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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 10-01-2013 , 2013, and ending 09-30-2014

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
WAUKESHA MEMORIAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
725 AMERICAN AVENUE

City or town, state or province, country, and ZIP or foreign postal code
WAUKESHA, WI 53188

D Employer identification number
39-0910727

E Telephone number
(262) 928-2496

G Gross receipts $ 479,221,980

F Name and address of principal officer
SUSAN EDWARDS
725 AMERICAN AVENUE
WAUKESHA, WI 53188

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW PROHEALTHCARE ORG

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

L Year of formation 1956

M State of legal domicile WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROVIDER OF INPATIENT AND OUTPATIENT HOSPITAL SERVICES

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	23
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	21
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,906
6	Total number of volunteers (estimate if necessary)	**6**	458
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	2,791,380
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-1,152,945

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	1,424,641	1,591,390
9	Program service revenue (Part VIII, line 2g)	431,462,556	441,706,467
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	33,254,390	33,906,585
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,787,006	1,987,278
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	467,928,593	479,191,720
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	20,374,573	17,933,881
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	139,172,445	135,938,150
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	257,795,231	276,341,058
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	417,342,249	430,213,089
19	Revenue less expenses Subtract line 18 from line 12	50,586,344	48,978,631

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	805,868,769	528,328,373
21	Total liabilities (Part X, line 26)	316,340,282	342,943,200
22	Net assets or fund balances Subtract line 21 from line 20	489,528,487	185,385,173

Part II Signature Block

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

Sign Here

****** 2015-07-15
Signature of officer Date

RONALD FARR CHIEF FINANCIAL OFFICER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
DAVID LOWENTHAL				P00378651

Firm's name ▶ PLANTE & MORAN PLLC — Firm's EIN ▶ 38-1357951

Firm's address ▶ PO BOX 307
SOUTHFIELD, MI 480370307 — Phone no (248) 352-2500

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

CONTINUOUSLY IMPROVING THE HEALTH OF OUR COMMUNITY

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 $ 402,502,572 including grants of $ 17,933,881) (Revenue $ 438,935,497)

WAUKESHA MEMORIAL HOSPITAL FULFILLS ITS EXEMPT PURPOSE BY PROVIDING CARE AND SERVICES TO ALL PATIENTS REGARDLESS OF INSURANCE OR ABILITY TO PAY WAUKESHA MEMORIAL HOSPITAL ALSO USES ITS RESOURCES TO ADDRESS VARIOUS COMMUNITY NEEDS WAUKESHA MEMORIAL HOSPITAL PROVIDED APPROXIMATELY 56,307 DAYS OF INPATIENT CARE AND APPROXIMATELY 280,694 OUTPATIENT VISITS DURING THE FISCAL YEAR ENDED SEPTEMBER 30, 2014 SEE SCHEDULE H FOR ILLUSTRATION OF ITS PROGRAM SERVICE ACCOMPLISHMENTS

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** ▶ 402,502,572

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		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		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**	Yes	
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	275		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,906		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	23		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	21		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		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**			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

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

Section C. Disclosure

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

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

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

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

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

▶ RONALD FARR N17 W24100 RIVERWOOD DRIVE SUITE
WAUKESHA, WI 531881131 (262)928-4740

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			

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								2,036,156	1,488,745	1,073,026

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 70

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
RILEY CONSTRUCTION CO INC 5301-99TH AVE KENOSHA WI 53144	CONSTRUCTION SERVICES	10,387,143
FINDORFF INC PO BOX 575 MADISON WI 53701	CONSTRUCTION SERVICES	5,403,668
EPIC SYSTEMS CORP PO BOX 88314 MILWAUKEE WI 53288	EMR SERVICE PROVIDER	3,666,148
MEDICAL COLLEGE OF WI PO BOX 13308 MILWAUKEE WI 53213	PROVIDER SERVICES	3,484,023
TW TELECOM PO BOX 172567 DENVER CO 80217	INTERNET PHONE CABLE PROVIDER	1,652,997

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 ▶ 70

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	1,396,440			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	194,950			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		1,591,390			
Program Service Revenue			Business Code				
	2a	NET PATIENT REV	622110	423,577,723	423,577,723		
	b	MEDICAL SERVICE LAB	621500	8,403,170	5,632,200	2,770,970	
	c	HOSPITAL JOINT VENTURE	622310	2,170,778	2,170,778		
	d	MEANINGFUL USE	900099	1,946,867	1,946,867		
	e	SURGERY CENTERS	621400	1,844,766	1,844,766		
	f	All other program service revenue		3,763,163	3,763,163		
	g	**Total.** Add lines 2a–2f . . . . . ▶		441,706,467			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		33,875,643			33,875,643
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents		46,273			
	b	Less rental expenses		14,343			
	c	Rental income or (loss)		31,930			
	d	Net rental income or (loss) . . . . . ▶			31,930	20,410	11,520
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		46,859			
	b	Less cost or other basis and sales expenses		15,917			
	c	Gain or (loss)		30,942			
	d	Net gain or (loss) . . . . . ▶			30,942		30,942
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	CAFETERIA	722210	1,925,613			1,925,613
	b	GIFT SHOP	453220	29,735			29,735
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		1,955,348			
	12	**Total revenue.** See Instructions . . . . . ▶		479,191,720	438,935,497	2,791,380	35,873,453

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	17,933,881	17,933,881		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	3,082,001		3,082,001	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	99,768,710	98,039,748	1,728,962	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	7,450,804	7,102,284	348,520	
9 Other employee benefits	18,281,693	17,426,545	855,148	
10 Payroll taxes	7,354,942	7,028,367	326,575	
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
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)	122,242,958	102,922,696	19,320,262	
12 Advertising and promotion				
13 Office expenses	14,990,950	14,981,833	9,117	
14 Information technology				
15 Royalties . .				
16 Occupancy	5,026,847	4,665,793	361,054	
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	11,895,614	11,895,614		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	35,193,744	35,193,744		
23 Insurance				
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	34,331,120	34,331,031	89	
b DRUGS & PHARMACEUTICALS	22,520,402	22,520,402		
c MEDICAID PROVIDER TAXES	13,465,153	13,465,153		
d BAD DEBTS	11,754,492	11,754,492		
e All other expenses	4,919,778	3,240,989	1,678,789	
25 **Total functional expenses.** Add lines 1 through 24e	430,213,089	402,502,572	27,710,517	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		512,250	1	894,111
	2	Savings and temporary cash investments		10,461,182	2	18,156,414
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		56,552,150	4	53,274,339
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		8,036,858	8	7,577,164
	9	Prepaid expenses and deferred charges		5,489,553	9	6,189,834
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 759,670,369			
	b	Less accumulated depreciation	10b 442,688,147	278,824,420	10c	316,982,222
	11	Investments—publicly traded securities		310,964,639	11	28,326,631
	12	Investments—other securities See Part IV, line 11		9,278,045	12	9,662,324
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		125,749,672	15	87,265,334
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		805,868,769	16	528,328,373
Liabilities	17	Accounts payable and accrued expenses		42,391,690	17	68,714,984
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		195,427,377	20	188,849,190
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		33,441,881	23	32,856,868
	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		45,079,334	25	52,522,158
	26	**Total liabilities.** Add lines 17 through 25		316,340,282	26	342,943,200
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		488,784,731	27	184,716,962
	28	Temporarily restricted net assets		743,756	28	668,211
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		489,528,487	33	185,385,173
	34	Total liabilities and net assets/fund balances		805,868,769	34	528,328,373

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	479,191,720
2	Total expenses (must equal Part IX, column (A), line 25)	2	430,213,089
3	Revenue less expenses Subtract line 2 from line 1	3	48,978,631
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	489,528,487
5	Net unrealized gains (losses) on investments	5	10,615,300
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	-363,737,245
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	185,385,173

Part XII Financial Statements and Reporting

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

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b		

Additional Data

Software ID:
Software Version:
EIN: 39-0910727
Name: WAUKESHA MEMORIAL HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
SUSAN EDWARDS CEO - PHC	2 00 50 00	X		X				0	960,406	768,577
GARY BEYER MD CHAIRMAN	2 00 4 00	X		X				0	0	0
TED GARVEY VICE CHAIRPERSON	2 00 4 00	X		X				0	0	0
EILEEN GILLESPIE SECRETARY - PART YEAR	2 00 4 00	X		X				0	0	0
ED LUMP TREASURER	2 00 4 00	X		X				0	0	0
CHARLOTTE HALL SECRETARY	2 00 4 00	X		X				0	0	0
JIM GANNON TREASURER - PHC BOARD	1 00 4 00	X		X				0	0	0
TOM PACKEE SECRETARY - PHC BOARD	1 00 4 00	X		X				0	0	0
JOHN RAASCH VICE CHAIRPERSON-PART YEAR/DIRECTOR	1 00 4 00	X		X				0	0	0
JOHN ROBERTSTAD PRESIDENT - PHC HOSPITAL DIVISION	32 00 12 00	X		X				544,252	0	70,799
JANET SWANDBY CHAIRPERSON - PHC BOARD	1 00 4 00	X		X				0	0	0
HELEN FORSTER VICE CHAIRPERSON	1 00 4 00	X		X				0	0	0
MIKE BARRY DIRECTOR - PART YEAR	2 00 4 00	X						0	0	0
PAUL BOSTROM DIRECTOR	2 00 4 00	X						0	0	0
CLIFF BROOKS DIRECTOR	2 00 4 00	X						0	0	0
DOUG BRUINS DIRECTOR	2 00 4 00	X						0	0	0
RICHARD NEILS DIRECTOR - PART YEAR	2 00 4 00	X						0	0	0
ARCH PEQUET DIRECTOR	2 00 4 00	X						0	0	0
TIM WESTLAKE DIRECTOR	2 00 4 00	X						0	0	0
BETTY ARNDT DIRECTOR - PHC BOARD	1 00 4 00	X						0	0	0
DIXON BENZ DIRECTOR - PHC BOARD - PART YEAR	1 00 4 00	X						0	0	0
DOUG HASTAD DIRECTOR - PHC BOARD	1 00 4 00	X						0	0	0
MARK MOHR DIRECTOR - PHC BOARD	1 00 4 00	X						0	0	0
ELLEN MURPHY DIRECTOR - PHC BOARD	1 00 4 00	X						0	0	0
RALPH RAMIREZ DIRECTOR - PHC BOARD	1 00 4 00	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DAVID ROELKE DIRECTOR - PHC BOARD	1 00 4 00	X						0	0	0
JULIE SCHROEDER DIRECTOR - PHC BOARD	1 00 4 00	X						0	0	0
DAVID EBEL INTERIM CFO	2 00 50 00			X				0	0	0
NANINE NELSON CFO - PHC - PART YEAR	2 00 50 00			X				0	410,111	23,345
RONALD FARR CFO	2 00 50 00			X				0	0	0
JAMES GARDNER VP MEDICAL AFFAIRS	40 00 0 00				X			436,733	0	59,230
KENNETH PRICE CHIEF ADMIN OFFICER	32 00 0 00				X			195,730	117,367	48,169
ERIC HENDEE CHIEF PHYSICIST - RADIOLOGY	40 00 0 00					X		195,730	0	41,574
MOHAMMAD KHARBAT DIRECTOR PHARMACY	40 00 0 00					X		183,560	0	29,933
LINDA TREVINO CLINICAL NURSE II	40 00 0 00					X		150,791	861	2,653
MICHAEL KOWALOK PHYSICIST	40 00 0 00					X		173,242	0	14,269
JEAN MCDONALD DIRECTOR ONCOLOGY-WOMEN'S SERVICES	40 00 0 00					X		156,118	0	14,477

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

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

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

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

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

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

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

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

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

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

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

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? **11g(i)**		
(ii) A family member of a person described in (i) above? **11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

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

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a Total number of conservation easements	2a	
b Total acreage restricted by conservation easements	2b	
c Number of conservation easements on a certified historic structure included in (a)	2c	
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d	

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

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

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

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	0	6,710,388	6,625,195	6,542,035	5,498,739
b	Contributions			88,002	84,926	1,045,116
c	Net investment earnings, gains, and losses			-2,809	-1,766	-1,820
d	Grants or scholarships					
e	Other expenditures for facilities and programs		6,710,388			
f	Administrative expenses					
g	End of year balance			6,710,388	6,625,195	6,542,035

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

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

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

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
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		23,062,875		23,062,875
b Buildings		320,065,173	160,690,475	159,374,698
c Leasehold improvements		2,711,381	2,541,178	170,203
d Equipment		361,838,302	279,456,494	82,381,808
e Other		51,992,638		51,992,638
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				316,982,222

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

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

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

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

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

(a) Description	(b) Book value
(1) DEFERRED FINANCING	1,180,435
(2) DEBT SERVICE RESERVE FUND	-811,576
(3) ACCRUED INTEREST RECEIVABLE	480,314
(4) DUE FROM AFFILIATES	16,993,024
(5) OTHER ASSETS	3,217,633
(6) DEPRECIATION RESERVE	66,205,504
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	87,265,334

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
ACCRUED POSTRETIREMENT MEDICAL	85,385
FAIR VALUE-INTEREST RATE SWAP	18,302,147
ASSET RETIREMENT OBLIGATION	114,228
ACCUMULATED MIN PENSION LIABILITY	34,020,398
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	52,522,158

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

Part XIII Supplemental Information

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

Return Reference	Explanation
PART X, LINE 2	FIN48 DISCLOSURE PHC, WMH, OMH, NATIONAL REGENCY, PHCMA, PHCF, AND PHHC ARE NOT-FOR-PROFIT CORPORATIONS AS DESCRIBED IN SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE (THE "CODE") AND ARE EXEMPT FROM FEDERAL INCOME TAXES PURSUANT TO SECTION 501(A) OF THE CODE ALL OF THESE ENTITIES ARE, HOWEVER, SUBJECT TO FEDERAL AND STATE INCOME TAXES ON ANY UNRELATED BUSINESS INCOME UNDER THE PROVISIONS OF SECTION 511 OF THE CODE WHS IS A FOR-PROFIT CORPORATION THAT ACCOUNTS FOR INCOME TAXES UNDER THE ASSET AND LIABILITY METHOD OF ACCOUNTING A CURRENT TAX LIABILITY OR ASSET IS RECOGNIZED FOR THE ESTIMATED TAXES PAYABLE OR REFUNDABLE ON TAX RETURNS FOR THE YEAR DEFERRED TAX LIABILITIES OR ASSETS ARE RECOGNIZED FOR THE ESTIMATED FUTURE TAX EFFECTS OF TEMPORARY DIFFERENCES BETWEEN FINANCIAL REPORTING AND TAX ACCOUNTING ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE CORPORATION AND RECOGNIZE A TAX LIABILITY IF THE CORPORATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE IRS OR OTHER APPLICABLE TAXING AUTHORITIES MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE CORPORATION AND HAS CONCLUDED THAT AS OF SEPTEMBER 30, 2014, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE CONSOLIDATED FINANCIAL STATEMENTS THE CORPORATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS AND IS CURRENTLY BEING AUDITED FOR THE 2012 TAX PERIOD FOR WAUKESHA MEMORIAL HOSPITAL, INC MANAGEMENT BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO SEPTEMBER 30, 2011

