. The hospital has added staff and will address this issue again before the end of this fiscal year, and assess whether it's feasible to offer this service. HMHC only has 6 providers who work 5 days per week in the clinic and cover evening and weekend calls. HMHC felt they would need to add additional staff to provide this service. At this time, HMHC does not feel it is financially feasible to provide urgent care services. The Hospital addresses the need for day care in the community, but the community indicated there is a need for even more day care services. The City of Rock Valley will complete a feasibility study and work together with the Hospital to determine if a community daycare will work in Rock Valley and how it will operate. HMHC will need to determine the extent of its participation depending on the results of the feasibility study and how much financial obligation HMHC is able to assume. HMHC will continue to work with the City of Rock Valley to find ways to recruit emergency medical personnel.
Hegg Memorial Health Center	Part V, Section B, Line 14g Summary of the policy and contact information is located on each bill/statement and a card with contact information is given with each bill.
Hegg Memorial Health Center	Part V, Section B, Line 18e Procedures have been implemented giving outpatient service patients the capability to apply for financial assistance prior to having services completed.

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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

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

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

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
Hegg Memorial Health Center

Employer identification number  
42-0932564

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

2

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

3

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

**Part III**

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

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

**Part IV**

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

Return Reference	Explanation
Part I, Line 2	The CEO /Administrator and Marketing Director review new and recurring (annual) sponsorship and donation requests as they arise Determinations are made based on multiple criteria including HMHC's budget, the requesting organization's goal/mission, location, and other factors

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Hegg Memorial Health Center

Employer identification number  
42-0932564

Part I

Questions Regarding Compensation

	Yes	No
<div><div>1a</div><div>Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</div><div><div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div><div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div></div></div>		
<div><div>b</div><div>If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain</div></div>	1bYes	
<div><div>2</div><div>Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?</div></div>	2Yes	
<div><div>3</div><div>Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III</div><div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div></div>		
<div><div>4</div><div>During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization</div></div>		
<div><div>a</div><div>Receive a severance payment or change-of-control payment?</div></div>	4a	No
<div><div>b</div><div>Participate in, or receive payment from, a supplemental nonqualified retirement plan?</div></div>	4b	No
<div><div>c</div><div>Participate in, or receive payment from, an equity-based compensation arrangement?</div></div> <div>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</div>	4c	No
<div><div></div><div>Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.</div></div>		
<div><div>5</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of</div></div>		
<div><div>a</div><div>The organization?</div></div>	5a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 5a or 5b, describe in Part III</div>	5b	No
<div><div>6</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of</div></div>		
<div><div>a</div><div>The organization?</div></div>	6a	No
<div><div>b</div><div>Any related organization?</div></div> <div>If "Yes," to line 6a or 6b, describe in Part III</div>	6b	No
<div><div>7</div><div>For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III</div></div>	7	No
<div><div>8</div><div>Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III</div></div>	8	No
<div><div>9</div><div>If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?</div></div>	9	

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1)Glenn Zevenbergen CEO /Administrator	(i)	177,434	0	818	3,685	21,162	203,099	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Return Reference	Explanation
Part I, Line 1a	The Organization pays for club dues such as Rotary Club and Kiwanis Club as well as local Chamber Committees in which persons listed on Form 990, Part VII participate as representatives of Hegg Memorial Health Center.
Part I, Line 3	Compensation is set by Avera McKennan Hospital by using IHA and Avera Network surveys on setting the average rate of pay. This rate is compared to the actual and is brought to the board for consideration and approval. The board recommends and approves any additional bonus compensation that is given to the CEO/Administrator.
Schedule J, Part II	Glenn Zevenbergen, CEO/Administrator, is compensated by Avera McKennan Hospital, 1325 S Cliff Avenue, Sioux Falls, SD 57117-5045. HMHC is billed from Avera McKennan Hospital for his compensation.

Schedule K  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Hegg Memorial Health Center

Employer identification number  
42-0932564

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A City of Rock Valley IA	42-6005162		06-01-2004	3,300,000	New building construction and to refund bonds issued 9/1/95 and 9/28/95		X		X		X
B City of Rock Valley IA	42-6005162		12-22-2009	1,200,000	New building construction		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	1,957,128		280,772					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	3,300,000		1,200,000					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	25,000		6,000					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	2,794,840		1,194,000					
11	Other spent proceeds	480,160							
12	Other unspent proceeds								
13	Year of substantial completion	2004		2010		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?	X			X				
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

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

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

Return Reference	Explanation
Schedule K, Part IV, Line 7	Management is aware of the provisions in the bond documents for monitoring arbitrage, and the CEO and CFO monitors for compliance

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

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

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

Name of the organization  
Hegg Memorial Health Center

Employer identification number  
42-0932564

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) Sarita VanMaanen	Family Member of Korrie VanMaanen, Board Member	14,940	Compensation as an employee		No
(2) Cheryl DenBoer	Family Member of Kevin DenBoer, Board Member	27,500	Compensation as an employee		No

**Part V Supplemental Information**

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

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

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 Hegg Memorial Health Center	Employer identification number 42-0932564
---	--

990 Schedule O, Supplemental Information

Return Reference	Explanation
Form 990, Part III, line 3	
Form 990, Part VI, Section A, line 2	Kevin DenBoer and Nancy Dorhout have a business relationship
Form 990, Part VI, Section A, line 3	The Hospital has a management agreement with Avera McKennan Hospital in which services of the CEO/Administrator are paid through Avera McKennan Hospital. As the employee is considered a common law employee of HMHC, compensation is shown as paid by the Organization on Part VII. Additionally, the Hospital contracts with Avera McKennan Hospital for services of the Clinic Manager, four physicians, one physician assistant, one nurse practitioner, and one surgeon.
Form 990, Part VI, Section A, line 6	The Organization has one class of membership available to any person who makes a donation of at least \$300.
Form 990, Part VI, Section A, line 7a	The members vote on vacancies at the annual meeting. The Board of Directors nominates one person for each vacancy and the membership may nominate up to two people for each vacancy. The elected Director must receive a majority of the votes of the membership.
Form 990, Part VI, Section A, line 8b	The committees bring recommendations to the board, the full board votes on recommendations. Committees don't have full authority to act on behalf of the board.
Form 990, Part VI, Section B, line 11	The CEO/Administrator and CFO review the 990 in detail. Upon completion of the review, the 990 is provided to each board member. The CEO/Administrator and CFO present the 990 to the Board of Directors at the meeting held prior to its filing if so requested by any board member. Whether presented in a board meeting or not, the 990 is not filed until each board member has been given a copy of it and given ample time to review it.
Form 990, Part VI, Section B, line 12c	A statement is given to board members, the CEO/Administrator, and the CFO, asking for any potential issues that could give rise to a conflict. They are required to disclose any conflicts and sign off on the statement annually. The Board determines and reviews any possible conflict of interests that may arise. If any conflicts arise, the affected person(s) must refrain from discussion and voting on anything dealing with the item causing conflict.
Form 990, Part VI, Section B, line 15	CEO - The Regional Manager at Avera McKennan Hospital evaluates the CEO/Administrator annually and meets with the Board of Directors from Hegg Memorial Health Center. The Regional Manager recommends a salary adjustment for the CEO/Administrator. The Board of Directors is responsible for approval of the salary adjustment. The Regional Manager uses policies and procedures as set forth by Avera McKennan Hospital. The deliberation and decision is documented at Avera McKennan Hospital and in the Board minutes. CFO - The Human Resources Director uses the IHA survey from the previous year to determine a minimum and maximum range for market salary adjustments. A recommendation is made to the Board. Merit increases are determined through a review process. The process is completed annually and is documented in the personnel file.
Form 990, Part VI, Section C, line 19	Documents are available upon request with the approval of the Board.
Form 990, Part IX, line 11g	Purchased services: Program service expenses 1,394,682; Management and general expenses 53,321; Fundraising expenses 624. Total expenses 1,448,627. Consulting fees: Program service expenses 37,275; Management and general expenses 3,357; Fundraising expenses 0. Total expenses 40,632. Repairs and maintenance: Program service expenses 292,651; Management and general expenses 10,311; Fundraising expenses 0. Total expenses 302,962. Professional fees: Program service expenses 0; Management and general expenses 12,441; Fundraising expenses 0. Total expenses 12,441.
Form 990, Part XI, line 9	Change in Auxiliary's assets -6,372