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			3,369,953		3,369,953	0 810 %
b Medicaid (from Worksheet 3, column a)			40,527,565	22,535,922	17,991,643	4 300 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			43,897,518	22,535,922	21,361,596	5 110 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	32	46,095	6,005,126	94,261	5,910,865	1 410 %
f Health professions education (from Worksheet 5)	9	1,955	6,359,330	3,943,997	2,415,333	0 580 %
g Subsidized health services (from Worksheet 6)	2		4,656,180	2,087,138	2,569,042	0 610 %
h Research (from Worksheet 7)	1		507,944		507,944	0 120 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	8	13,715	1,442,236	131,303	1,310,933	0 310 %
j **Total.** Other Benefits	52	61,765	18,970,816	6,256,699	12,714,117	3 030 %
k **Total.** Add lines 7d and 7j	52	61,765	62,868,334	28,792,621	34,075,713	8 140 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing	1	387	23,526		23,526	0 010 %
2	Economic development						
3	Community support	1	471	34,206		34,206	0 010 %
4	Environmental improvements						
5	Leadership development and training for community members	1	117	10,979	22	10,957	0 %
6	Coalition building	1	83	391		391	0 %
7	Community health improvement advocacy	1	1,127	11,780		11,780	0 %
8	Workforce development	1	12	28,548		28,548	0 010 %
9	Other						
10	**Total**	6	2,197	109,430	22	109,408	0 030 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	11,794,015		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	1,149,089		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	83,449,176
6	Enter Medicare allowable costs of care relating to payments on line 5	6	148,220,379
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-64,771,203

8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

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

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	1 PROHEALTH ALIGNED LLC	AMBULATORY SURGERY CENTER	51 000 %		49 000 %
2	2 THE ORTHOPEDIC SURGERY CENTER LLC	ORTHOPEDIC SURGICAL SERVICES	30 000 %		70 000 %
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? 2

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group WAUKESHA MEMORIAL HOSPITAL INC

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

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☑ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) FULL WEBSITE LISTED IN PART V SECTION C			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☑ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group REHABILITATION HOSPITAL OF WISCONSIN LLC

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) 2

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

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

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

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

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)
1	REHAB HOSPITAL OF WI OUTPATIENT CLINIC 1625 COLDWATER CREEK DRIVE WAUKESHA, WI 53188	OUTPATIENT REHABILATION CLINIC
2	PROHEALTH ALIGNED LLC 1111 DELAFIELD ST SUITE 100 WAUKESHA, WI 53188	AMBULATORY SURGERY CENTER
3	THE ORTHOPEDIC SURGERY CENTER LLC W238 N 1610 BUSSE ROAD SUITE 100 WAUKESHA, WI 53188	ORTHOPEDIC SURGERY CENTER
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Provide the following information

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

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

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

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

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

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

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

Form and Line Reference	Explanation
PART I, LINE 3C	N/A

Form and Line Reference	Explanation
PART I, LINE 6A	PROHEALTH CARE, INC

Form and Line Reference	Explanation
PART I, LINE 7	THE COST-TO-CHARGE RATIO WAS USED TO CALCULATE AMOUNTS ON LINES 7A-7D THIS WAS CALCULATED BY USING WORKSHEET 2 OF THE SCHEDULE H INSTRUCTIONS THE HOSPITAL'S FINANCIAL COST REPORTING SYSTEM WAS USED TO CALCULATE THE AMOUNTS ON LINES 7E-7I

Form and Line Reference	Explanation
PART I, LINE 7G	N/A

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	$11,754,492 OF BAD DEBT EXPENSES FROM WAUKESHA MEMORIAL HOSPITAL, INC WAS INCLUDED ON FORM 990, PART, IX, LINE 25 ADDITIONALLY, THERE WAS BAD DEBT EXPENSE OF $39,523 RELATED TO REHABILITATION HOSPITAL OF WISCONSIN, LLC BOTH AMOUNTS WERE SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	WAUKESHA/OCONOMOWOC MEMORIAL HOSPITALS HAVE PARTNERSHIPS WITH VARIOUS ORGANIZATIONS THROUGHOUT THE COMMUNITIES WE SERVE ONE EXAMPLE IS THE PARTNERSHIPS WE HAVE WITH THE LOCAL CHAMBERS OF COMMERCE WITHIN OUR SERVICE AREA BY PROVIDING LEADERSHIP AND HEALTH RELATED OUTREACH TOWARDS STRENGTHENING COMMUNITY DEVELOPMENT WE ARE THE MAJOR SPONSOR FOR "LEADERSHIP WAUKESHA", A PROGRAM THAT FOCUSES ON THE DEVELOPMENT OF EMERGING LEADERS IN OUR COUNTY ADDITIONALLY, WE PROVIDE LAND, RESOURCES AND EXPERTISE FOR LOCAL COMMUNITY GARDENS WE PROVIDE DELIVERY OF EMERGENCY CARE IN THE COMMUNITY AND OFFER/SUPPORT NUMEROUS SERVICES AIMED AT OUR YOUTH INCLUDING SPONSORSHIP OF SAFE "AFTER PROM" ACTIVITIES WE SUPPORT AREA HOMELESS SHELTERS AND ARE ACTIVE MEMBERS OF THE HOUSING ACTION COALITION AND HISPANIC COLLABORATIVE NETWORK

Form and Line Reference	Explanation
PART III, LINE 4	BAD DEBT EXPENSE FOOTNOTE FOR WAUKESHA MEMORIAL HOSPITAL, INC AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS BY USING HISTORICAL WRITE-OFF RATE FACTORS APPLIED TO UNPAID ACCOUNTS BASED ON AGING LOSS RATE FACTORS ARE BASED ON HISTORICAL LOSS EXPERIENCE AND ARE ADJUSTED FOR ECONOMIC CONDITIONS AND OTHER TRENDS AFFECTING THE HOSPITAL'S ABILITY TO COLLECT OUTSTANDING AMOUNTS UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE THE BAD DEBT COST WAS REVIEWED BY THE HOSPITAL'S REVENUE CYCLE TEAM AND THE AMOUNT OF BAD DEBT ESTIMATED TO BE ATTRIBUTABLE TO PATIENTS WHO WOULD HAVE QUALIFIED UNDER OUR FINANCIAL ASSISTANCE PROGRAM IS 30% OF TOTAL BAD DEBTS THE AMOUNT OF BAD DEBT EXPENSE REPORTED ON PART III LINE 2 IS THE BAD DEBT EXPENSE REPORTED ON FORM 990 PART IX FOR WAUKESHA MEMORIAL HOSPITAL PLUS ITS SHARE OF THE BAD DEBT EXPENSE OF REHABILITATION HOSPITAL OF WISCONSIN LLC BAD DEBT EXPENSE FOOTNOTE FOR REHABILITATION HOSPITAL OF WISCONSIN LLC ACCOUNTS RECEIVABLE PRIMARILY CONSIST OF AMOUNTS DUE FROM THIRD-PARTY PAYORS AND PATIENTS THE HOSPITAL'S ABILITY TO COLLECT OUTSTANDING RECEIVABLES IS CRITICAL TO ITS RESULTS OF OPERATIONS AND CASH FLOWS TO PROVIDE FOR ACCOUNTS RECEIVABLE THAT COULD BECOME UNCOLLECTIBLE IN THE FUTURE, THE HOSPITAL ESTABLISHES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS TO REDUCE THE CARRYING VALUE OF SUCH RECEIVABLES TO THEIR ESTIMATED NET REALIZABLE VALUE THE PRIMARY UNCERTAINTY OF SUCH ALLOWANCES LIES WITH UNINSURED PATIENT RECEIVABLES AND DEDUCTIBLES, CO-PAYMENTS OR OTHER AMOUNTS DUE FROM INDIVIDUAL PATIENTS THE HOSPITAL'S POLICY TO RECORD AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IS BASED UPON A PERCENTAGE OF NET RECEIVABLES BY AGE OF BALANCE AFTER DISCHARGE DATE THE HOSPITAL HAS AN ESTABLISHED PROCESS TO DETERMINE THE ADEQUACY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THAT RELIES ON A NUMBER OF ANALYTICAL TOOLS AND BENCHMARKS TO ARRIVE AT A REASONABLE ALLOWANCE NO SINGLE STATISTIC OR MEASUREMENT DETERMINES THE ADEQUACY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS SOME OF THE ANALYTICAL TOOLS THAT THE HOSPITAL UTILIZES INCLUDE, BUT ARE NOT LIMITED TO, HISTORICAL CASH COLLECTION EXPERIENCE, REVENUE TRENDS BY PAYOR CLASSIFICATION AND REVENUE DAYS IN ACCOUNTS RECEIVABLE INDIVIDUAL PATIENT ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE HOSPITAL'S POLICIES BAD DEBT EXPENSE IS RECORDED FOR FINANCIAL STATEMENT PURPOSES BASED ON UNCOLLECTED REVENUE, BUT THE RELATED COST COULD BE DETERMINED BY APPLYING COST TO CHARGE RATIOS FROM THE MEDICARE COST REPORT DISCOUNTS ARE RECORDED TO AN APPROPRIATE CONTRA REVENUE ACCOUNT INCLUDING CHARITY CARE WHEN APPLICABLE, PAYMENTS RECEIVED AFTER AN ACCOUNT HAS BEEN WRITTEN OFF WOULD DECREASE BAD DEBT EXPENSE MOST OF THE PATIENTS FOR WHICH BAD DEBT EXPENSE IS RECORDED WOULD PROBABLY QUALIFY FOR SOME LEVEL OF FINANCIAL ASSISTANCE ACCORDING TO HOSPITAL POLICIES, BUT MANY CHOOSE NOT TO COMPLETE THE NECESSARY FINANCIAL ASSISTANCE APPLICATION SO THAT THIS CAN BE PROPERLY DETERMINED

Form and Line Reference	Explanation
PART III, LINE 8	THE SHORTFALL ON LINE 7 SHOULD NOT BE TREATED AS COMMUNITY BENEFIT COSTING METHODOLOGY USED IS THE COST TO CHARGE RATIO AS REPORTED ON THE MEDICARE COST REPORT

Form and Line Reference	Explanation
PART III, LINE 9B	PATIENTS THAT QUALIFY FOR FINANCIAL ASSISTANCE WILL HAVE A CHARITY DISCOUNT APPLIED TO THEIR BALANCES AT THE TIME OF BILLING IF THIS RESULTS IN NO BALANCE DUE FORM THE PATIENT, THEN THE PATIENT WILL NOT RECEIVE A STATEMENT IF A BALANCE REMAINS AFTER THE DISCOUNT PERCENTAGE IS APPLIED, THE PATIENT WILL RECEIVE A STATEMENT FOR THE BALANCE DUE THE STATEMENT CYCLE IS CONSISTENT FOR ALL PATIENTS

Form and Line Reference	Explanation
PART VI, LINE 2	COMMUNITY NEEDS ARE IDENTIFIED BASED UPON A REVIEW OF STATE, COUNTY AND COMMUNITY HEALTH DATA AND ASSESSMENTS THIS INCLUDES SUCH DOCUMENTS AS THE STATE HEALTH PLAN, THE COUNTY HEALTH REPORT CARD, THE WAUKESHA COMMUNITY HEALTH SURVEY, THE HEALTHY PEOPLE 2020 PLAN AND VARIOUS OTHER NEEDS ASSESSMENTS, SUCH AS THE UNITED WAY/UNIVERSITY OF WISCONSIN SURVEY OF WAUKESHA COUNTY ADDITIONALLY, WE HAVE ACTIVELY PARTNERED WITH OUR COUNTY HEALTH DEPARTMENT IN THEIR COMMUNITY HEALTH IMPROVEMENT PLAN AND PROCESS (CHIPP) ASSESSMENT TO COMPLEMENT ALL OF THESE DATA SOURCES, WE ALSO PERIODICALLY PERFORM A SERVICE GAP ANALYSIS WITH OUR EMPLOYED COMMUNITY OUTREACH NURSES AS WELL AS LOCAL NON-PROFIT AGENCIES WITH WHICH WE PARTNER WE THEN ANALYZE THE DATA, IDENTIFY THE PRESSING NEEDS, AND PROACTIVELY PLAN AND IMPLEMENT COMMUNITY BENEFIT INITIATIVES TO ADDRESS THESE NEEDS WE ARE CURRENTLY COLLECTING AND ANALYZING PRIMARY DATA FOR OUR FORMAL CHNA AS REQUIRED BY THE AFFORDABLE CARE ACT

Form and Line Reference	Explanation
PART VI, LINE 3	EVERY PATIENT WITH A SELF PAY BALANCE RECEIVES A STATEMENT WHICH CONVEYS THE AVAILABILITY OF COMMUNITY (CHARITY) CARE AND A CONTACT NUMBER FOR FURTHER INFORMATION PATIENTS THAT ARE UNINSURED RECEIVE AN UNINSURED DISCOUNT WHICH IS LISTED ON THE FIRST STATEMENT THAT THEY RECEIVE PATIENTS RECEIVE A TOTAL OF FOUR STATEMENTS EACH STATEMENT CONTAINS VERBIAGE REFERENCING THE HOSPITAL'S COMMUNITY CARE PROGRAM AND A CONTACT NUMBER FOR FURTHER INFORMATION IF SOMEONE HAS BEEN FOUND ELIGIBLE FOR SOME LEVEL OF CHARITY CARE, THE ELIGIBILITY PERIOD IS THREE MONTHS SO ANY SUBSEQUENT ACCOUNTS DURING THAT TIMEFRAME WOULD BE DISCOUNTED AT WHATEVER LEVEL OF CHARITY CARE THE PATIENT IS DEEMED ELIGIBLE PATIENTS MAY REAPPLY FOR COMMUNITY CARE WHEN THEIR ELIGIBILITY PERIOD HAS EXPIRED SELF PAY PATIENTS MAY ALSO BE INFORMED OF THE HOSPITAL'S COMMUNITY CARE PROGRAM WHILE THEY ARE INPATIENTS SOCIAL WORK AND/OR THE BUSINESS OFFICE MAY MAKE CONTACT WITH THESE PATIENTS DURING THEIR STAY TO INFORM THEM OF THE COMMUNITY CARE PROGRAM AND ASSIST THEM WITH COMPLETION OF THE APPLICATION INFORMATION IS AVAILABLE AT REGISTRATION AREAS RELATED TO OUR COMMUNITY CARE PROGRAM THIS INFORMATION CONTAINS CONTACT INFORMATION FOR THE HOSPITAL'S CENTRAL BUSINESS OFFICE WHERE PATIENTS CAN RECEIVE ASSISTANCE IN OBTAINING AND COMPLETING APPLICATIONS

Form and Line Reference	Explanation
PART VI, LINE 4	PROHEALTH CARE SERVES ABOUT 285,000 PEOPLE EACH YEAR IN WAUKESHA COUNTY AND PORTIONS OF SURROUNDING COUNTIES IN EVERY FEDERAL POPULATION CENSUS, WAUKESHA COUNTY HAS RECORDED AN INCREASE IN POPULATION SINCE 1960, THE POPULATION OF THE COUNTY HAS MORE THAN DOUBLED WAUKESHA COUNTY HAS AN AGING POPULATION WITH 14 7% OVER THE AGE OF 65 AND A MEDIAN AGE OF 42 0 YEARS THE RATE OF RETIREMENT IS LIKELY TO SURPASS THE RATE OF ENTRY INTO THE WORKFORCE BETWEEN 2015 AND 2020 THE RACIAL MAKEUP OF THE WAUKESHA COUNTY COMMUNITY IS AS FOLLOWS CAUCASIAN (NON-HISPANIC) 94 1%, HISPANIC OR LATINO 4 4%, ASIAN 3 0%, BLACK 1 4% MEDIAN HOUSEHOLD INCOME IS $75,689, WITH 5 0% OF PEOPLE LIVING BELOW THE POVERTY LEVEL UNEMPLOYMENT IN WAUKESHA COUNTY STOOD AT 4 2% AS OF SEPTEMBER 2014 THE PRESENCE OF SOME HIGH INCOME COMMUNITIES IN WAUKESHA COUNTY OFTEN GIVES A MISTAKEN IMPRESSION OFTEN OVERLOOKED IS A GROWING POPULATION OF LOW INCOME, NON-ENGLISH SPEAKING, VULNERABLE AND MARGINALIZED CITIZENS WHO FACE ENORMOUS ODDS IN ACCESSING HEALTH CARE THE WAUKESHA COUNTY MEDICAID POPULATION HAS NEARLY TRIPLED IN 10 YEARS, FROM ABOUT 9,451 PEOPLE IN 2000 TO MORE THAN 30,000 IN 2011 THE HISPANIC POPULATION HAS SEEN A 42% INCREASE IN THE PAST 8 YEARS DOWNTOWN WAUKESHA WAS DECLARED A "MEDICALLY UNDERSERVED" AREA AND A "HEALTH-PROFESSIONAL SHORTAGE AREA" BY THE FEDERAL GOVERNMENT IN 2008 AS AN UNDERSERVED AREA, MEDICAL OPTIONS FOR INDIVIDUALS, PARTICULARLY THOSE WITHOUT HEALTH INSURANCE OR WITH PUBLIC INSURANCE, ARE SEVERELY LIMITED BECAUSE PRIVATE SERVICE PROVIDERS OFTEN REFUSE TO CARE FOR THESE INDIVIDUALS CONSEQUENTLY, PROHEALTH CARE EMBARKED ON A FUND-RAISING INITIATIVE TO SUPPORT THE FORMATION OF AN FEDERALLY QUALIFIED HEALTH CENTER (FQHC) IN DOWNTOWN WAUKESHA

Form and Line Reference	Explanation
PART VI, LINE 5	OCONOMOWOC/WAUKESHA MEMORIAL HOSPITAL HAS PARTNERSHIPS WITH VARIOUS NON-PROFIT ORGANIZATIONS AIMED AT IMPROVING THE HEALTH OF OUR COMMUNITY WE ARE ACTIVELY INVOLVED WITH PROGRAMMING AND ONGOING FINANCIAL SUPPORT OF THE WAUKESHA COMMUNITY HEALTH CENTER, THE NEW AND ONLY FEDERALLY-QUALIFIED HEALTH CENTER SERVING OUR AREA WE PROVIDE ONGOING FINANCIAL AND IN-KIND SUPPORT TO THE AREA FREE CLINICS SEVERAL OF OUR STAFF ARE ACTIVITY INVOLVED WITH THE HEALTH DEPARTMENT'S CHIPP AND SERVE ON A VARIETY OF COMMITTEES FOR THE DEPARTMENT OF HEALTH AND HUMAN SERVICES OUR OUTREACH NURSING PROGRAM SUPPORTS MORE THAN 70 AREA PARTNER AGENCIES FROM COMMUNITY-WIDE HEALTH FAIRS OFFERING A WIDE VARIETY OF FREE SCREENINGS TO OUR ONGOING PROVISION OF OPERATIONAL SPACE FOR THE WAUKESHA COUNTY COMMUNITY DENTAL CLINIC AND MULTIPLE OTHER NON-PROFITS, WE PROVIDE BROAD SUPPORT TO SAFETY NET ORGANIZATIONS IN OUR AREA WE ALSO PROVIDE OTHER, DIVERSE SUPPORT IN THE COMMUNITY SUCH AS NUMEROUS SERVICES AIMED AT OUR YOUTH INCLUDING SPONSORSHIP OF SAFE "AFTER PROM" ACTIVITIES WE SUPPORT AREA HOMELESS SHELTERS AND ARE ACTIVE MEMBERS OF THE HOUSING ACTION COALITION AND HISPANIC COLLABORATIVE NETWORK

Form and Line Reference	Explanation
PART VI, LINE 6	OUR HOSPITAL IS A MEMBER OF THE PROHEALTH CARE HEALTH SYSTEM WHICH SERVES AS OUR PARENT COMPANY WHILE COMMUNITY BENEFIT RESPONSIBILITIES RESIDE WITH OUR HOSPITAL BOARD, THE PARENT COMPANY PLAYS A KEY ROLE IN COORDINATING COMMUNITY NEEDS ASSESSMENTS, COMMUNITY BENEFIT PROGRAM PLANNING, AND EVALUATION A DESCRIPTION OF EACH AFFILIATES ROLE IN PROMOTING HEALTH WITHIN THE COMMUNITIES SERVED IS AS FOLLOWS PROHEALTH CARE, INC - HELPS TO MANAGE THE HOSPITALS TO ENSURE THEY CAN PROMOTE HEALTH AND WELLNESS WITHIN THE COMMUNITY NATIONAL REGENCY OF NEW BERLIN, INC - OWNS AND OPERATES SENIOR LIVING CENTERS AS A MEANS TO PROMOTE HEALTH WITHIN THE COMMUNITY PROHEALTH HOME CARE, INC - PROVIDES HOSPICE AND HOME HEALTH CARE SERVICES AS A MEANS TO PROMOTE HEALTH WITHIN THE COMMUNITY PROHEALTH CARE FOUNDATION, INC - SUPPORTS THE CHARITABLE MISSION OF WAUKESHA MEMORIAL HOSPITAL AND OCONOMOWOC MEMORIAL HOSPITAL SO THAT IT MAY PROVIDE HEALTH SERVICES WITHIN THE COMMUNITY PROHEALTH CARE MEDICAL ASSOCIATES, INC - OPERATES 18 CLINIC AND URGENT CARE LOCATIONS THROUGHOUT WAUKESHA COUNTY AND THE SURROUNDING COMMUNITIES PROHEALTH CARE MEDICAL ASSOCIATES FULFILLS ITS EXEMPT PURPOSE BY PROVIDING CARE AND SERVICES TO ALL PATIENTS REGARDLESS OF INSURANCE OR ABILITY TO PAY PROHEALTH CARE MEDICAL ASSOCIATES PROVIDED 432,729 CLINIC VISITS DURING THE FISCAL YEAR ENDED SEPTEMBER 30, 2014 OCONOMOWOC MEMORIAL HOSPITAL, INC - PROVIDES CARE AND SERVICES TO ALL PATIENTS REGARDLESS OF INSURANCE OR ABILITY TO PAY OCONOMOWOC MEMORIAL HOSPITAL ALSO USES ITS RESOURCES TO ADDRESS VARIOUS COMMUNITY NEEDS OCONOMOWOC MEMORIAL HOSPITAL PROVIDED APPROXIMATELY 9,038 DAYS OF INPATIENT CARE AND APPROXIMATELY 68,208 OUTPATIENT VISITS DURING THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	WI

Additional Data

Software ID:
Software Version:
EIN: 39-0910727
Name: WAUKESHA MEMORIAL HOSPITAL INC

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
WAUKESHA MEMORIAL HOSPITAL, INC	
WAUKESHA MEMORIAL HOSPITAL, INC	PART V, SECTION B, LINE 5D THE CHNA IS AVAILABLE AT WWW PROHEALTHCARE ORG/ABOUT-US-COMMUNITY-BENEFIT ASPX
WAUKESHA MEMORIAL HOSPITAL, INC	PART V, SECTION B, LINE 7 ADDITIONAL COMMUNITY NEEDS IDENTIFIED INCLUDED MENTAL HEALTH, A ODA AND ACCESS TO CARE AS THESE ARE THE NEEDS CHOSEN BY THE WAUKESHA COUNTY HHS, WE CHOSE NOT TO DUPLICATE RATHER, WE ARE ACTIVELY PARTNERING WITH THE COUNTY TO ADDRESS THESE NEE DS IN ADDITION TO OTHER NEEDS WE IDENTIFIED AS A PART OF OUR CHNA
REHABILITATION HOSPITAL OF WISCONSIN LLC	PART V, SECTION B, LINE 14G NOTIFIED PATIENTS OF FINANCIAL ASSISTANCE POLICY AND OFFERED APPLICATION IF PATIENT OR FAMILY MEMBER EXPRESSED FINANCIAL HARDSHIP
REHABILITATION HOSPITAL OF WISCONSIN LLC	PART V, SECTION B, LINE 20D THE HOSPITAL HAS NEVER HAD AN EMERGENCY CARE SITUATION REQUIR ING THE DETERMINATION OF AN AMOUNT TO BE BILLED FOR SERVICES TO A PATIENT IN THESE CIRCUMS TANCES IF SUCH A CASE ARISES, THE HOSPITAL WILL CONSULT WITH WAUKESHA MEMORIAL HOSPITAL T O DETERMINE APPROPRIATE EMERGENCY CARE CHARGES AND THEN APPLY PROCEDURES ACCORDING TO CHAR ITY CARE AND PRIVATE PAY DISCOUNT POLICIES IF THE PATIENT IS ELIGIBLE

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) PROHEALTH CARE INC N17 W24100 RIVERWOOD DR STE 200 WAUKESHA, WI 531881131	39-1486873	501(C)(3)		17,933,881	N/A	N/A	TO ASSIST PROHEALTH CARE, INC IN ITS CHARITABLE MISSION

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

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

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

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

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

Return Reference	Explanation
PART I, LINE 2	ALL GRANTS ARE APPROVED AND PROCESSED BY THE ORGANIZATION'S MANAGEMENT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 3	THIS ENTITY RELIED ON A RELATED ORGANIZATION THAT USED THE FOLLOWING METHODS TO ESTABLISH COMPENSATION FOR OFFICERS AND DIRECTORS 1 COMPENSATION COMMITTEE 2 COMPENSATION STUDY 3 APPROVAL OF THE BOARD ANNUALLY APPROVING COMPENSATION AMOUNTS 4 INDEPENDENT COMPENSATION CONSULTANT 5 WRITTEN EMPLOYEMENT CONTRACT
PART I, LINES 4A-B	LINE 4A NANINE NELSON RECEIVED SEVERANCE PAYMENTS TOTALING $82,929 DURING THE 2013 CALENDAR YEAR PAYMENTS ARE MADE IN BIWEEKLY INSTALLMENTS OVER AN 18 MONTH PERIOD PER THE AGREEMENT BETWEEN NANINE NELSON AND PROHEALTH CARE, INC LINE 4B NAME CURRENT FISCAL YEAR PAYOUT NANINE NELSON $186,460 JAMES GARDNER KENNETH PRICE SUSAN EDWARDS PROHEALTH CARE INC (PHC) MAINTAINS A SUPPLEMENTAL RETIREMENT PLAN (SERP) FOR A SELECT GROUP OF EXECUTIVES OF PHC AND ITS AFFILIATED ENTITIES THE SERP IS AN UNFUNDED, NONQUALIFIED DEFERRED COMPENSATION PLAN THAT IS INTENDED TO COMPLY WITH SECTION 457(F) OF THE INTERNAL REVENUE CODE BENEFITS UNDER THE SERP ARE TAXABLE TO THE PARTICIPATING EXECUTIVES WHEN SUCH AMOUNTS ARE VESTED
PART I, LINE 6	PRO HEALTH CARE HAS A LEADERSHIP INCENTIVE PROGRAM FOR LEADERS OF THE CORPORATION AND RELATED ORGANIZATIONS (COLLECTIVELY THE "SYSTEM") THE PLAN RELATES FINANCIAL REWARD TO THE SYSTEM'S ACHIEVEMENT OF CERTAIN FINANCIAL AND NON-FINANCIAL OBJECTIVES THE PRIMARY PURPOSE OF THE PLAN IS TO SUPPORT THE SYSTEM'S MISSION TO ACHIEVE CONTINUED GROWTH AND DEMONSTRATE VALUE THROUGH (1) A SEAMLESS CONTINUUM OF PATIENT CENTERED CARE, (2) NATIONALLY RECOGNIZED OUTCOMES, (3) RESPONSIBLE AND EFFICIENT USE OF HEALTH CARE RESOURCES, AND (4) A FOCUS ON THE HEALTH OF OUR COMMUNITY

Additional Data

Software ID:
Software Version:
EIN: 39-0910727
Name: WAUKESHA MEMORIAL HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
SUSAN EDWARDS CEO - PHC	(I) (II)	0 775,024	0 185,382	0 0	0 750,007	0 18,570	0 1,728,983	0 185,382
JOHN ROBERTSTAD PRESIDENT - PHC HOSPITAL DIVISION	(I) (II)	444,913 0	97,684 0	1,655 0	36,671 0	34,128 0	615,051 0	97,684 0
NANINE NELSON CFO - PHC - PART YEAR	(I) (II)	0 327,182	0 0	0 82,929	0 11,214	0 12,131	0 433,456	0 275,124
JAMES GARDNER VP MEDICAL AFFAIRS	(I) (II)	355,020 0	69,194 0	12,519 0	29,909 0	29,321 0	495,963 0	60,896 0
KENNETH PRICE CHIEF ADMIN OFFICER	(I) (II)	139,266 117,367	47,221 0	9,243 0	23,059 0	25,110 0	243,899 117,367	47,221 0
ERIC HENDEE CHIEF PHYSICIST - RADIOLOGY	(I) (II)	189,627 0	6,103 0	0 0	16,282 0	25,292 0	237,304 0	398 0
MOHAMMAD KHARBAT DIRECTOR PHARMACY	(I) (II)	173,533 0	10,027 0	0 0	9,443 0	20,490 0	213,493 0	10,027 0
LINDA TREVINO CLINICAL NURSE II	(I) (II)	136,359 861	14,432 0	0 0	2,519 0	134 0	153,444 861	242 0
MICHAEL KOWALOK PHYSICIST	(I) (II)	172,911 0	331 0	0 0	4,603 0	9,666 0	187,511 0	331 0
JEAN MCDONALD DIRECTOR ONCOLOGY-WOMEN'S SERVICES	(I) (II)	147,564 0	8,554 0	0 0	1,514 0	12,963 0	170,595 0	8,554 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