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
Hegg Memorial Health Center

Employer identification number  
42-0932564

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

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

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	
(1) Northwest Iowa Diagnostics  714 Lincoln St NE Le Mars, IA 51031 82-0559254	Diagnostic Radiology	SD	N/A	Related	8,015	16,272		No		Yes		12.330 %

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

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

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

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
------------------	-------------



Financial Statements  
June 30, 2014 and 2013

# Hegg Memorial Health Center

# Hegg Memorial Health Center

## Table of Contents

June 30, 2014 and 2013

---

Independent Auditor's Report.....	1
Financial Statements	
Balance Sheets .....	3
Statements of Operations .....	4
Statements of Changes in Net Assets.....	5
Statements of Cash Flows .....	6
Notes to Financial Statements.....	7
Independent Auditor's Report on Supplementary Information .....	22
Supplementary Information	
Schedules of Net Patient and Resident Service Revenue.....	23
Schedules of Other Revenue .....	24
Schedules of Expenses .....	25
Detail of Patient and Resident Service Revenue.....	32
Statistical and Financial Information .....	33



## **Independent Auditor's Report**

The Board of Directors  
Hegg Memorial Health Center  
Rock Valley, Iowa

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Hegg Memorial Health Center (Center) which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hegg Memorial Health Center as of June 30, 2014 and 2013, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Eric Sailer LLP".

Sioux Falls, South Dakota  
September 26, 2014

(This page left blank intentionally.)

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,934,575	\$ 694,580
Receivables		
Patients and residents, net of estimated allowances of \$609,000 in 2014 and \$602,000 in 2013	1,217,207	1,634,365
Notes receivable - current portion	31,250	31,250
Other	95,218	98,626
Estimated third-party payor settlements	200,000	50,000
Supplies	312,911	313,832
Prepaid expenses	202,770	184,951
Total current assets	<u>3,993,931</u>	<u>3,007,604</u>
Assets limited as to use		
By Board for capital improvements and debt redemption	1,778,515	1,218,636
Pledges receivable, net	7,083	23,823
Donor restricted	102,570	102,570
Total asset limited as to use	<u>1,888,168</u>	<u>1,345,029</u>
Property and Equipment, net	<u>15,168,726</u>	<u>16,043,847</u>
Other Assets		
Interest in net assets of Avera Health Foundation	2,830,179	2,338,881
Real estate held for future use	330,000	330,000
Assets held for resale	82,394	311,758
Deferred financing costs, net of accumulated amortization of \$12,664 in 2014 and \$11,408 in 2013	6,175	7,431
Investment in affiliated company	16,274	14,423
Notes receivable - long term portion	62,500	93,750
Total other assets	<u>3,327,522</u>	<u>3,096,243</u>
Total assets	<u><u>\$ 24,378,347</u></u>	<u><u>\$ 23,492,723</u></u>

See Notes to Financial Statements

# Hegg Memorial Health Center

## Balance Sheets

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 324,862	\$ 326,682
Accounts payable	617,095	578,171
Annuity payable - current portion	10,973	10,973
Accrued expenses		
Salaries and wages	163,179	130,989
Vacation	516,055	516,293
Payroll taxes and other	133,807	68,599
Interest	6,074	6,589
Deferred revenue - current	67,535	117,875
Custody accounts for residents	2,447	1,168
Total current liabilities	<u>1,842,027</u>	<u>1,757,339</u>
Long-Term Debt, Less Current Maturities	1,937,238	2,250,857
Other Liabilities		
Amounts due under collaborative arrangements	231,091	170,827
Annuity payable, less current portion	83,279	87,454
Deferred revenue, less current portion	-	58,938
Total liabilities	<u>4,093,635</u>	<u>4,325,415</u>
Net Assets		
Unrestricted	19,509,213	18,455,836
Temporarily restricted	28,993	4,233
Permanently restricted	746,506	707,239
Total net assets	<u>20,284,712</u>	<u>19,167,308</u>
Total liabilities and net assets	<u><u>\$ 24,378,347</u></u>	<u><u>\$ 23,492,723</u></u>

Hegg Memorial Health Center  
Statements of Operations  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted Revenues, Gains and Other Support		
Net patient and resident service revenue	\$ 15,970,716	\$ 16,045,494
Provision for bad debts	<u>115,431</u>	<u>139,313</u>
Net patient service revenue less provision for bad debts	15,855,285	15,906,181
Other revenue	<u>1,620,301</u>	<u>1,254,459</u>
Total unrestricted revenues, gains and other support	<u>17,475,586</u>	<u>17,160,640</u>
Expenses		
Salaries and wages	8,618,165	8,188,208
Supplies and other expenses	5,293,139	5,140,552
Professional fees	1,742,234	1,724,807
Depreciation	1,269,139	1,133,012
Interest	<u>88,893</u>	<u>106,385</u>
Total expenses	<u>17,011,570</u>	<u>16,292,964</u>
Operating Income	<u>464,016</u>	<u>867,676</u>
Other Income (Losses)		
Change in interest in net assets of Avera Health Foundation	410,520	207,173
Gain on sale of Four Seasons condominium units	161,214	161,044
Investment income	19,363	19,956
Net gain from affiliated companies	8,016	5,814
Gain (loss) on disposal of equipment	20,343	(7,866)
Net (expense) income from collaborative arrangements	<u>(32,934)</u>	<u>6,324</u>
Other income, net	<u>586,522</u>	<u>392,445</u>
Revenues in Excess of Expenses	1,050,538	1,260,121
Net Assets Released from Restrictions used for Capital	<u>2,839</u>	<u>67,038</u>
Increase in Unrestricted Net Assets	<u><u>\$ 1,053,377</u></u>	<u><u>\$ 1,327,159</u></u>