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	WISCONSIN HEALTH & EDUCATIONAL FACILITIES	39-1337855	97710BDJ8	08-14-2008	107,960,000	CURRENT REFUND BONDS ISSUED 4/25/01 & CURRENT REFUND BONDS ISSUED 6/9/04		X		X		X
B	WISCONSIN HEALTH & EDUCATIONAL FACILITIES	39-1337855	97710BGZ9	04-30-2009	66,126,415	RENOVATION TO HOSPITAL FACILITY & CONSTRUCTION OF PARKING STRUCTURE		X		X		X
C	WISCONSIN HEALTH & EDUCATIONAL FACILITIES	39-1337855	97710BB50	02-16-2011	32,039,358	CURRENT REFUND BONDS ISSUED 11/14/95 & CURRENT REFUND BONDS ISSUED 5/13/99		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	2,083,436		4,494,751	
2	Amount of bonds legally defeased				
3	Total proceeds of issue	108,443,475	59,515,749	32,039,358	
4	Gross proceeds in reserve funds		6,029,422		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	865,989	860,774	597,186	
8	Credit enhancement from proceeds	659,057			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds		58,654,976		
11	Other spent proceeds	106,918,429		31,442,173	
12	Other unspent proceeds				
13	Year of substantial completion	2007	2010	2001	

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X			X	X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		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		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		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		X			
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X			
c	Are there any research agreements that may result in private business use of bond-financed property?		X		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 %		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 %		0 %			
6	Total of lines 4 and 5	0 %		0 %		0 %			
7	Does the bond issue meet the private security or payment test?		X		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		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		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		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		
b	Exception to rebate?	X		X		X			
c	No rebate due?		X		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		X		
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		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		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		X		
7	Has the organization established written procedures to monitor the requirements of section 148?		X		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		X		

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

Return Reference	Explanation
PART I, A - COL C	THE CUSIP # OF 97710BDH2 ON FORM 8038 WAS NOT THE NUMBER ON THE BOND OF THE LATEST MATURITY THE NUMBER FOR THE LATEST MATURITY IS CORRECTLY REPORTED ON SCHEDULE K

Return Reference	Explanation
PART I, A - COL E	THE TOTAL ISSUE PRICE ON FORM 8038 IS $122,535,000 THE AMOUNT REPORTED ON SCHEDULE K IS ONLY THE AMOUNT OF THE ISSUE BENEFITING THE REPORTING ORGANIZATION

Return Reference	Explanation
PART I, B - COL C	THE CUSIP # OF 97710BGW6 ON FORM 8038 WAS NOT THE NUMBER ON THE BOND OF THE LATEST MATURITY THE NUMBER FOR THE LATEST MATURITY IS CORRECTLY REPORTED ON SCHEDULE K

Return Reference	Explanation
PART I, B - COL E	THE TOTAL ISSUE PRICE ON FORM 8038 IS $134,951,867 50 THE AMOUNT REPORTED ON SCHEDULE K IS ONLY THE AMOUNT OF THE ISSUE BENEFITING THE REPORTING ORGANIZATION

Return Reference	Explanation
PART I, C - COL C	THE CUSIP # OF 97710BB50 ON FORM 8038 WAS NOT THE NUMBER ON THE BOND OF THE LATEST MATURITY THE NUMBER FOR THE LATEST MATURITY IS CORRECTLY REPORTED ON SCHEDULE K

Return Reference	Explanation
PART I, C - COL E	THE TOTAL ISSUE PRICE ON FORM 8038 IS $35,678,572 65 THE AMOUNT REPORTED ON SCHEDULE K IS ONLY THE AMOUNT OF THE ISSUE BENEFITING THE REPORTING ORGANIZATION

Return Reference	Explanation
PART II, A - LINE 3	SALE PROCEEDS OF ISSUE IN AMOUNT OF $108,443,475 00 ALLOCABLE TO REPORTING ORGANIZATION PLUS ZERO INVESTMENT PROCEEDS

Return Reference	Explanation
PART II, A - LINE 6	PROCEEDS IN THE AMOUNT OF $106,918,428 56 ALLOCABLE TO REPORTING ORGANIZATION DEPOSITED IN REFUNDING ESCROWS ON 8/14/08, BALANCE ON 9/30/14 IS ZERO

Return Reference	Explanation
PART II, A - LINE 7	$865,989 17 OF PROCEEDS ALLOCABLE TO REPORTING ORGANIZATION USED FOR ISSUANCE COSTS, $659,057 27 USED FOR CREDIT ENHANCEMENT

Return Reference	Explanation
PART II, A - LINE 13	YEAR OF SUBSTANTIAL COMPLETION OF PROJECTS FINANCED WITH REFUNDED PRIOR BONDS ISSUED 4/25/01 WAS 2003 AND YEAR OF SUBSTANTIAL COMPLETION OF PROJECTS FINANCED WITH REFUNDED PRIOR BONDS ISSUED 6/09/04 WAS 2007

Return Reference	Explanation
PART II, B - LINE 3	SALE PROCEEDS OF ISSUE IN AMOUNT OF $66,126,415 08 ALLOCABLE TO REPORTING ORGANIZATION PLUS $1,975 67 OF INVESTMENT PROCEEDS ALLOCABLE TO REPORTING ORGANIZATION LESS SALE PROCEEDS IN THE AMOUNT OF $6,612,641 51 DEPOSITED IN REASONABLY REQUIRED RESERVE FUND ALLOCABLE TO REPORTING ORGANIZATION

Return Reference	Explanation
PART II, C - LINE 3	SALE PROCEEDS OF ISSUE IN AMOUNT OF $32,039,358 PLUS ZERO INVESTMENT PROCEEDS

Return Reference	Explanation
PART II, C - LINE 6	PROCEEDS IN THE AMOUNT OF $31,442,172 63 ALLOCABLE TO REPORTING ORGANIZATION DEPOSITED IN REFUNDING ESCROWS ON 2/16/11, BALANCE ON 9/30/14 IS ZERO

Return Reference	Explanation
PART II, C - LINE 13	YEAR OF SUBSTANTIAL COMPLETION OF PROJECTS FINANCED WITH REFUNDED PRIOR BONDS ISSUED 11/14/95 WAS 1995 AND YEAR OF SUBSTANTIAL COMPLETION OF PROJECTS FINANCED WITH REFUNDED PRIOR BONDS ISSUED 5/13/99 WAS 2001

Return Reference	Explanation
SCH K	IN 2012, PHC REFUNDED A PORTION OF THE 2009 BOND ISSUE, THE WMH PORTION IS INCLUDED IN THE BONDS RETIRED ASSOCIATED WITH THE REFUNDING THE 2009 DEBT SERVICE RESERVE FUND WAS REDUCED BY $1,190,243 80 OF WHICH $583,219 46 IS WMH'S ALLOCATED REDUCTION

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) Sharing of organization's revenues? No
(1) WAUKESHA HEALTH SYSTEM INC	BOARD MEMBER, JOHN ROBERTSTAD, IS AN OFFICER OF WAUKESHA HEALTH SYSTEM	894,280	WAUKESHA HEALTH SYSTEM PROVIDES RENT AND REIMBURSEMENT OF EXPENSES TO WMH		No
(2) THE ORTHOPEDIC SURGERY CENTER	BOARD MEMBER JOHN ROBERTSTAD IS AN OFFICER OF THE ORTHOPEDIC SURGERY CENTER	683,897	INVESTMENT DISTRIBUTIONS		No
(3) PROHEALTH ALIGNED LLC (DBA MSC)	JOHN ROBERTSTAD AND KENNETH PRICE ARE DIRECTORS OF PROHEALTH ALIGNED	1,873,374	INVESTMENT DISTRIBUTIONS		No
(4) PROHEALTH SOLUTIONS	JOHN ROBERTSTAD, SUSAN EDWARDS AND RON FARR ARE BOARD MEMBERS OF PHS	782,382	PROHEALTH SOLUTIONS PROVIDES PHYSICIAN SERVICES TO WAUKESHA MEMORIAL HOSPITAL		No

Part V Supplemental Information

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

Return Reference	Explanation

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SCHEDULE N (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Liquidation, Termination, Dissolution, or Significant Disposition of Assets

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

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

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

			Yes	No
2	Did or will any officer, director, trustee, or key employee of the organization			
a	Become a director or trustee of a successor or transferee organization?	2a		
b	Become an employee of, or independent contractor for, a successor or transferee organization?	2b		
c	Become a direct or indirect owner of a successor or transferee organization?	2c		
d	Receive, or become entitled to, compensation or other similar payments as a result of the organization's liquidation, termination, or dissolution?	2d		
e	If the organization answered "Yes" to any of the questions on lines 2a through 2d, provide the name of the person involved and explain in Part III ▶			

Part I Liquidation, Termination, or Dissolution *(continued)*

			Yes	No
	Note. If the organization distributed all of its assets during the tax year, then Form 990, Part X, column (B), line 16 (Total assets), and line 26 (Total liabilities), should equal -0-			
3	Did the organization distribute its assets in accordance with its governing instrument(s)? If "No," describe in Part III	**3**		
4a	Is the organization required to notify the attorney general or other appropriate state official of its intent to dissolve, liquidate, or terminate?	**4a**		
b	If "Yes," did the organization provide such notice?	**4b**		
5	Did the organization discharge or pay all of its liabilities in accordance with state laws?	**5**		
6a	Did the organization have any tax-exempt bonds outstanding during the year?	**6a**		
b	Did the organization discharge or defease all of its tax-exempt bond liabilities during the tax year in accordance with the Internal Revenue Code and state laws?	**6b**		
c	If "Yes" to line 6b, describe in Part III how the organization defeased or otherwise settled these liabilities If "No," explain in Part III			

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

1 (a) Description of asset(s) distributed or transaction expenses paid	(b) Date of distribution	(c) Fair market value of asset(s) distributed or amount of transaction expenses	(d) Method of determining FMV for asset(s) distributed or transaction expenses	(e) EIN of recipient	(f) Name and address of recipient	(g) IRC section of recipient(s) (if tax-exempt) or type of entity
INVESTMENT SECURITIES	08-31-2014	55,612,882	CURRENT QUOTED PRICES OF SECURITIES	39-1786873	PROHEALTH CARE INC N17 W24100 RIVERWOOD DR SUITE WAUKESHA,WI 53188	501 (C)(3)
INVESTMENT SECURITIES	09-30-2014	298,284,819	CURRENT QUOTED PRICES OF SECURITIES	39-1786873	PROHEALTH CARE INC N17 W24100 RIVERWOOD DR SUITE WAUKESHA,WI 53188	501 (C)(3)

			Yes	No
2	Did or will any officer, director, trustee, or key employee of the organization			
a	Become a director or trustee of a successor or transferee organization?	**2a**	Yes	
b	Become an employee of, or independent contractor for, a successor or transferee organization?	**2b**		No
c	Become a direct or indirect owner of a successor or transferee organization?	**2c**		No
d	Receive, or become entitled to, compensation or other similar payments as a result of the organization's significant disposition of assets?	**2d**		No
e	If the organization answered "Yes" to any of the questions on lines 2a through 2d, provide the name of the person involved and explain in Part III ▶			

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

Return Reference	Explanation
PART II, LINE 2E	PERSON(S) INVOLVED SUSAN EDWARDS, JOHN RAASCH, JANET SWANDBY, JIM GANNON, TOM PACKEE, DIXON BENZ, HELEN FORSTER, BETTY ARNDT, ELLEN MURPHY, RALPH RAMIREZ, DOUG HASTAD, MARK MOHR, DAVID ROELKE, AND JULIE SCHROEDER
PART II, LINE 2E	EXPLANATION OF INVOLVEMENT THE ABOVE INDIVIDUALS ARE DIRECTORS ON BOTH BOARDS OF WAUKESHA MEMORIAL HOSPITAL AND PROHEALTH CARE, INC

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
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3	
FORM 990, PART VI, SECTION A, LINE 6	PROHEALTH CARE, INC IS THE SOLE CORPORATE MEMBER
FORM 990, PART VI, SECTION A, LINE 7B	PROHEALTH CARE, INC HOLDS CERTAIN RESERVED POWERS OVER THE (NON-STOCK) CORPORATION, INCLU DING APPROVAL OF STRATEGIC PLANNING, ANNUAL OPERATING AND CAPITAL BUDGETS, BORROWING, TRAN SFER, LEASE, PLEDGE OR SALE OF ASSETS
FORM 990, PART VI, SECTION B, LINE 11	AFTER THE FORM 990 WAS PREPARED BY THE ORGANIZATION'S TAX PREPARERS AND PRIOR TO FILING TH E FORM 990, SELECT EXECUTIVE MEMBERS OF THE ORGANIZATION AND THE AUDIT & COMPLIANCE COMMIT TEE PERFORMED A REVIEW THEN THE ORGANIZATION'S TAX PREPARERS MADE A PRESENTATION TO THE A UDIT COMMITTEE, AND THE BOARD OF DIRECTORS WAS PROVIDED A COPY OF THE RETURN, WHICH WAS SU BSEQUENTLY FILED BY THE ORGANIZATION
FORM 990, PART VI, SECTION B, LINE 12C	ALL OFFICERS, VICE-PRESIDENTS, MANAGERS AND ABOVE, AS WELL AS BOARD MEMBERS ARE REQUIRED T O ANNUALLY COMPLETE A CONFLICT OF INTEREST FORM ALL REPORTED POTENTIAL CONFLICTS OF INTER EST ARE TRACKED IN THE CORPORATE COMPLIANCE DEPARTMENT THEY ARE REVIEWED AND ANY PERSON I DENTIFIED AS HAVING A POTENTIAL CONFLICT OF INTEREST IS GIVEN DIRECTION AS TO WHAT STEPS S HOULD BE TAKEN TO MITIGATE THE CONCERN ALL EMPLOYEES ARE EDUCATED ANNUALLY THE STEPS TAK EN WHEN A CONFLICT ARISES ARE AS FOLLOWS FOR THE BOARD OF DIRECTORS, THE RESTRICTION IS N OT BEING ALLOWED TO PARTICIPATE IN DISCUSSION OR VOTING RELATED TO ANY DECISION WHERE THE BOARD MEMBER HAS BEEN DETERMINED TO HAVE A CONFLICT OF INTEREST FOR LEADERS, RESEARCHERS, AND EMPLOYEES, RECOMMENDATIONS ARE MADE FROM COMPLIANCE MANAGER TO LEADERSHIP AND/OR HUMA N RESOURCES RESTRICTIONS CAN RANGE FROM ANY OF THE FOLLOWING DISCLOSING POTENTIAL CONFLI CTS OF INTEREST TO PATIENTS, NOT BEING ABLE TO BE INVOLVED IN DISCUSSION OR DECISION MAKIN G ON SPECIFIC TOPICS, AND NOT BEING ABLE TO WORK AT PROHEALTH IN THE SPECIFIC ROLE WHERE T HE REPORTED CONFLICT EXISTS IF THE RECOMMENDATION IS CHALLENGED, THE MATTER GOES TO THE S ENIOR EXECUTIVE TEAM FOR A DECISION
FORM 990, PART VI, SECTION B, LINE 15	AN INDEPENDENT, EXTERNAL COMPENSATION REVIEW IS CONDUCTED FOR THE POSITIONS OF CEO/PRESIDE NT, EXECUTIVE DIRECTOR, VICE-PRESIDENT, SENIOR VICE-PRESIDENT AND ABOVE THE RESULTS OF TH E COMPENSATION REVIEW ARE PRESENTED TO THE BOARD'S EXECUTIVE COMMITTEE FOR APPROVAL ANY M EMBER OF THE EXECUTIVE COMMITTEE WHOSE SALARY IS INCLUDED IN THE SALARY REVIEW IS RECUSED FROM THE APPROVAL PROCESS FOR HIS/HER SALARY APPROVAL THIS PROCESS WAS LAST DONE IN 2014
FORM 990, PART VI, SECTION C, LINE 19	FINANCIAL STATEMENTS, GOVERNING DOCUMENTS & CONFLICT OF INTEREST POLICY ARE AVAILABLE UPON REQUEST
FORM 990, PART VI, SECTION B, LINE 16B	THE PROCESS IS TO HAVE ALL JOINT VENTURE ARRANGEMENTS REVIEWED BY THE LEGAL DEPARTMENT TO ENSURE IT MEETS ALL LEGAL REQUIREMENTS AND TO ENSURE THAT WAUKESHA MEMORIAL HOSPITAL, INC MAY RETAIN ITS EXEMPT STATUS
FORM 990, PART IX, LINE 11G	PHYSICIAN FEES PROGRAM SERVICE EXPENSES 6,263,640 MANAGEMENT AND GENERAL EXPENSES 144,22 8 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 6,407,868 PHCMA PHYSICIAN FEE SUBSIDY PROGRAM SERVICE EXPENSES 5,343,785 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOT AL EXPENSES 5,343,785 LINEN SERVICES PROGRAM SERVICE EXPENSES 1,167,521 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,167,521 OUTSIDE SERVICES PR OGRAM SERVICE EXPENSES 7,686,404 MANAGEMENT AND GENERAL EXPENSES 863,145 FUNDRAISING EXP ENSES 0 TOTAL EXPENSES 8,549,549 PHC SERVICES PROGRAM SERVICE EXPENSES 81,258,383 MANA GEMENT AND GENERAL EXPENSES 8,928,502 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 90,186,885 MAINTENANCE CONTRACTS PROGRAM SERVICE EXPENSES 1,202,963 MANAGEMENT AND GENERAL EXPENSES 9,384,387 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 10,587,350
FORM 990, PART XI, LINE 9	CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS -211,917 CHANGE IN MINIMUM PENSION LIABILITY -9,504,439 INVESTMENT CONSIDERATION -353,897,701 OTHER CHANGES -123,188
FORM 990, PART XII, LINE 2C	THE AUDIT PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WAUKESHA MEMORIAL HOSPITAL INC

Employer identification number
39-0910727

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	(g) No
(1) OCONOMOWOC MEMORIAL HOSPITAL INC 791 SUMMIT AVENUE OCONOMOWOC, WI 53066 39-0794174	HOSPITAL	WI	501(C)(3)	LINE 3	PROHEALTH CARE INC	Yes	
(2) PROHEALTH CARE FOUNDATION INC 725 AMERICAN AVENUE WAUKESHA, WI 53188 39-1314542	CHARITABLE SUPPORT	WI	501(C)(3)	LINE 7	PROHEALTH CARE INC	Yes	
(3) PROHEALTH HOME CARE INC N17 W24100 RIVERWOOD DR SUITE 200 WAUKESHA, WI 53188 20-0067392	HEALTHCARE	WI	501(C)(3)	LINE 3	PROHEALTH CARE INC	Yes	
(4) NATIONAL REGENCY OF NEW BERLIN INC N17 W24100 RIVERWOOD DR SUITE 200 WAUKESHA, WI 53188 39-1077992	HEALTHCARE	WI	501(C)(3)	LINE 9	PROHEALTH CARE INC	Yes	
(5) PROHEALTH CARE INC N17 W24100 RIVERWOOD DR SUITE 200 WAUKESHA, WI 53188 39-1786873	MANAGEMENT	WI	501(C)(3)	LINE 11C, III-FI	N/A		No
(6) PROHEALTH CARE MEDICAL ASSOCIATES INC N17 W24100 RIVERWOOD DR SUITE 200 WAUKESHA, WI 53188 39-1083015	HEALTHCARE	WI	501(C)(3)	LINE 3	PROHEALTH CARE INC	Yes	

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) PROHEALTH ALIGNED LLC (DBA MSC) 1111 DELAFIELD STREET STE 100 WAUKESHA, WI 53188 26-3324572	SURGERY CENTER	WI	WAUKESHA MEMORIAL HOSPITAL INC	RELATED	1,179,161	4,510,588		No		Yes		51 000 %
(2) REHABILITATION HOSPITAL OF WISCONSIN LLC 1625 COLDWATER CREEK DRIVE WAUKESHA, WI 53188 26-2332250	INPATIENT REHABILITATION	WI	WAUKESHA MEMORIAL HOSPITAL INC	RELATED	6,939,444	3,050,380		No		Yes		49 000 %
(3) THE ORTHOPEDIC SURGERY CENTER LLC W238 N1610 BUSSE ROAD WAUKESHA, WI 53188 20-8356016	ORTHOPEDIC SURGICAL SERVICES	WI	WAUKESHA MEMORIAL HOSPITAL INC	RELATED	1,223,928	2,452,658		No		Yes		30 000 %
(4) PROHEALTH SOLUTIONS LLC 2000 PEWAUKEE RD SUITE C WAUKESHA, WI 53188 27-3863494	ACCOUNTABLE CARE ORGANIZATION	WI	N/A									
(5) LAKE COUNTRY ENDOSCOPY CENTER 1185 CORPORATE CENTER DR OCONOMOWOC, WI 53066 26-1572986	ENDOSCOPY SERVICES	WI	N/A									

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	(i) No
(1) WAUKESHA HEALTH SYSTEM INC N17 W24100 RIVERWOOD DRIVE SUITE 20 WAUKESHA, WI 53188 39-1507910	HEALTHCARE	WI	N/A	C					No
(2) EMPATHIA PACIFIC INC 31416 AGOURA RD STE 180 WESTLAKE VILLAGE, CA 91361 95-3070501	HEALTHCARE	CA	N/A	C					No
(3) NATIONAL AVENUE DEVELOPMENT CORPORATION N17 W24100 RIVERWOOD DRIVE SUITE 20 WAUKESHA, WI 53188 39-1417226	HEALTHCARE	WI	N/A	C					No
(4) EMPATHIA INC N17 W24100 RIVERWOOD DRIVE SUITE 20 WAUKESHA, WI 53188 39-1567366	HEALTHCARE	WI	N/A	C					No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	Yes	

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

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

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 39-0910727
Name: WAUKESHA MEMORIAL HOSPITAL INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) OCONOMOWOC MEMORIAL HOSPITAL INC 791 SUMMIT AVENUE OCONOMOWOC, WI 53066 39-0794174	HOSPITAL	WI	501(C)(3)	LINE 3	PROHEALTH CARE INC	Yes	
(1) PROHEALTH CARE FOUNDATION INC 725 AMERICAN AVENUE WAUKESHA, WI 53188 39-1314542	CHARITABLE SUPPORT	WI	501(C)(3)	LINE 7	PROHEALTH CARE INC	Yes	
(2) PROHEALTH HOME CARE INC N17 W24100 RIVERWOOD DR SUITE 200 WAUKESHA, WI 53188 20-0067392	HEALTHCARE	WI	501(C)(3)	LINE 3	PROHEALTH CARE INC	Yes	
(3) NATIONAL REGENCY OF NEW BERLIN INC N17 W24100 RIVERWOOD DR SUITE 200 WAUKESHA, WI 53188 39-1077992	HEALTHCARE	WI	501(C)(3)	LINE 9	PROHEALTH CARE INC	Yes	
(4) PROHEALTH CARE INC N17 W24100 RIVERWOOD DR SUITE 200 WAUKESHA, WI 53188 39-1786873	MANAGEMENT	WI	501(C)(3)	LINE 11C, III-FI	N/A		No
(5) PROHEALTH CARE MEDICAL ASSOCIATES INC N17 W24100 RIVERWOOD DR SUITE 200 WAUKESHA, WI 53188 39-1083015	HEALTHCARE	WI	501(C)(3)	LINE 3	PROHEALTH CARE INC	Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
PROHEALTH CARE FOUNDATION INC	C	1,396,440	ACTUAL AMOUNT RECEIVED
PROHEALTH CARE MEDICAL ASSOCIATES INC	A	1,009,336	ACTUAL AMOUNT RECEIVED
REHABILITATION HOSPITAL OF WISCONSIN	A	1,190,957	ACTUAL AMOUNT RECEIVED
WAUKESHA HEALTH SYSTEM INC	A	34,640	ACTUAL AMOUNT RECEIVED
WAUKESHA HEALTH SYSTEM INC	K	88,500	ACTUAL COSTS INCURRED
PROHEALTH CARE MEDICAL ASSOCIATES INC	K	515,137	ACTUAL COSTS INCURRED
NATIONAL REGENCY OF NEW BERLIN INC	K	602,863	ACTUAL COSTS INCURRED
PROHEALTH ALIGNED LLC	K	400,068	ACTUAL COSTS INCURRED
PROHEALTH CARE INC	M	90,186,885	ACTUAL COSTS INCURRED
PROHEALTH SOLUTIONS	M	782,382	ACTUAL COSTS INCURRED
PROHEALTH ALIGNED LLC	M	84,266	ACTUAL COSTS INCURRED
REHABILITATION HOSPITAL OF WISCONSIN	L	151,294	ACTUAL AMOUNT RECEIVED
OCONOMOWOC MEMORIAL HOSPITAL INC	P	645,644	ACTUAL COSTS INCURRED
PROHEALTH CARE MEDICAL ASSOCIATES INC	P	397,159	ACTUAL COSTS INCURRED
OCONOMOWOC MEMORIAL HOSPITAL INC	Q	12,622,152	ACTUAL AMOUNT RECEIVED
PROHEALTH CARE INC	Q	946,526	ACTUAL AMOUNT RECEIVED
WAUKESHA HEALTH SYSTEM INC	Q	769,507	ACTUAL AMOUNT RECEIVED
PROHEALTH CARE MEDICAL ASSOCIATES INC	Q	28,097,877	ACTUAL AMOUNT RECEIVED
PROHEALTH HOME CARE INC	Q	1,223,779	ACTUAL AMOUNT RECEIVED
EMPATHIA PACIFIC INC	Q	1,121,504	ACTUAL AMOUNT RECEIVED
PROHEALTH CARE INC	B	18,037,881	ACTUAL COSTS INCURRED
PROHEALTH ALIGNED LLC	S	1,388,140	ACTUAL AMOUNT RECEIVED
ORTHOPEDIC SURGERY CENTER	S	681,773	ACTUAL AMOUNT RECEIVED
REHABILITATION HOSPITAL OF WISCONSIN	S	979,821	ACTUAL AMOUNT RECEIVED
PROHEALTH CARE INC	R	353,897,701	ACTUAL COSTS INCURRED

ProHealth Care, Inc. and Affiliates

Consolidated Financial Statements
with Consolidating Information
September 30, 2014

ProHealth Care, Inc. and Affiliates

Contents

plante moran

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Independent Auditor's Report

To the Board of Directors
ProHealth Care, Inc. and Affiliates

We have audited the accompanying consolidated financial statements of ProHealth Care, Inc. and Affiliates (the "Corporation"), which comprise the consolidated balance sheet as of September 30, 2014 and 2013 and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ProHealth Care, Inc. and Affiliates and their subsidiaries as of September 30, 2014 and 2013 and the results of their operations and changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

December 16. 2014

ProHealth Care, Inc. and Affiliates

Consolidated Balance Sheet
(in thousands)

	September 30, 2014	September 30, 2013
Assets		
Current Assets		
Cash and cash equivalents	$ 76,079	$ 57,622
Patient accounts receivable - Net (Note 2)	77,351	81,072
Other receivables	4,934	8,397
Assets whose use is limited or restricted (Note 4)	7,797	7,592
Prepaid expenses and other	10,511	9,995
Inventory of supplies	11,389	12,426
Total current assets	188,061	177,104
Noncurrent Assets Whose Use is Limited or Restricted (Note 4)	526,256	492,114
Investments (Note 4)	11,850	24,202
Property and Equipment - Net (Note 5)	521,824	490,854
Goodwill and Other Intangible Assets (Note 1)	5,880	5,921
Other Assets (Note 7)	38,537	42,553
Total assets	**$ 1,292,408**	**$ 1,232,748**

ProHealth Care, Inc. and Affiliates

Consolidated Balance Sheet (Continued)
(in thousands)

	September 30, 2014	September 30, 2013
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 9)	$ 10,654	$ 10,145
Accounts payable	40,440	29,082
Deferred revenue (Note 16)	748	712
Accrued liabilities and other (Note 8)	42,138	41,508
Total current liabilities	93,980	81,447
Long-term Debt - Net of current portion (Note 9)	379,547	390,208
Fair Value of Interest Rate Swap Agreement (Note 9)	23,855	23,695
Other Liabilities		
Postretirement liability (Note 11)	85	168
Deferred revenue (Note 16)	4,535	5,008
Pension liability (Note 11)	66,736	50,437
Other long-term liabilities	24,770	25,001
Total liabilities	593,508	575,964
Net Assets		
Unrestricted	675,831	634,664
Temporarily restricted (Note 13)	14,846	12,024
Permanently restricted (Note 13)	5,579	7,236
Noncontrolling interest in consolidated subsidiaries (Note 1)	2,644	2,860
Total net assets	698,900	656,784
Total liabilities and net assets	**$ 1,292,408**	**$ 1,232,748**

ProHealth Care, Inc. and Affiliates

Consolidated Statement of Operations and Changes in Net Assets
(in thousands)