Hegg Memorial Health Center  
Statements of Changes in Net Assets  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 1,050,538	\$ 1,260,121
Net assets released from restrictions used for capital	<u>2,839</u>	<u>67,038</u>
Increase in unrestricted net assets	<u>1,053,377</u>	<u>1,327,159</u>
Temporarily Restricted Net Assets		
Contributions and investment income restricted for specific purposes	27,599	24,550
Net assets released from restrictions used for capital	<u>(2,839)</u>	<u>(67,038)</u>
Increase (decrease) in temporarily restricted net assets	<u>24,760</u>	<u>(42,488)</u>
Permanently Restricted Net Assets		
Change in interest in net assets of Avera Health Foundation	39,267	57,449
Contributions	<u>-</u>	<u>100,000</u>
Increase in permanently restricted net assets	<u>39,267</u>	<u>157,449</u>
 Increase in Net Assets	 1,117,404	 1,442,120
Net Assets, Beginning of Year	<u>19,167,308</u>	<u>17,725,188</u>
Net Assets, End of Year	<u><u>\$ 20,284,712</u></u>	<u><u>\$ 19,167,308</u></u>

Hegg Memorial Health Center  
Statements of Cash Flows  
Years Ended June 30, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	\$ 1,117,404	\$ 1,442,120
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,270,395	1,134,268
(Gain) loss on disposal of equipment	(20,343)	7,866
Gain attributable to affiliated companies	(8,016)	(5,814)
Gain on sale of condominium units	(161,214)	(161,044)
Expense (income) from collaborative arrangements	32,934	(6,324)
Contributions by donors for specific purpose	(27,599)	(124,550)
Undistributed portion of change in interest in net assets of Avera Health Foundation	(491,298)	(313,536)
Changes in assets and liabilities		
Receivables	318,556	(193,261)
Supplies	921	(7,786)
Prepaid expenses	(17,819)	(13,536)
Accounts payable	38,924	(1,036,127)
Deferred revenue	(109,278)	176,813
Accrued expenses and custody accounts	97,924	(1,493)
Annuity payable	(4,175)	4,285
Net Cash from Operating Activities	<u>2,037,316</u>	<u>901,881</u>
Investing Activities		
Purchase of property and equipment	(564,404)	(3,920,330)
Proceeds from disposal of property and equipment	581,307	543,907
Purchase of investments and assets limited as to use	(565,347)	(597,764)
Sale of investments and assets limited as to use	5,468	2,753,933
Net Cash used for Investing Activities	<u>(542,976)</u>	<u>(1,220,254)</u>
Financing Activities		
Repayment of long-term debt	(315,439)	(305,439)
Payments from (distributions to) collaborative arrangement partners	27,330	(115,519)
Distributions from affiliated company	6,165	-
Restricted contributions received	27,599	124,550
Net Cash used for Financing Activities	<u>(254,345)</u>	<u>(296,408)</u>
Net Change in Cash and Cash Equivalents	1,239,995	(614,781)
Cash and Cash Equivalents, Beginning of Year	694,580	1,309,361
Cash and Cash Equivalents, End of Year	<u>\$ 1,934,575</u>	<u>\$ 694,580</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 89,408</u>	<u>\$ 107,865</u>

## **Note 1 - Organization and Significant Accounting Policies**

### **Organization**

Hegg Memorial Health Center (Center) operates a 25-bed acute care hospital, a 60-bed nursing home, a 25-unit condominium apartment complex, a medical clinic and a child daycare center located in Rock Valley, Iowa.

### **Income Taxes**

The Center is organized as an Iowa nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Center files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income.

The Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Center's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2011.

### **Use of Estimates**

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

### **Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

### **Patient and Resident Receivables**

Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations. Unpaid patient and resident receivables, excluding amounts due from third-party payors, with invoice dates over 90 days old have interest assessed at one percent per month. Due to the uncertainty of collecting private pay accounts, these interest charges are recognized as income when received. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient and resident accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third party coverage, the Center 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), the Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Center's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from June 30, 2013 to June 30, 2014. The Center does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors. The Center has not significantly changed its charity care or uninsured discount policies during fiscal years 2014 or 2013.

### **Supplies**

Supplies are stated at lower of cost (first-in, first-out) or market.

### **Assets Limited as to Use**

Assets limited as to use include assets which are restricted by donors as well as assets set aside by the Board of Directors for future capital improvements and debt redemption, over which the Board retains control and may at its discretion subsequently use for other purposes and uncollected pledges from prior capital campaigns related to construction projects which have been completed.

### **Investments and Investment Income**

Investments in assets with readily determinable market values are stated at fair value. The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national and foreign securities exchanges. The fair value of certificates of deposit are recorded at historical cost, plus accrued interest. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities. The Center had no investments classified as trading securities as of June 30, 2014 and 2013.

### **Fair Value Measurements**

The Center has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

### **Property and Equipment**

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation of property and equipment is computed on the straight-line method over the useful lives of the assets which range from three to forty years as follows:

Land improvements	5 - 20 years
Buildings and improvements	6 - 40 years
Equipment	3 - 20 years

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

### **Interest in Net Assets of Avera Health Foundation**

The Avera Health Foundation solicits contributions and holds funds on behalf of the Center. The Center's interest in these funds is recorded as an asset in the accompanying financial statements. Changes in the funds held by the Foundation are recorded as Change in Interest in Net Assets of Avera Health Foundation in the accompanying financial statements.

The Center through its affiliation with the Avera Health Foundation participates in the Avera Pooled Investment Fund, a fund administered by Avera Health. The Pooled Investment Fund has a portion of its holdings in alternative investments, which are not readily marketable. These alternative investments include partnerships and other interests that invest in hedge funds, real asset funds, and private equity/venture capital funds, among others. Many of these alternative investments have fair values that are determined using the net asset value (NAV) provided by the investment manager. NAV is a practical expedient to determine the fair value of investments that do not have readily determinable fair values and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Investment income, including interest, dividends, realized gains and losses, and unrealized gains and losses are allocated to participants of the Avera Pooled Investment Fund based upon their pro rata share of the investments.