	Year Ended	
	September 30, 2014	September 30, 2013
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	$ 657,933	$ 634,412
Provision for bad debts	(17,613)	(19,407)
Net patient service revenue less provision for bad debts	640,320	615,005
Other operating revenue	60,391	64,869
Total unrestricted revenue, gains, and other support	700,711	679,874
Expenses		
Salaries and wages	278,171	272,790
Employee benefits and payroll taxes	79,930	78,990
Operating supplies and expenses	106,522	106,031
Depreciation and amortization	52,228	49,727
Interest	21,097	21,792
Contracted services and other	144,809	121,762
Total expenses	682,757	651,092
Operating Income	17,954	28,782
Nonoperating Income (Loss)		
Investment income	45,881	37,743
Contributions	788	377
Unrealized investment (loss) gain	(6,180)	21,781
Change in interest rate swap value	(316)	11,202
Other	(1,674)	(4,101)
Total nonoperating income	38,499	67,002
Excess of Revenue Over Expenses	56,453	95,784

ProHealth Care, Inc. and Affiliates

Consolidated Statement of Operations and Changes in Net Assets (Continued)
(in thousands)

	Year Ended	
	September 30, 2014	September 30, 2013
Unrestricted Net Assets		
Excess of revenue over expenses	$ 56,453	$ 95,784
Amortization of transition deferral on interest rate swap	157	157
Restructuring of foundation	-	6,675
Pension-related changes other than net periodic benefit cost	(18,239)	47,383
Net assets released from restriction for plant and equipment additions	3,156	3,430
Other	(576)	1,000
Increase in Unrestricted Net Assets	40,951	154,429
Temporarily Restricted Net Assets		
Restricted contributions	4,949	5,165
Restricted investment income	571	345
Unrealized gains on investments	3	-
Restructuring of foundation	-	(6,734)
Net assets released from restriction	(3,156)	(3,430)
Other	455	(660)
Increase (Decrease) in Temporarily Restricted Net Assets	2,822	(5,314)
Permanently Restricted Net Assets		
Contributions	7	71
Net unrealized gains on investments	-	18
Restricted investment income	77	43
Restructuring of foundation	-	59
Other	(1,741)	-
(Decrease) Increase in Permanently Restricted Net Assets	(1,657)	191
Increase in Net Assets	42,116	149,306
Net Assets - Beginning of year	656,784	507,478
Net Assets - End of year	**$ 698,900**	**$ 656,784**

ProHealth Care, Inc. and Affiliates

Consolidated Statement of Cash Flows
(In thousands)

	Year Ended	
	September 30, 2014	September 30, 2013
Cash Flows from Operating Activities		
Increase in net assets	$ 42,116	$ 149,306
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	52,228	49,727
Unrealized investment gains	6,177	(21,799)
Realized investment gains	(35,746)	(27,940)
Change in interest in net assets of charitable foundation	-	7,330
Restricted contribution revenue and investment income	(4,956)	(5,236)
Pension-related change other than net periodic benefit costs	18,237	(47,383)
Change in fair value of interest rate swaps	160	(11,359)
Loss on sale of fixed assets and impairment	1,267	408
Provision for bad debts	17,613	19,407
Changes in assets and liabilities which (used) provided cash:		
Patient accounts receivable	(13,892)	(21,655)
Inventory	1,037	(2,669)
Prepaid expenses and other current assets	2,947	(1,263)
Deferred revenue	(437)	(665)
Other assets	316	(851)
Accounts payable	11,358	1,142
Accrued liabilities and other current liabilities	630	(1,123)
Other liabilities	(2,252)	(2,016)
Net cash provided by operating activities	96,803	83,361
Cash Flows from Investing Activities		
Purchase of property and equipment	(83,371)	(67,371)
Proceeds from sale of property and equipment and assets held for sale	2,647	503
Purchase of investments and assets whose use is limited	(366,066)	(293,339)
Proceeds from sale of investments and assets whose use is limited	373,640	292,830
Other investing activities	-	(652)
Net cash used in investing activities	(73,150)	(68,029)
Cash Flows from Financing Activities		
Payments on long-term debt and capital lease obligations	(10,152)	(9,554)
Restricted contribution revenue	4,956	5,236
Net cash used in financing activities	(5,196)	(4,318)
Net Increase in Cash and Cash Equivalents	18,457	11,014
Cash and Cash Equivalents - Beginning of year	57,622	46,608
Cash and Cash Equivalents - End of year	**$ 76,079**	**$ 57,622**
Supplemental Cash Flow Information - Cash paid for		
Interest	$ 19,947	$ 21,759
Income taxes	62	20

Note 1 - Nature of Business and Significant Accounting Policies

ProHealth Care, Inc. (PHC) is a Wisconsin, not-for-profit corporation organized to provide and deliver a variety of high-quality healthcare services in Waukesha County, Wisconsin and surrounding areas. The accompanying consolidated financial statements include the accounts of PHC and its affiliates (collectively referred to as the "Corporation"):

Waukesha Memorial Hospital, Inc. (WMH) - A not-for-profit acute-care hospital whose sole corporate member is PHC. WMH has 258 beds available and serves Waukesha, Wisconsin and surrounding communities. WMH also owns 51 percent of ProHealth Aligned, LLC, which owns and operates an ambulatory surgery center. The operating results of the ambulatory surgery center are consolidated with WMH.

Oconomowoc Memorial Hospital, Inc. (OMH) - A not-for-profit acute-care hospital whose sole corporate member is PHC. OMH has 58 available beds and provides general acute care and support activities in Oconomowoc, Wisconsin and surrounding communities.

WMH and OMH are collectively referred to as the "Hospitals."

ProHealth Care Medical Associates (PHCMA) - A not-for-profit corporation that owns and manages primary and specialty care practices located throughout Waukesha County.

Waukesha Health System, Inc. (WHS) - A for-profit Wisconsin corporation whose sole stockholder is PHC. WHS and its subsidiaries, Empathia, Inc. and National Avenue Development Corporation, provide selected health services to the community, including employee assistance services, a counseling center that provides outpatient counseling and psychiatric services, and a health and fitness center. WHS also provides a variety of support services to healthcare providers.

National Regency of New Berlin, Inc. (National Regency) - A not-for-profit corporation whose sole corporate member is PHC. National Regency owns and operates assisted and independent living facilities in Waukesha County, Wisconsin and a medical office building located adjacent to WMH.

ProHealth Home Care, Inc. (PHHC) - A not-for-profit home health nursing and hospice agency which provides skilled nursing, therapy, and hospice services in patients' homes. PHHC also operates an inpatient and residential hospice facility, AngelsGrace Hospice.

ProHealth Care Foundation, Inc. (PHCF or the "PHC Foundation") - A not-for-profit corporation whose sole corporate member is PHC. PHCF operates for charitable, educational, and scientific purposes exclusively for the benefit of PHC and its affiliates. Distributions of PHCF's assets to or for the benefit of PHC and its affiliates are made at the discretion of PHCF's board of directors.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The significant accounting policies of PHC and its affiliates are as follows:

Basis of Consolidation - All significant intercompany transactions and balances have been eliminated in consolidation.

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

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less. Cash balances held in bank accounts exceed the federal depository insurance limit. The Corporation's cash is only insured up to the federal depository insurance limit.

Accounts Receivable - Accounts receivable from patients, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and are adjusted for economic conditions and other trends affecting the Corporation's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. Net accounts receivable is based on expected payment rates from payors based on current reimbursement methodologies.

For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. 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 Corporation records a 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 in the period they are determined to be uncollectible.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the consolidated balance sheet. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in nonoperating income. Unrealized gains or losses on investments are excluded from income from operations and are included in nonoperating income (loss) on the consolidated statement of operations and changes in net assets.

The Corporation has designated all investments as trading securities.

The Corporation's investments are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the consolidated balance sheet and the consolidated statement of operations and changes in net assets.

Assets Whose Use is Limited - Assets whose use is limited include assets designated by the board of directors for future capital improvement over which the board retains control and may, at its discretion, subsequently use for other purposes. Assets whose use is limited also include assets held by a trustee under bond indenture agreements. Amounts required to meet current liabilities of the Corporation have been classified as current assets in the consolidated balance sheet. Assets whose use is limited also include assets temporarily restricted or permanently restricted by donor.

Inventories - Inventories, which consist of medical and office supplies and pharmaceutical products, are stated at cost, determined on a first-in, first-out basis, or market.

Property and Equipment - Property and equipment amounts are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated statement of operations and changes in net assets. Interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Costs of maintenance and repairs are charged to expense as incurred.

Goodwill and Other Intangible Assets - The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Annually, the Corporation assesses goodwill for impairment. It is reasonably possible that management's estimates of the carrying amount of goodwill will change in the near term.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Investments in Affiliated Organizations - Investments in affiliated organizations in which less than a majority interest is held are accounted for using the equity method.

Derivative Instruments - The Corporation has entered into derivative instruments to manage its investments and capitalization, including risks associated with changes in interest rates. The Corporation records its interest rate swaps as either assets or liabilities on the accompanying consolidated balance sheet at fair value. None of the Corporation's current swaps are designated as hedges. Accordingly, both the unrealized and realized gains or losses related to the interest rate swaps are included in nonoperating gain (loss) on the consolidated statement of operations and changes in net assets.

Fair Value of Financial Instruments - The carrying values of financial instruments, including cash, accounts receivable, accounts payable, and debt, approximate fair value. Investments are recorded at fair value under generally accepted accounting principles. The fair value of the Corporation's debt obligations is determined by applying the yield of openly marketed bonds that have substantially the same characteristics as the Corporation's debt instruments. The interest rate swaps are recorded at fair value on the Corporation's consolidated balance sheet.

Classification of Net Assets - Net assets of the Corporation are classified as permanently restricted, temporarily restricted, noncontrolling interest in consolidated subsidiaries, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Corporation's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Noncontrolling interest in consolidated subsidiaries represents the net assets attributed to entities not wholly owned by the Corporation. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

The Corporation recognizes patient service revenue associated with services provided to patients who have third-party coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of 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 Corporation's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Corporation records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources in total was $657,933,000 and $634,412,000 for the years ended September 30, 2014 and 2013, respectively. For the years ended September 30, 2014 and 2013, total net patient service revenue is comprised of $650,623,000 and $620,588,000 from third-party payors and $7,310,000 and $13,824,000 from self-pay payors, respectively.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Charity Care - The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenues received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Corporation's total expenses divided by gross patient service revenue. The Corporation estimates that it provided $3,876,000 and $6,737,000 of services to indigent patients during 2014 and 2013, respectively.

Contributions - The Corporation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of operations and changes in net assets as net assets released from restrictions.

The Corporation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports the expiration of donor restrictions when the assets are placed in service.

Federal Income Tax - PHC, WMH, OMH, National Regency, PHCMA, PHCF, and PHHC are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes pursuant to Section 501(a) of the Code. All of these entities are, however, subject to federal and state income taxes on any unrelated business income under the provisions of Section 511 of the Code.

WHS is a for-profit corporation that accounts for income taxes under the asset and liability method of accounting. A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Corporation and recognize a tax liability if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Corporation and has concluded that as of September 30, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Corporation is subject to routine audits by taxing jurisdictions and is currently being audited for the 2012 tax period for Waukesha Memorial Hospital, Inc. Management believes it is no longer subject to income tax examinations for years prior to September 30, 2011.

Excess of Revenue Over Expenses - The consolidated statement of operations and changes in net assets includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses consistent with industry practice, include recognition of accumulated derivative loss for extinguished interest rate swaps, pension-related changes other than net periodic benefit cost, distributions to members, and net assets released from restrictions for plant and equipment additions.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including December 16, 2014, which is the date the consolidated financial statements were available to be issued.

Electronic Health Records Incentive Payments - The American Recovery and Reinvestment Act of 2009 (ARRA) established funding in order to provide incentive payments to physicians and hospitals that implement the use of electronic health record (EHR) technology by 2014. The Corporation may receive an incentive payment for up to four years for the hospitals and up to six years for physicians, provided the Corporation demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenue from the incentive payments is recognized ratably over the EHR reporting period when there is reasonable assurance that the Corporation will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. The amounts are recorded within other operating revenue as the incentive payments are related to the Corporation's ongoing and central activities yet not critical to the delivery of patient service.

Reclassification - Amounts classified as net patient service revenue on the 2013 consolidated statement of operations and changes in net assets have been reclassified to other operating revenue to conform to the 2014 presentation. The reclassification did not change the total consolidated unrestricted revenue, gains, and other support for the fiscal year ended September 30, 2013.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Furthermore, amounts classified as investments on the 2013 consolidated balance sheet have been reclassified to noncurrent assets whose use is limited or restricted to conform to the 2014 presentation. The reclassification did not change the total consolidated assets for the fiscal year ended September 30, 2013.

Note 2 - Patient Accounts Receivable - Net

The details of patient accounts receivable are set forth below (in thousands):

	2014	2013
Patient accounts receivable	$ 93,909	$ 97,983
Less allowance for uncollectible accounts	(16,558)	(16,911)
Patient accounts receivable - Net	$ 77,351	$ 81,072

The Corporation grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors was as follows:

	2014	2013
Medicare	29 %	31 %
Medicaid	6	5
Commercial	43	40
Self-pay	22	24
Total	100 %	100 %

Note 3 - Net Patient Service Revenue and Cost Report Settlements

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. A significant portion of the Corporation's net patient service revenue is received from the Medicare and Medicaid programs.

- **Medicare** - Inpatient acute and most outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Certain inpatient nonacute and outpatient services and medical education costs related to Medicare beneficiaries are paid based upon cost reimbursement methodologies.

Note 3 - Net Patient Service Revenue and Cost Report Settlements (Continued)

- **Medicaid** - Inpatient and outpatient acute-care services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates.
- **Managed Care** - The Corporation has entered into reimbursement agreements with managed care and commercial organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates, and established fee schedules.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. The Corporation is unable to determine the extent of liability for overpayments, if any. The potential exists for significant overpayment of claims liability for the Corporation at a future date.

Note 4 - Assets Whose Use is Limited or Restricted and Investments

The composition of assets whose use is limited or restricted and investments at September 30, 2014 and 2013 is set forth in the following tables (in thousands). Investments are stated at fair value.

	2014	2013
Limited by the board:		
For plant replacement and expansion	$ 492,779	$ 459,332
Designated for PHC Foundation	11,583	12,842
Reserved for unemployment compensation and other	181	198
Limited by trustee under bond indenture	12,332	12,331
Restricted by donors	17,178	15,003
General investments	11,850	24,202
Total assets whose use is limited or restricted and investments	$ 545,903	$ 523,908

	2014	2013
Cash, money market funds, certificates of deposit, plus accrued interest	$ 32,296	$ 42,206
Private equities and hedge funds	28,896	36,437
Corporate bonds	78,277	104,776
Common stocks and equity securities	371,796	326,229
U.S. Treasury obligations	33,757	13,379
Other	881	881
Total	$ 545,903	$ 523,908

Note 4 - Assets Whose Use is Limited or Restricted and Investments (Continued)

The Corporation has made commitments to fund several alternative investments. The remaining commitment at September 30, 2014 is approximately $3,143,000.