As of June 30, 2014 and 2013 the Avera Pooled Investment Fund assets consisted of the following types of investments:

	2014	2013
Equity mutual funds	32.7%	28.7%
Fixed income mutual funds	18.4%	17.2%
Non-publicly traded alternative investments		
Hedge fund	12.5%	11.8%
Real asset	2.2%	2.5%
Publicly traded equity securities	8.1%	10.7%
Corporate bonds	6.2%	6.1%
Foreign equities	6.2%	5.7%
Cash and short-term investments	3.1%	5.6%
Balanced mutual funds	5.0%	4.9%
U.S. government issues	3.4%	4.4%
Other fixed income	2.2%	2.4%
	<u>100%</u>	<u>100%</u>

#### **Real Estate Held for Future Use**

Real estate held for future use consists of property that is being held for potential use in future expansion projects of the Center.

#### **Assets Held for Resale**

Assets held for resale consists of condominium units that were acquired and are in the process of being sold.

#### **Deferred Financing Costs**

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method which approximates the effective interest method.

#### **Investment in Affiliated Companies**

The amount reported as investment in affiliated companies as of June 30, 2014 and 2013 represents the Center's investment in Northwest Iowa Diagnostics, a joint investment with other health care organizations from Northwest Iowa. The investment is accounted for on the equity method of accounting that approximates the Center's equity in the underlying net book value of the company.

### Collaborative Arrangement

The Center operates provider based clinics under joint operating agreements with Avera McKennan and Osceola Community Center which falls under the scope of Accounting Standard Codification 808, *Collaborative Arrangements*. The Center has classified Avera McKennan's and Osceola Community Center's economic interest in these provider based clinics as a liability. The terms of the joint venture agreements generally provide for the equal allocation of profits and losses amongst the participants. The Center's statements of operations include the revenues and expenses of the provider based clinics as it is considered the principal in the operating activity.

The following table presents amounts attributable to these agreements which are reported in the Center's statements of operations for the years ended June 30, 2014 and 2013:

	2014	2013
Net revenues	\$ 3,294,608	\$ 3,011,260
Operating expenses	(3,228,740)	(3,023,908)
Increase (decrease) in net assets	<u>\$ 65,868</u>	<u>\$ (12,648)</u>

### Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Center has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Center in perpetuity.

### Net Patient and Resident Service Revenue

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including 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.

The Center recognizes patient and resident service revenue associated with services provided to patients and residents who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Center 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 the Center's uninsured patients and residents will be unable or unwilling to pay for the services provided. Thus, the Center records a significant provision for bad debts related to uninsured patients and residents in the period the services are provided.

Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended June 30, 2014 and 2013 from these major payor sources, is as follows:

	2014	2013
Net patient and resident service revenue		
Third-party payors	\$ 13,483,167	\$ 13,591,790
Self-pay	2,487,549	2,453,704
	<u>\$ 15,970,716</u>	<u>\$ 16,045,494</u>

### Revenues in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

### Charity Care

The Center provides health care services to patients and residents who meet certain criteria under its Charity Care Policy without charge or at amounts less than established rates. Since the Center does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$81,000 and \$113,000 for the years ended June 30, 2014 and 2013, respectively, calculated by multiplying the ratio of cost to gross charges for the Center by the gross uncompensated charges associated with providing charity care to its patients.

### Donor-Restricted Gifts

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

### Advertising Costs

The Center expenses advertising costs as incurred.

### Promises to Give

Pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. The fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible pledges receivable is determined based on management's evaluation of the collectability of individual promises.

### **Electronic Health Record (EHR) Incentive**

The American Recovery and Reinvestment Act of 2009 (ARRA) amended the Social Security Act to establish incentive payments under the Medicare and Medicaid programs for certain hospitals and professionals that meaningfully use certified Electronic Health Records (EHR) technology.

To qualify for the EHR incentive payments, hospitals and physicians must meet designated EHR meaningful use criteria. In addition, hospitals must attest that they have used certified EHR technology, satisfied the meaningful use objectives, and specify the EHR reporting period. This attestation is subject to audit by the federal government or its designee. The EHR incentive payment to critical access hospitals is calculated as a product of (1) allowable costs as defined by the Centers for Medicare & Medicaid Services (CMS) and (2) the Medicare share. Once the initial attestation of meaningful is completed, critical access hospitals receive the entire EHR incentive payment for submitted allowable costs in a lump sum, subject to a final adjustment on the cost report.

The Center recognizes EHR incentive payments as revenue when there is reasonable assurance that the Center will comply with the conditions attached to the incentive payments. As the entire EHR incentive payment is received in a lump sum for critical access hospitals and the Center must annually attest to increasingly stringent meaningful use criteria, the EHR incentive payment is first recognized as a deferred revenue with a ratable recognition of revenue over a specified time period. EHR incentive payments are included in other operating revenue in the accompanying financial statements. The amount of EHR incentive payments recognized are based on management's best estimate and those amounts are subject to change with such changes impacting the period in which they occur.

### **Reclassifications**

Reclassifications have been made to the June 30, 2013 financial information to make it conform to the current year presentation. The reclassifications had no effect on previously reported operating results or changes in net assets.

### **Subsequent Events**

The Center has evaluated subsequent events through September 26, 2014, the date which the financial statement were available to be issued.

### **Note 2 - Net Patient and Resident Service Revenue**

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

**Medicare.** The Center is licensed as a Critical Access Hospital (CAH). The Center is reimbursed for most inpatient and outpatient services at cost with final settlement determined after submission of annual cost reports by the Center and are subject to audits thereof by the Medicare administrative contractor. The Center's Medicare cost reports have been audited by the Medicare administrative contractor through the year ended June 30, 2012. The Center's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Center.

**Medicaid.** The Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Center and audits thereof by the Medicaid program. The Center's cost reports have been settled by the Medicaid program through June 30, 2012.

**Blue Cross.** Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per ambulatory encounter or visit.

A summary of patient and resident service revenue and contractual adjustments for the years ended June 30, 2014 and 2013 is as follows:

	2014	2013
Total patient and resident service revenue	\$ 19,790,027	\$ 19,705,164
Contractual adjustments		
Medicare	(2,185,932)	(2,100,001)
Medicaid	(407,951)	(351,893)
Other	(1,225,428)	(1,207,776)
Total contractual adjustments	(3,819,311)	(3,659,670)
Net patient and resident service revenue	\$ 15,970,716	\$ 16,045,494

### **Note 3 - Investments and Investment Income**

#### **Assets Limited as to Use**

The composition of assets limited as to use at June 30, 2014 and 2013, is shown in the following table.