The composition of investment returns on the Corporation's assets whose use is limited or restricted and investments for the years ended September 30, 2014 and 2013 is as follows (in thousands):

	2014	2013
Investment income	$ 10,783	$ 10,191
Unrealized (losses) gains on investments	(6,177)	21,799
Net realized gains	35,746	27,940
Total	$ 40,352	$ 59,930

Investment returns included in the accompanying consolidated statement of operations and changes in net assets for the years ended September 30, 2014 and 2013 are as follows (in thousands):

	2014	2013
Consolidated statement of operations and changes in net assets:		
Nonoperating gains - Net - Unrestricted net assets	$ 39,701	$ 59,524
Restricted investment income	648	388
Restricted unrealized gains on investments	3	18
Total investment return - Restricted net assets	651	406
Total investment return	$ 40,352	$ 59,930

Note 5 - Property and Equipment

Cost of property and equipment and depreciable lives are summarized as follows (in thousands):

	2014	2013	Depreciable Life - Years
Land	$ 40,104	$ 39,668	-
Land improvements	12,344	11,944	5-20
Buildings	516,382	504,601	20-40
Building improvements	11,531	6,769	10-40
Equipment	456,123	430,430	3-10
Capital leased equipment and buildings	61,179	61,943	15
Construction in progress	54,986	15,507	-
Total cost	1,152,649	1,070,862	
Accumulated depreciation and amortization	(630,825)	(580,008)	
Net property and equipment	$ 521,824	$ 490,854	

Depreciation and amortization expense on property and equipment totaled $52,228,000 and $49,727,000 in 2014 and 2013, respectively. Accumulated amortization on leased buildings and equipment under capital leases was $21,803,000 and $18,910,000 at September 30, 2014 and 2013, respectively, which is included in accumulated depreciation and amortization in the above table.

Construction in progress at September 30, 2014 consists principally of costs associated with the construction, renovation, and remodeling of existing facilities. Contractual commitments related to construction in progress total approximately $25,253,000 at September 30, 2014, which relates primarily to the construction of a new cancer center.

During 2011, the Corporation recorded a reduction in the carrying amount of certain buildings to the estimated fair market value, as the Corporation is pursuing sale of these properties. The estimated fair values of these properties are classified as assets held for sale in the amount of approximately $5,858,000 and $9,354,000 at September 30, 2014 and 2013, respectively. These assets held for sale are included in other assets on the consolidated balance sheet (see Note 7). The Corporation is not recognizing any depreciation expense on these buildings.

Note 6 - Restructuring of Foundations

Prior to October 1, 2013, the net assets of the Corporation included the accounts of the Waukesha Memorial Hospital Foundation, Inc. (the "WMH Foundation"). The WMH Foundation was a not-for-profit corporation organized to operate for the maintenance and benefit of WMH and its programs and activities.

The Oconomowoc Memorial Hospital Foundation, Inc. (the "OMH Foundation") was a separate not-for-profit corporation organized to operate for the maintenance and benefit of OMH and its programs and activities. The Corporation's interest in the net assets of the OMH Foundation totaled approximately $7,330,000 as of September 30, 2012.

On October 1, 2012, the boards of the foundations and the Corporation's board ratified a restructuring of the foundations, which led to the merger of the WMH Foundation and the OMH Foundation under the new name of ProHealth Care Foundation, Inc. PHC is the only member of PHCF. As part of the restructuring on October 1, 2012, $6,675,000 of net assets that were reported as temporarily restricted net assets by OMH, due to accounting for interest in net assets in PHCF, was transferred to unrestricted, and $59,000 was identified as permanently restricted.

Note 7 - Other Assets

The detail of other assets is given below (in thousands):

	2014	2013
Investments in joint ventures	$ 4,546	$ 4,638
Deferred compensation (Note 12)	22,998	22,182
Assets held for sale	5,858	9,354
Other	5,135	6,379
Total other assets	$ 38,537	$ 42,553

In 2008, the Corporation entered into a real estate put agreement with Investors Associated, LLP. The put agreement required the Corporation to purchase the properties or find a third-party buyer upon receipt of notification from Investors Associated, LLP.

During 2011, Investors Associated, LLP informed the Corporation that it was exercising the put agreement on the five facilities. In accordance with the put agreement, a purchase price of the buildings was determined to be $46,400,000. The Corporation financed a portion of the acquisition costs with a note payable (see Note 9).

Note 7 - Other Assets (Continued)

The Corporation evaluated the ongoing need for the facilities and determined that four of the five total facilities would be immediately put up for sale. One facility was sold during 2012 and another during 2014, and the Corporation is pursuing sales of the remaining two properties. Fair value of the related remaining fixed assets is based on the independent third-party appraisals, less real estate commissions. During 2014, the Corporation impaired the two remaining facilities based on current offers. The $570,000 impairment was recorded in nonoperating income (loss) on the consolidated statement of operations and changes in net assets.

The Corporation has entered into a number of joint venture arrangements, including a 49 percent ownership interest in the Rehabilitation Hospital of Wisconsin, a 50 percent ownership interest in the Lake Country Endoscopy Center, a 30 percent ownership interest in the Orthopedic Surgery Center, and a 45 percent ownership interest in a medical office building.

Note 8 - Accrued Liabilities and Other

The details of accrued liabilities and other at September 30, 2014 and 2013 are as follows (in thousands):

	2014	2013
Payroll and related items	$ 25,155	$ 24,408
Paid time off	10,329	10,630
Interest	1,802	1,765
Other	4,852	4,705
Total accrued liabilities and other	$ 42,138	$ 41,508

Note 9 - Long-term Debt

A summary of long-term debt obligations at September 30, 2014 and 2013 is as follows (in thousands):

	2014	2013
Revenue Refunding Bonds, Series 2012, at interest rates ranging from 2.00 percent to 5.00 percent, maturing in 2032	$ 43,005	$ 43,650
Revenue Refunding Bonds, Series 2011, at interest rates ranging from 3.50 percent to 5.00 percent, maturing in 2019	18,950	23,600
Revenue Bonds, Series 2009, at interest rates ranging from 6.00 percent to 6.63 percent, maturing in 2039	126,855	126,855

Note 9 - Long-term Debt (Continued)

	2014	2013
Adjustable Rate Revenue Bonds, Series 2008A, variable interest rates based on market conditions (0.04 percent at September 30, 2014), maturing in 2030	$ 49,415	$ 50,515
Adjustable Rate Revenue Bonds, Series 2008B, variable interest rates based on market conditions (0.05 percent at September 30, 2014), maturing in 2034	62,970	64,045
Adjustable Demand Revenue Bond, Series 2005, variable interest rates based on market conditions (0.05 percent at September 30, 2014), maturing in 2034	21,410	22,515
Capital leases	38,090	39,656
Note payable to bank, interest rate of 1.41 percent at September 30, 2014	31,400	31,400
Total	392,095	402,236
Less current portion	10,654	10,145
Less unamortized bond discount	1,894	1,883
Long-term portion	$ 379,547	$ 390,208

The revenue bonds were issued on behalf of the Corporation by the Wisconsin Health and Educational Facilities Authority (WHEFA) and provide for a security interest in substantially all revenue of the Obligated Group except for certain restricted contributions and grants.

PHC, WMH, and OMH formed an Obligated Group (the "Obligated Group"). As members of the Obligated Group, the Hospitals and PHC jointly and severally have guaranteed the payment of any and all amounts due on the revenue bonds issued by WHEFA to the Obligated Group, which aggregates to $322,605,000 at September 30, 2014.

On May 4, 2012, the Obligated Group issued Revenue Refunding Bonds, Series 2012 for $44,650,000 to refund the remaining Series 1999 bonds, refund the 2001A bonds, and advance refund a portion of the Series 2009 bonds. The bonds consist of fixed rate serial bonds, payable in annual installments ranging from $660,000 in 2015 to $3,795,000 in 2028, and fixed-rate term bonds, payable in annual installments ranging from $2,770,000 in 2030 to $8,830,000 in 2032.

Note 9 - Long-term Debt (Continued)

On January 1, 2011, the Obligated Group issued Revenue Refunding Bonds, Series 2011 for $35,060,000 to refund all of the Series 1995 bonds and refund a portion of the Series 1999 bonds. The bonds consist of fixed-rate term bonds, payable in annual installments ranging from $1,815,000 to $4,790,000, and mature in 2019.

On April 30, 2009, the Obligated Group issued Revenue Bonds, Series 2009 for $139,060,000 to finance various construction projects at WMH and OMH, as well as repay funds borrowed under a revolving line of credit. The bonds were partially refunded in 2012 in the amount of $12,205,000.

On August 14, 2008, the Obligated Group issued Adjustable Rate Revenue Bonds, Series 2008A and 2008B which are collateralized by two irrevocable bank letters of credit that expire on August 1, 2016 and May 31, 2016, respectively. The proceeds from the 2008 bonds were used to pay off the 2004A and 2001B bonds. The 2004A and 2001B bonds were legally defeased. The Series 2008 bonds are currently operating in a daily mode with the variable interest rate set each business day of each calendar week by the remarketing agent at a rate which would enable the bonds to be remarketed at a principal amount plus accrued interest each day. The Series 2008 bonds shall continue to bear interest at a daily rate until and unless converted to a different mode as provided in the bond indenture (other possible modes include weekly, adjustable, long, commercial paper, and fixed). All of the Series 2008 bonds must operate in the same mode at the same time. In the event the remarketing agent is unable to remarket the bonds, the bonds would remain outstanding and would be owned by the letter of credit banks. Repayment of any draws under the letter of credit would be payable in 12 equal quarterly installments of principal plus interest at the bank rate, commencing 367 days after the date of the draw, in accordance with the term specified in the letter of credit and reimbursement agreement with the bank.

On May 11, 2005, National Regency issued Adjustable Demand Revenue Bonds, Series 2005, for $29,990,000. The bonds are currently operating in a daily mode with the variable interest rate set each business day by the remarketing agent at a rate that would enable the bonds to be remarketed at the principal amount plus accrued interest. The bonds are collateralized by an irrevocable letter of credit that expires on May 31, 2016.

In the event that the remarketing agent is unable to remarket the bonds, the bonds would remain outstanding and would be owned by the letter of credit bank. Repayment of any draws under the letter of credit would be payable in 12 equal quarterly installments of principal plus interest at the bank rate, commencing 367 days after the date of the draw, in accordance with the term specified in the letter of credit and reimbursement agreement with the bank.

Note 9 - Long-term Debt (Continued)

Subsequent to September 30, 2014, the Corporation began proceedings for two separate bond issuances. The first bond issuance is expected to be a direct placement bond issue for approximately $204,000,000, separated into two separate series, the proceeds of which will be used to provide financing for the cancer center and other projects as well as refinancing the Series 2005 adjustable demand revenue bonds, and the 2008A and 2008B bonds.

The second bond issue is expected to be advance refunding bonds to be issued on behalf of the Corporation by WHEFA. The proceeds of the bonds will be used to advance refund the Series 2009 bonds.

As part of the financing, the Obligated Group guaranteeing the bonds will be modified to include National Regency.

The loan agreements contain various covenants and restrictions, including the maintenance of certain financial ratios and the establishment and maintenance of debt service funds under the control of the bond trustee.

The Corporation has unsecured credit agreements that provide up to $10,000,000 to the Corporation under revolving credit facilities. Under the revolving credit facilities, the Corporation has the ability to borrow funds under three options: interest at the prime rate, interest at various LIBOR rates, or commercial paper obligations. The revolving credit facility did not have an outstanding balance as of September 30, 2013. In October 2013, the credit facility was terminated.

As described in Note 7, a put option was exercised during 2011. The Corporation purchased the facilities outright as a result of the put option being exercised. The Corporation signed a note payable totaling $31,400,000 related to the purchase of these facilities. The note is payable in annual installments commencing in 2017. Interest on the note is calculated as a fluctuating annual interest rate based on LIBOR plus 125 basis points.

Note 9 - Long-term Debt (Continued)

Scheduled future maturities of long-term debt and minimum payments of capital lease obligations as of September 30, 2014 are as follows (in thousands):

Year Ending September 30	Long-term Debt	Capital Lease Obligations
2015	$ 8,830	$ 4,624
2016	8,110	4,762
2017	9,288	4,905
2018	9,626	5,052
2019	7,207	5,205
Thereafter	310,944	32,046
Subtotal	354,005	56,594
Less amount representing interest under capital lease obligations	-	(18,504)
Total	$ 354,005	$ 38,090

Based on borrowing rates currently available to the Corporation for similar financing with similar terms and average maturities, the fair value of long-term debt, excluding capital leases, is approximately $381,297,000 and $377,451,000 at September 30, 2014 and 2013, respectively. The determination of fair value of the debt obligations is consistent with a Level 2 measurement under the fair value hierarchy.

Derivative Instruments and Hedging Activities

The derivative instruments used by the Corporation are interest rate swap agreements that are used to manage variability in cash flows and to essentially convert variable rate interest on long-term debt to fixed rate interest. The variable interest rate on the debt generally exposes the Corporation to variability in cash flows in rising or declining interest rate environments. The interest rate swaps reduce the variability of the cash flow of the debt.

(a) Objectives and Strategies

Debt obligations expose the Corporation to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

Note 9 - Long-term Debt (Continued)

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

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

(b) Risk Management Policies

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

The Corporation does not use derivative instruments for speculative investment purposes.

(c) Transactions

Effective May 11, 2005, the Corporation entered into an interest rate swap matched to its Series 2005 bonds. Under the terms of this interest rate swap, the Corporation pays a fixed rate of 3.6 percent and receives a variable rate of interest equal to 70 percent of the one-month LIBOR index, reset weekly. The Corporation received no net cash under the interest rate swap agreements in 2014 or 2013.

Under the terms of the interest rate swap agreement related to the Series 2008A bonds, the Corporation pays a fixed rate of 3.52 percent and receives a variable rate of interest equal to 70 percent of the one-month LIBOR index, reset weekly. Under the terms of the interest rate swap agreement related to the Series 2008B bonds, the Corporation pays a fixed rate of 4.12 percent and receives a variable rate of interest equal to 70 percent of the one-month LIBOR index, reset weekly.

Note 9 - Long-term Debt (Continued)

The Corporation does not record the interest rate swaps using hedge accounting; therefore, all changes in fair value are included in nonoperating income (loss) in the consolidated statement of operations and changes in net assets.

The fair value of the interest rate swaps of $23,855,000 and $23,695,000 is included in the consolidated balance sheet at September 30, 2014 and 2013, respectively. During the years ended September 30, 2014 and 2013, the change in fair value of the interest rate swaps was ($316,000) and $11,202,000, respectively, and was included in the nonoperating income reported in the consolidated statement of operations and changes in net assets. Included in unrestricted net assets is $157,000 of unrealized gains related to the amortization of transition deferral of interest rate swaps during 2014 and 2013, respectively.