	2014	2013
By Board for capital improvements and debt redemption		
Cash	\$ 1,347,518	\$ 799,414
Certificates of deposit	430,997	419,222
	\$ 1,778,515	\$ 1,218,636
Pledges receivable, net	\$ 7,083	\$ 23,823
By Donors for specific purposes		
Annuity contract	\$ 102,570	\$ 102,570

### Investment Income

Investment income and gains and losses on cash equivalents and assets limited as to use consists of the following for the years ended June 30, 2014 and 2013:

	2014	2013
Interest income	\$ 19,363	\$ 19,956

### Note 4 - Fair Value of Assets and Liabilities

Liabilities measured at fair value on a recurring basis at June 30, 2014 and 2013, respectively, are as follows:

	2014	2013
Liabilities		
Annuity payable	\$ 94,252	\$ 98,427

The related fair values of these liabilities are determined as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2014</u>			
Liabilities - annuity payable	\$ -	\$ -	\$ 94,252
<u>June 30, 2013</u>			
Liabilities - annuity payable	\$ -	\$ -	\$ 98,427

The fair value for the annuities payable is based on the present value of expected future cash flows.

### Note 5 - Property and Equipment

The following is a reconciliation of activity for liabilities measured at fair value based on significant unobservable (non-market) information for the years ended June 30, 2014 and 2013.

	2014 Annuities Payable	2013 Annuities Payable
Balance, beginning of year	\$ 98,427	\$ 91,142
Cash paid	(10,973)	(10,973)
Change in fair value	6,798	15,258
Balance, end of year	\$ 94,252	\$ 98,427

A summary of property and equipment at June 30, 2014 and 2013 follows:

	2014		2013	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 608,278	\$ -	\$ 608,278	\$ -
Land improvements	692,499	387,632	687,119	348,954
Buildings and improvements	18,529,981	6,271,772	18,496,519	5,614,825
Equipment	5,911,060	3,942,367	5,660,399	3,444,689
Construction in progress	28,679	-	-	-
	<u>\$ 25,770,497</u>	<u>\$ 10,601,771</u>	<u>\$ 25,452,315</u>	<u>\$ 9,408,468</u>
Property and equipment, net		<u>\$ 15,168,726</u>		<u>\$ 16,043,847</u>

Construction in progress represents expenditures related toward the development of plans for updating the Center's campus.

#### Note 6 - Pledges

The Center has outstanding pledges from corporations and individuals in the community of \$7,083 and \$94,600 as of June 30, 2014 and 2013, respectively. Pledges are expected to be receivable within the next year. The pledges are shown net of an allowance of \$-0- and \$70,077 at June 30, 2014 and 2013, respectively.

#### Note 7 - Long-Term Debt

Long-term debt consists of:

	2014	2013
Bonds payable, 2.54%, due in monthly payments of \$26,003 including interest through June 1, 2019	\$ 1,342,872	\$ 1,591,439
Bonds payable with a variable interest rate, (the rate as of June 30, 2014 was 4.50%) due in monthly payments of \$9,196 including interest through December 1, 2024	919,228	986,100
	<u>2,262,100</u>	<u>2,577,539</u>
Less current maturities	<u>(324,862)</u>	<u>(326,682)</u>
	<u>\$ 1,937,238</u>	<u>\$ 2,250,857</u>

Long-term debt maturities are as follows:

<u>Years Ending June 30,</u>	
2015	\$ 324,862
2016	334,556
2017	344,767
2018	342,141
2019	365,999
Thereafter	<u>549,775</u>
	<u>\$ 2,262,100</u>

Substantially all of the Center's assets have been pledged as collateral for this debt obligation.

#### **Note 8 - Annuities Payable**

The Center has entered into a gift annuity agreement, which provide that the Center shall pay periodic amounts to designated beneficiaries until their death. The Center recorded these gifts at market value with a corresponding liability recorded for the present value of payments to be made to the designated beneficiaries. The estimated present value of future payments to be made under these agreements totaled \$94,252 and \$98,427 at June 30, 2014 and 2013.

#### **Note 9 - Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets at June 30, 2014 and 2013 are restricted for:

	<u>2014</u>	<u>2013</u>
Building, equipment and other health care programs	\$ 26,053	\$ 393
Nursing scholarships	<u>2,940</u>	<u>3,840</u>
	<u>\$ 28,993</u>	<u>\$ 4,233</u>

Permanently restricted net assets at June 30, 2014 and 2013 are restricted for:

	2014	2013
General use by the Center as long as services to individuals with cerebral palsy are available	\$ 484,559	\$ 484,559
Endowment funds held with Avera Health Foundation	161,947	122,680
Endowment funds restricted for nursing scholarships	100,000	100,000
	<u>\$ 746,506</u>	<u>\$ 707,239</u>

#### **Note 10 - Endowment**

The Center's endowment consists of a portion of their interest in the net assets of the Avera Health Foundation and funds held by the Center which are restricted for nursing scholarships. The Avera Health Foundation includes endowment funds which have been established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions. The Center's permanently restricted endowment funds are donor restricted and totaled \$261,947 and \$222,680 at June 30, 2014 and 2013, respectively.

#### **Interpretation of Relevant Law**

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

In accordance with UPMIFA, the Center and the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Changes in Endowment Net Assets for the year ended June 30, 2014 and 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets July 1, 2012	\$ -	\$ -	\$ 65,231	\$ 65,231
Change in interest in net assets of Avera Health Foundation	-	-	57,449	57,449
Contributions	-	-	100,000	100,000
Investment Income	-	394	-	394
Endowment net assets, June 30, 2013	-	394	222,680	223,074
Change in interest in net assets of Avera Health Foundation	-	-	39,267	39,267
Investment income	-	2,546	-	2,546
Endowment net assets, June 30, 2014	<u>\$ -</u>	<u>\$ 2,940</u>	<u>\$ 261,947</u>	<u>\$ 264,887</u>

#### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Center to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2014 and 2013.

#### Return Objectives and Risk Parameters

The Center and Foundation have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Center and Foundation must hold in perpetuity or for a donor-specified period. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet the price and yield investment returns established by the Center and the Avera Pooled Investment Committee while assuming a moderate level of investment risk. The Center expects its endowment funds, over time, to provide an average rate of return of approximately 6%-8% annually. Actual returns in any given year may vary from this amount.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation including equity securities, fixed-income securities, hedge funds, and private equity to achieve its long-term return objectives within prudent risk constraints.

### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Center and Avera Health Foundation Board of Directors determines the annual spending rate and distribution amounts based on a review of the average market value of the endowment funds over the most recent 20 quarters. Local governing boards review the spending rate and distribution information and determine if payouts that would invade the corpus would be fiscally responsible.

### Note 11 - Functional Expenses

The Center provides general health care services to patients and residents within the geographic location. Expenses related to providing these services are as follows for the years ended June 30:

	2014	2013
Health care services	\$ 14,899,959	\$ 14,325,506
General and administrative	2,040,199	1,887,796
Fundraising	71,412	79,662
	<u>\$ 17,011,570</u>	<u>\$ 16,292,964</u>

### Note 12 - Malpractice Insurance

The Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

**Note 13 - Employee Pension Plan**

The Center has a defined contribution pension plan under which employees become participants upon completing 832 hours of service and reaching the age of twenty. Currently, the Center's matching contribution is 3% of the employee's wages. Total pension expense for the years ended June 30, 2014 and 2013, was \$145,269 and \$139,008.

**Note 14 - Concentrations of Credit Risk**

The Center grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors, patients and residents at June 30, 2014 and 2013, was as follows:

	2014	2013
Commercial insurance and other	42%	51%
Medicare	28%	27%
Blue Cross	26%	20%
Medicaid	4%	2%
	<u>100%</u>	<u>100%</u>

The Center's cash balances are maintained in various bank deposit accounts. At times during the years ended June 30, 2014 and 2013, the balances of these deposits were in excess of the federally insured limits.

**Note 15 - Leases**

The Center leases certain equipment under various operating leases with terms of less than one year or cancelable upon written notice. Total lease expense for all operating leases was \$38,554 and \$40,029 for the years ended June 30, 2014 and 2013, respectively.

**Note 16 - Electronic Health Record Incentive Payments**

During 2013, the Center was awarded a \$294,689 incentive from the Medicare program related to electronic health records. The Center reflected the award in the June 30, 2013 financial statements by recognizing the revenue ratably over 30 months, which corresponds to the underlying useful life of the equipment acquired to provide electronic health records. Accordingly revenue of \$109,278 and \$117,875 for the years ended June 30, 2014 and 2013, respectively, was recorded by amortizing the deferred revenue into other revenue. The Center has deferred revenue related to the electronic medical record incentive payments of \$67,535 remaining at June 30, 2014.



Supplementary Information  
June 30, 2014 and 2013

# Hegg Memorial Health Center



### **Independent Auditor's Report on Supplementary Information**

The Board of Directors  
Hegg Memorial Health Center  
Rock Valley, Iowa

We have audited the financial statements of Hegg Memorial Health Center as of and for the years ended June 30, 2014 and 2013, and our report thereon dated September 26, 2014, which expressed an unmodified opinion on those financial statements appears on page 1. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of net patient and resident service revenue, other revenue, expenses and the detail of patient and resident service revenue as of and for the years ended June 30, 2014 and 2013 on pages 22 to 31 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and 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 basic financial statements as a whole. The statistical and financial information on pages 32 and 33, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sioux Falls, South Dakota  
September 26, 2014

Hegg Memorial Health Center  
Schedules of Net Patient and Resident Service Revenue  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Patient and Resident Service Revenue		
Routine services - hospital	\$ 1,589,169	\$ 1,389,051
Routine services - nursing home	3,887,220	3,807,267
Clinic	3,106,044	2,865,994
Radiology	2,393,646	2,574,575
Laboratory	1,989,020	2,015,877
Pharmacy	1,387,952	1,630,560
Emergency services	1,483,310	1,433,706
Physical therapy	1,318,030	1,212,665
Operating room	721,260	786,225
Central services and supply	365,952	497,999
Home health care	485,392	471,115
Anesthesiology	322,135	307,860
Occupational therapy	265,174	274,578
Cardiac rehab	259,033	244,722
Surgeon	150,528	182,567
Newborn nursery	129,881	108,914
Speech therapy	23,764	30,022
Nutrition education	16,325	15,840
Blood administration	500	-
Labor and delivery	264	4,954
Respiratory therapy	76	66
	<u>19,894,675</u>	<u>19,854,557</u>
Charity care	(104,648)	(149,393)
	<u>19,790,027</u>	<u>19,705,164</u>
Total patient and resident service revenue		
	<u>19,790,027</u>	<u>19,705,164</u>
Contractual adjustments		
Medicare	2,185,932	2,100,001
Medicaid	407,951	351,893
Other	1,225,428	1,207,776
	<u>3,819,311</u>	<u>3,659,670</u>
Total contractual adjustments		
	<u>3,819,311</u>	<u>3,659,670</u>
Net Patient and Resident Service Revenue	<u>\$ 15,970,716</u>	<u>\$ 16,045,494</u>

Hegg Memorial Health Center  
Schedules of Other Revenue  
Years Ended June 30, 2014 and 2013

---

	<u>2014</u>	<u>2013</u>
Other Revenue		
Daycare	\$ 267,376	\$ 256,123
Clinic and surgeon	304,333	246,578
Electronic health record incentive	109,278	203,475
Occupational health	135,095	115,505
Ultrasound	133,383	102,522
Four Seasons condominium units	75,097	71,585
Wellness Center	86,040	58,040
Grant revenue	336,494	97,921
Meals	20,409	19,040
Home health	10,830	10,101
Plant operations	9,854	10,048
Community education	16,400	9,875
Beauty shop	6,239	6,573
Cardiac rehab	3,828	4,176
Other	105,645	42,897
	<u>          </u>	<u>          </u>
Total Other Revenue	<u>\$ 1,620,301</u>	<u>\$ 1,254,459</u>

Hegg Memorial Health Center  
Schedules of Expenses  
Years Ended June 30, 2014 and 2013

	2014	2013
Routine Services - Hospital		
Salaries and wages	\$ 756,797	\$ 697,974
Professional Fees	4,563	5,655
Supplies	35,398	45,738
Repairs and maintenance	3,188	2,336
Other	28,969	34,672
	<u>828,915</u>	<u>786,375</u>
Routine Services - Nursing Home		
Salaries and wages	1,331,085	1,319,811
Professional Fees	800	1,845
Supplies	78,823	63,933
Other	129,876	130,929
	<u>1,540,584</u>	<u>1,516,518</u>
Clinic		
Salaries and wages	1,967,649	1,850,527
Supplies	219,979	226,428
Professional fees	76,605	118,316
Repairs and maintenance	6,925	21,349
Other	209,903	178,928
	<u>2,481,061</u>	<u>2,395,548</u>
Surgeon		
Salaries and wages	140,268	170,518
Professional fees	-	6,141
Other	64,020	27,843
	<u>204,288</u>	<u>204,502</u>
Nursing Administration		
Salaries and wages	219,785	166,341
Supplies	15,795	16,441
Other	7,041	5,478
	<u>242,621</u>	<u>188,260</u>
Home Health Care		
Salaries and wages	270,264	262,481
Professional Fees	21,069	16,961
Repairs and maintenance	1,030	589
Supplies	4,129	11,693
Mileage	7,873	11,281
Other	16,487	13,083
	<u>320,852</u>	<u>316,088</u>

Hegg Memorial Health Center  
Schedules of Expenses  
Years Ended June 30, 2014 and 2013

	2014	2013
Newborn Nursery		
Salaries and wages	\$ 35,766	\$ 31,974
Repairs and maintenance	-	231
Supplies	3,123	4,752
Other	259	237
	<u>39,148</u>	<u>37,194</u>
Operating Room		
Salaries and wages	122,151	102,068
Professional fees	37,099	24,335
Repairs and maintenance	15,728	20,977
Supplies	69,171	42,709
Other	15,225	16,393
	<u>259,374</u>	<u>206,482</u>
Delivery and Labor Rooms		
Salaries and wages	89,104	72,832
Professional Fees	120	210
Supplies	9,298	10,077
	<u>98,522</u>	<u>83,119</u>
Central Services and Supplies		
Salaries and wages	84,027	77,312
Professional Fees	1,535	1,000
Supplies	170,481	231,526
Other	25,742	24,932
	<u>281,785</u>	<u>334,770</u>
Emergency Services		
Salaries and wages	227,986	255,970
Professional fees	265,357	271,708
Repairs and maintenance	456	7,322
Supplies	22,379	15,608
Other	4,649	13,505
	<u>520,827</u>	<u>564,113</u>
Laboratory		
Salaries and wages	221,626	171,264
Professional fees	92,161	92,997
Supplies	130,773	172,619
Repairs and maintenance	27,780	15,327
Other	7,534	19,997
	<u>479,874</u>	<u>472,204</u>

Hegg Memorial Health Center  
Schedules of Expenses  
Years Ended June 30, 2014 and 2013

	2014	2013
Blood Administration		
Supplies	\$ 5,517	\$ 14,356
Cardiac Rehab		
Salaries and wages	15,116	22,981
Professional fees	48,811	47,845
Supplies	8,068	12,195
Repairs and maintenance	-	296
Other	1,061	1,676
	<u>73,056</u>	<u>84,993</u>
Radiology		
Salaries and wages	272,888	236,669
Professional fees	396,101	436,692
Supplies	14,877	13,985
Repairs and maintenance	103,954	91,176
Other	23,772	16,690
	<u>811,592</u>	<u>795,212</u>
Pharmacy		
Salaries and wages	24,890	28,702
Professional fees	270,293	196,969
Repairs and maintenance	43,202	5,748
Drugs	495,167	506,466
Supplies	2,808	7,061
Other	36,761	20,175
	<u>873,121</u>	<u>765,121</u>
Anesthesiology		
Professional fees	148,056	187,962
Repairs and maintenance	1,513	3,881
Supplies	8,888	6,044
Other	3,191	1,178
	<u>161,648</u>	<u>199,065</u>
Respiratory Therapy		
Salaries and wages	870	1,808
Other	6,955	20,107
	<u>7,825</u>	<u>21,915</u>
Physical Therapy		
Salaries and wages	398,829	370,882
Professional Fees	2,392	4,406
Repairs and maintenance	387	1,280
Supplies	23,421	78,101
Other	14,898	20,401
	<u>439,927</u>	<u>475,070</u>
Speech Therapy		
Professional fees	14,431	13,930
Supplies	178	-
Other	300	-
	<u>14,909</u>	<u>13,930</u>

Hegg Memorial Health Center  
Schedules of Expenses  
Years Ended June 30, 2014 and 2013

	2014	2013
Occupational Therapy		
Salaries and wages	\$ 63,304	\$ 62,718
Supplies	134	181
Other	1,029	2,011
	<u>64,467</u>	<u>64,910</u>
Quality Service		
Salaries and wages	37,181	35,179
Professional Fees	361	177
Supplies	4	136
Other	939	712
	<u>38,485</u>	<u>36,204</u>
Medical Records		
Salaries and wages	158,305	182,107
Professional fees	18,989	-
Repairs and maintenance	887	751
Supplies	5,716	1,277
Other	34,532	31,386
	<u>218,429</u>	<u>215,521</u>
Activities		
Salaries and wages	41,366	40,500
Professional fees	130	130
Repairs and maintenance	3,876	4,794
Supplies	4,559	3,318
Other	6,766	6,464
	<u>56,697</u>	<u>55,206</u>
Daycare		
Salaries and wages	230,898	216,711
Professional fees	6,604	9,783
Supplies	6,857	9,067
Repairs and maintenance	1,666	1,079
Other	28,446	22,657
	<u>274,471</u>	<u>259,297</u>
Social Services		
Salaries and wages	43,598	41,949
Repairs and maintenance	38	42
Supplies	227	(95)
Other	1,643	1,228
	<u>45,506</u>	<u>43,124</u>
Dietary		
Salaries and wages	306,401	285,556
Professional fees	120	800
Food	199,299	185,718
Supplies	17,032	21,084
Equipment rental	2,973	3,604
Other	28,924	28,819
	<u>554,749</u>	<u>525,581</u>

Hegg Memorial Health Center  
Schedules of Expenses  
Years Ended June 30, 2014 and 2013

	2014	2013
Plant Operation and Maintenance		
Salaries and wages	\$ 159,863	\$ 152,205
Professional fees	7,801	1,619
Supplies	11,293	10,377
Electricity	185,622	157,785
Other utilities	61,398	59,291
Repairs and maintenance	58,657	48,082
Other	3,091	4,091
	<u>487,725</u>	<u>433,450</u>
Housekeeping		
Salaries and wages	126,427	112,064
Professional fees	2,606	2,012
Repairs and maintenance	499	237
Supplies	42,715	36,422
Other	876	649
	<u>173,123</u>	<u>151,384</u>
Laundry and Linen		
Salaries and wages	62,655	64,430
Professional fees	405	-
Supplies	11,662	13,284
Linen	3,707	5,402
Repairs and maintenance	596	1,231
Other	2,035	1,414
	<u>81,060</u>	<u>85,761</u>
Community Education		
Salaries and wages	21,387	4,271
Professional fees	3,044	2,454
Supplies	8,989	5,870
Other	33,185	17,710
	<u>66,605</u>	<u>30,305</u>
Four Seasons Condominium Units		
Salaries and wages	58,796	54,389
Professional fees	12,140	10,691
Supplies	2,748	2,872
Utilities	35,202	34,188
Repairs and maintenance	3,829	9,857
Other	2,488	2,107
	<u>115,203</u>	<u>114,104</u>
Beauty Shop		
Salaries and wages	27,403	45,579
Repairs and maintenance	-	203
Supplies	1,307	1,586
Other	2,881	599
	<u>31,591</u>	<u>47,967</u>

Hegg Memorial Health Center  
Schedules of Expenses  
Years Ended June 30, 2014 and 2013

	2014	2013
Nutrition Ed		
Salaries and wages	\$ 26,355	\$ 23,606
Supplies	475	1,786
Other	9,833	8,813
	<u>36,663</u>	<u>34,205</u>
Occupational Health		
Salaries and wages	84,492	94,589
Professional fees	13,511	11,458
Supplies	12,252	8,671
Other	15,439	11,498
	<u>125,694</u>	<u>126,216</u>
Wellness Center		
Salaries and wages	65,721	62,869
Professional fees	1,877	1,990
Supplies	7,070	43,074
Repairs and maintenance	1,823	852
Other	8,438	4,788
	<u>84,929</u>	<u>113,573</u>
Information Technology		
Salaries and wages	48,264	45,374
Professional fees	240,980	255,888
Supplies	3,956	1,322
Repairs and maintenance	4,937	5,016
Other	35,413	38,870
	<u>333,550</u>	<u>346,470</u>
Finance		
Salaries and wages	91,342	83,723
Supplies	1,605	1,631
Repairs and maintenance	809	175
Other	4,242	4,378
	<u>97,998</u>	<u>89,907</u>
Administration		
Salaries and wages	716,603	677,177
Professional fees	52,960	16,561
Supplies	35,623	32,507
Repairs and maintenance	7,524	8,400
Legal and accounting fees	42,723	38,736
Collection expense	12,441	17,616
Contract management	154,705	148,570
Property and liability insurance	199,230	165,360
Marketing	90,623	69,675
Other	143,767	188,126
	<u>1,456,199</u>	<u>1,362,728</u>

Hegg Memorial Health Center  
Schedules of Expenses  
Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Care Transition		
Salaries and wages	\$ 395	\$ 1,607
Professional fees	14	-
Other	86	196
	<u>495</u>	<u>1,803</u>
Foundation		
Salaries and wages	38,691	33,380
Professional fees	1,299	1,256
Supplies	5,972	20,005
Other	18,494	19,992
	<u>64,456</u>	<u>74,633</u>
Safety		
Salaries and wages	26,632	25,870
Professional fees	-	2,461
	<u>26,632</u>	<u>28,331</u>
Education		
Salaries and wages	<u>2,985</u>	<u>2,241</u>
Unassigned		
Payroll taxes	504,971	482,149
Health insurance	880,140	714,654
Pension	145,269	139,008
Depreciation		
Building	695,626	610,093
Equipment	573,513	522,919
Interest	88,893	106,385
	<u>2,888,412</u>	<u>2,575,208</u>
Total Expenses	<u><u>\$ 17,011,570</u></u>	<u><u>\$ 16,292,964</u></u>

Hegg Memorial Health Center  
Detail of Patient and Resident Service Revenue  
Years Ended June 30, 2014 and 2013

	2014			2013		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
Patient and Resident Service Revenue						
Routine services - hospital	\$ 1,331,849	\$ 257,320	\$ 1,589,169	\$ 1,136,226	\$ 252,825	\$ 1,389,051
Routine services - nursing home	3,887,220	-	3,887,220	3,807,267	-	3,807,267
Clinic	-	3,106,044	3,106,044	-	2,865,994	2,865,994
Radiology	97,580	2,296,066	2,393,646	91,640	2,482,935	2,574,575
Laboratory	168,314	1,820,706	1,989,020	181,385	1,834,492	2,015,877
Pharmacy	350,317	1,037,633	1,387,950	394,828	1,235,732	1,630,560
Emergency services	8,680	1,474,630	1,483,310	21,330	1,412,376	1,433,706
Physical therapy	150,132	1,167,898	1,318,030	132,447	1,080,218	1,212,665
Operating room	240,997	480,263	721,260	207,114	579,111	786,225
Central services and supply	189,855	176,099	365,954	243,922	254,077	497,999
Home health care	-	485,392	485,392	-	471,115	471,115
Anesthesiology	93,495	228,640	322,135	80,850	227,010	307,860
Occupational therapy	113,427	151,747	265,174	109,814	164,764	274,578
Cardiac rehab	-	259,033	259,033	-	244,722	244,722
Surgeon	6,971	143,557	150,528	11,852	170,715	182,567
Newborn nursery	129,835	46	129,881	108,870	44	108,914
Speech therapy	4,256	19,508	23,764	12,104	17,918	30,022
Nutrition education	-	16,325	16,325	-	15,840	15,840
Blood administration	500	-	500	-	-	-
Labor and delivery	-	264	264	3,933	1,021	4,954
Respiratory therapy	-	76	76	-	66	66
	<u>\$ 6,773,428</u>	<u>\$ 13,121,247</u>	19,894,675	<u>\$ 6,543,582</u>	<u>\$ 13,310,975</u>	19,854,557
Charity care			(104,648)			(149,393)
Total patient and resident service revenue			<u>\$ 19,790,027</u>			<u>\$ 19,705,164</u>

Hegg Memorial Health Center  
Statistical and Financial Information  
Years Ended June 30, 2014 and 2013

---

	Unaudited 2014	Unaudited 2013
Patient Days		
Hospital (excludes swing-bed and newborn)	648	728
Swing-bed	629	534
Newborn	210	177
Nursing home	21,588	21,145
Number of Beds		
Hospital	25	25
Nursing home	60	60
Percent of Occupancy		
Hospital (excluding newborn)	14%	14%
Nursing home	99%	97%
Admissions		
Hospital		
Acute	209	236
Skilled	64	50
Extended care	15	7
Nursing home	18	37
Discharges		
Hospital - acute	208	238
Nursing home - acute	20	37
Lab Procedures	79,689	80,980
Radiology Procedures	2,861	4,423
Surgical Procedures	472	501
Emergency Room Visits	1,099	1,124
Cardiac Rehab (Sessions)		
Phase II	269	359
Adult fitness	22,243	19,790
Doppler (IP & OP)	19	19
Echo (IP & OP)	27	30
Holter (IP & OP)	40	22
Other cardiac testing (IP & OP)	158	139

Hegg Memorial Health Center  
Statistical and Financial Information  
Years Ended June 30, 2014 and 2013

---

	Unaudited 2014	Unaudited 2013
Home Health Visits		
Aide	8,925	8,558
RN	1,531	1,573
Physical Therapy (Sessions)		
Inpatient	836	730
Outpatient	6,135	5,366
Meals		
Hospital	7,598	7,769
Nursing home	68,584	65,419
Laundry Pounds		
Hospital	45,589	50,609
Nursing home	135,113	145,527
Full-Time Equivalent Employees	188	194
Most Frequent Year-End Routine Service Rates		
Hospital		
Routine rooms	\$ 1,200	\$ 921
Special care unit	1,244	1,185
Nursery	582	571
Nursing home (basic charge)		
Private rooms	\$167 to \$177	\$162 to \$172
Collection Statistics		
Net accounts receivable - patients and residents	\$ 1,217,207	\$ 1,634,365
Number of days net charges outstanding	28	37
Uncollectible accounts (1)	\$ 232,520	\$ 306,323
Percentage of uncollectible accounts to total charges	1.2%	1.6%

(1) Includes collection fees, charity care charges and provision for bad debts