Activity relating to the Series 2005 adjustable demand revenue bonds was recorded using hedge accounting through December 2008. As of March 2009, it was determined that the swap was ineffective and no longer qualified for hedge accounting treatment. The accumulated change in fair value of $2,598,000 through December 2008 was not included in the consolidated statement of operations and changes in net assets. The amount is being amortized into the statement of operations and changes in net assets as a component of nonoperating gains (losses) through 2034.

Net cash paid under the interest rate swap agreements was $4,995,000 and $5,072,000 during 2014 and 2013, respectively. Cash was not received under the interest rate swap agreements in both 2014 and 2013.

The interest rate swap agreements at September 30, 2014 are as follows:

Type	Notional Amount (in thousands)	Maturity Date	Fixed Pay Rate (%)
2005 bonds	$ 21,410	August 15, 2034	3.60 %
2008A bonds	49,415	August 23, 2023	3.52
2008B bonds	62,970	February 1, 2034	4.12

Note 10 - Operating Leases

PHC, WMH, OMH, PHHC, PHCMA, and WHS are obligated under certain facility and equipment operating leases. Total rent expense under these leases was $6,365,000 and $6,235,000 for September 30, 2014 and 2013, respectively.

Note 10 - Operating Leases (Continued)

The following is a schedule of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year (in thousands):

Years Ending September 30	Rental Commitments
2015	$ 4,060
2016	3,816
2017	3,413
2018	3,483
2019	3,337
Thereafter	9,017
Total	$ 27,126

Note 11 - Pension and Other Postretirement Benefit Plans

Certain affiliates of the Corporation participate in the PHC defined benefit contributory group pension plan (the pension plan) covering certain full-time and regularly scheduled part-time employees who meet defined age and length-of-service requirements. The Corporation funds the amount calculated by the pension plan's consulting actuaries to meet the minimum Employee Retirement Income Security Act of 1974 (ERISA) funding requirements after consideration of employee contributions.

As of January 1, 2006, the pension plan was curtailed, allowing participants the option of remaining in the pension plan or becoming participants in a defined contribution retirement savings plan.

Certain affiliates of the Corporation participate in the PHC postretirement benefit plan (the PHC postretirement plan) covering all full-time and regularly scheduled part-time employees who meet defined length-of-service requirements. The PHC postretirement plan provides health, vision, and pharmacy benefits to eligible retirees based on cumulative years of service.

During 2010, the Corporation modified the PHC postretirement plan to eliminate the postretirement benefit for participants who retire after December 31, 2010. In addition, the benefit for participants who retire prior to December 31, 2010 expired as of December 31, 2013. The plan amendment had a significant impact on the projected benefit obligation of the PHC postretirement plan, as reflected in the table below.

The Corporation also has deferred compensation agreements with certain employees and executives.

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

Obligations and funded status at September 30, 2014 and 2013 are as follows (in thousands):

	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Change in Projected Benefit Obligation				
Projected benefit obligation at beginning of year	$ 254,522	$ 275,432	$ 168	$ 526
Service cost	7,396	8,765	-	-
Interest cost	11,853	10,848	3	14
Actuarial loss (gain)	27,239	(32,092)	(50)	(9)
Benefits and expenses paid	(9,185)	(8,431)	(36)	(363)
Projected benefit obligation at end of year	291,825	254,522	85	168
Change in Plan Assets				
Fair value of plan assets at beginning of year	204,085	174,311	-	-
Actual gain on plan assets	18,237	26,175	-	-
Employer contributions	11,952	11,752	36	363
Benefits and expenses paid	(9,185)	(8,153)	(36)	(363)
Fair value of plan assets at end of year	225,089	204,085	-	-
Funded status at end of year	$ (66,736)	$ (50,437)	$ (85)	$ (168)

The accumulated benefit obligation for the defined benefit pension plans was $270,958,000 and $234,741,000 at September 30, 2014 and 2013, respectively. The accumulated benefit obligation for the postretirement benefit plan was $85,000 and $168,000 at September 30, 2014 and 2013, respectively. At September 30, 2014 and 2013, respectively, $0 of the liability is classified as accrued liabilities and other and the remainder as other liabilities on the accompanying consolidated balance sheet.

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

Components of net periodic benefit cost and other changes in plan assets and benefit obligations are as follows (in thousands):

	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Net Periodic Benefit Cost				
Service cost	$ 7,396	$ 8,765	$ -	$ -
Interest cost	11,853	10,848	3	13
Return on plan assets	(15,404)	(26,175)	-	-
Amortization of prior service cost and asset loss (gain)	6,441	22,698	27	(6,387)
Net periodic benefit cost	10,286	16,136	30	(6,374)
Other Changes in Plan Assets and Benefit Obligations				
Net loss (gain)	18,351	(52,320)	(76)	(989)
Prior service credit	(36)	(1,441)	-	7,367
Other changes in plan assets and benefit obligations	18,315	(53,761)	(76)	6,378
Total net periodic benefit cost and other changes in plan assets and benefit obligations	$ 28,601	$ (37,625)	$ (46)	$ 4

Weighted-average Assumptions Used to Determine Benefit Obligation at September 30

	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Discount rate	4.30 %	4.75 %	4.30 %	4.75 %
Rate of compensation increase	3.20	3.20	-	-
Health care cost trend rate	0.00	0.00	5.00	0.00
Ultimate health care cost trend rate	0.00	0.00	5.00	0.00

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

Weighted-average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended September 30

	Pension Benefits		Other Postretirement Benefits	
	2014	2013	2014	2013
Discount rate	4.75 %	4.00 %	4.75 %	4.00 %
Rate of compensation increase	3.20	3.20	-	-
Health care cost trend rate	0.00	0.00	5.00	0.00
Ultimate health care cost trend rate	0.00	0.00	5.00	0.00

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The health care cost trend rate represents the increases in health care cost for the current period while the ultimate health care cost trend rate represents the increase for future periods.

The overall expected rate of return on plan assets represents a weighted-average composite rate based on the historical rates of returns of the respective asset classes adjusted for anticipated market movements. The determination is influenced by the asset allocation, as well as the PHC investment policy. PHC's investment strategy is of a long-term nature and is intended to ensure that funds are available to pay benefits as they become due and to maximize the trust's total return at an appropriate level of investment risk.

	September 30	
Plan Assets	2014	2013
Asset category:		
Equity securities	78 %	77 %
Debt securities	13	11
Cash equivalents	5	6
Other	4	6
Total	100 %	100 %

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

Equity securities	80 %
Fixed-income securities	15 %
Other	5 %

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

Contributions

The Corporation contributed $11,988,000 to its pension and postretirement benefit plans in 2014.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

Years Ending September 30	Pension Benefits	Postretirement Benefits
2015	$ 8,711	$ 8
2016	9,694	8
2017	10,707	7
2018	17,848	7
2019	12,828	7
2020-2024	78,836	29

The Corporation also sponsors a defined contribution retirement savings plan. The Corporation matches each participant's contribution based on two different matching plans. The first plan is available to employees hired after November 1, 2004 and those employees hired prior to November 1, 2004 who elected to freeze their benefit accruals in the PHC pension plan effective January 1, 2006. Under this matching plan, employees receive between 40 percent and 120 percent of employee contributions up to 6 percent of pay, based on years of service. The second matching plan is available to those employees hired prior to November 1, 2004 who elected to continue their benefit accruals in the PHC pension plan effective January 1, 2006. These employees receive a fixed amount equal to 50 percent of their salary deferrals that do not exceed 4 percent of their compensation. The Corporation's expense for the defined contribution retirement savings plan was $7,603,000 and $10,123,000 in 2014 and 2013, respectively.

The Corporation's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no transfers between levels of the fair value hierarchy during 2014 and 2013.

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

The fair values of the Corporation's pension plan assets at September 30, 2014 and 2013 by major asset class are as follows (in thousands):

Fair Value Measurements at September 30, 2014

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Classes				
Money market funds	$ 10,191	$ 10,191	$ -	$ -
Equity securities - Equity securities	147,367	147,367	-	-
Equity securities - Preferred stock	1,228	1,228	-	-
Mutual funds - Equity	26,598	26,598	-	-
Mutual funds - Fixed income	22,833	22,833	-	-
U.S. Treasury securities	4,628	-	4,628	-
U.S. government agencies	2,477	-	2,477	-
Insurance contracts	1,084	-	-	1,084
Private equity funds	8,683	-	-	8,683
Total	$ 225,089	$ 208,217	$ 7,105	$ 9,767

Fair Value Measurements at September 30, 2013

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Classes				
Money market funds	$ 11,684	$ 11,684	$ -	$ -
Equity securities - Common stock	135,343	135,343	-	-
Equity securities - Preferred stock	929	929	-	-
Mutual funds - Equity	20,914	20,914	-	-
Mutual funds - Fixed income	11,899	11,899	-	-
U.S. Treasury securities	6,619	-	6,619	-
U.S. government agencies	5,067	-	5,067	-
Insurance contracts	1,189	-	-	1,189
Private equity funds	10,441	-	-	10,441
Total	$ 204,085	$ 180,769	$ 11,686	$ 11,630

Note 11 - Pension and Other Postretirement Benefit Plans (Continued)

The tables above present information about the pension plan assets measured at fair value at September 30, 2014 and 2013 and the valuation techniques used by the Corporation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the plan has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

Note 12 - Commitments and Contingencies

Deferred Compensation - Other long-term liabilities include $22,998,000 and $22,182,000 at September 30, 2014 and 2013, respectively, relating to employee deferred compensation agreements at PHCMA. Although these deferred compensation liabilities are unsecured, assets designated to fund these liabilities are reported in other assets (see Note 7). Such assets are subject to the claims of the general creditors of the Corporation.

Unemployment Compensation - The Corporation has elected the reimbursement method to finance the cost of unemployment compensation benefits. Unemployment compensation expense is charged to operating expense when the claims are incurred. The Corporation has obtained letters of credit of approximately $2,650,000 and $2,543,000 as of September 30, 2014 and 2013, respectively, as required by the State of Wisconsin, as collateral for payment of possible future unemployment claims.

Malpractice Insurance - The Corporation has professional liability insurance for claim losses less than $1,000,000 per claim and $3,000,000 per year for claims incurred during a policy year regardless of when the claim is reported (occurrence coverage). Losses in excess of these amounts are covered through the Corporation's mandatory participation in the Injured Patients and Families Compensation Fund of the State of Wisconsin.

Regulatory Investigations - The U.S. Department of Justice and other federal agencies are increasing resources dedicated to the regulatory investigations and compliance audits of healthcare providers. The Corporation is subject to these regulatory efforts. Management is currently unaware of any regulatory matters that may have a material adverse effect on the Corporation's consolidated financial position or results of operations.

Note 12 - Commitments and Contingencies (Continued)

Litigation - The Corporation is subject to various legal proceedings and claims that are incidental to its normal business activities. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the consolidated financial position or results of operations of the Corporation.

Note 13 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at September 30, 2014 and 2013 (in thousands):

	2014	2013
Restricted for:		
Specific healthcare services and programs	$ 9,213	$ 8,652
AngelsGrace property, plant, and equipment	3,155	3,372
Regional cancer center property, plant, and equipment	2,478	-
Total temporarily restricted	$ 14,846	$ 12,024

Permanently restricted net assets are comprised of endowments and a beneficial interest in a perpetual charitable trust (the "Trust"). The Trust consists of funds invested and administered outside of the Corporation. The Corporation has the irrevocable right to receive a portion of the income earned on the trust assets in perpetuity in accordance with the trust agreement.

Permanently restricted net assets at September 30, 2014 and 2013 are restricted to the following (in thousands):

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support healthcare services (reported as operating income)	$ 5,579	$ 7,236

Note 14 - Functional Expenses

Expenses related to providing services for the years ended September 30, 2014 and 2013 are as follows (in thousands):

	2014	2013
Healthcare services	$ 503,130	$ 498,036
Senior housing services	10,917	10,493
Counseling services	19,707	18,049
Medical office building services	957	1,044
Administrative and support services	148,046	123,470
Total	$ 682,757	$ 651,092

Note 15 - Fair Value Measurements

Accounting standards require certain assets and liabilities to be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Corporation's assets and liabilities measured at fair value on a recurring basis at September 30, 2014 and 2013 and the valuation techniques used by the Corporation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 15 - Fair Value Measurements (Continued)

The fair values of the Corporation's investments by major asset classes are as follows (in thousands):

Assets and Liabilities Measured at Fair Value on a Recurring Basis at September 30, 2014

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets - Assets whose use is limited or restricted and investments				
Domestic corporate bonds	$ -	$ 77,235	$ -	$ 77,235
Foreign corporate bonds	-	1,042	-	1,042
United States government bonds	-	33,757	-	33,757
Domestic stock	200,512	-	-	200,512
Domestic exchange-traded funds	31,121	-	-	31,121
Fixed income - Mutual funds	35,696	-	-	35,696
Foreign stock	92,901	-	-	92,901
Foreign exchange-traded funds	11,566	-	-	11,566
Private equity investment agreements	-	-	28,896	28,896
Total assets	$ 371,796	$ 112,034	$ 28,896	$ 512,726
Liabilities - Fair value of interest rate swap agreements	$ -	$ 23,855	$ -	$ 23,855

Note 15 - Fair Value Measurements (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring Basis at September 30, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets - Assets whose use is limited or restricted and investments				
Domestic corporate bonds	$ -	$ 74,938	$ -	$ 74,938
Foreign corporate bonds	-	29,838	-	29,838
United States government bonds	-	13,379	-	13,379
Domestic stock	184,915	-	-	184,915
Domestic exchange-traded funds	45,574	-	-	45,574
Fixed income - Mutual funds	2,321	-	-	2,321
Foreign stock	78,186	-	-	78,186
Foreign exchange-traded funds	15,233	-	-	15,233
Private equity investment agreements	-	-	36,437	36,437
Total assets	$ 326,229	$ 118,155	$ 36,437	$ 480,821
Liabilities - Fair value of interest rate swap agreements	$ -	$ 23,695	$ -	$ 23,695

Assets whose use is limited or restricted and investments on the consolidated balance sheet, as further discussed in Note 4, at September 30, 2014 and 2013 included cash and money market funds, pledges receivable, certificates of deposit, and cost-method equity securities of approximately $33,177,000 and $43,087,000, respectively. Cash, certificates of deposit, and money market funds are not measured at fair value on a recurring basis and therefore are not included in the table above.

The fair value of the various government and corporate bonds was determined primarily based on Level 2 inputs. The Corporation estimates the fair value of these investments using quoted prices for similar assets in active markets. The fair value of these assets was determined primarily based on quoted market prices from the Corporation's custodial banks.

Note 15 - Fair Value Measurements (Continued)

Changes in Level 3 assets measured at fair value on a recurring basis for the years ended September 30, 2014 and 2013 (in thousands) are as follows:

	Private Equity and Hedge Funds
Balance at October 1, 2013	$ 36,437
Net sales and maturities	(7,589)
Total realized gains	48
Balance at September 30, 2014	$ 28,896

	Private Equity and Hedge Funds
Balance at October 1, 2012	$ 38,658
Net sales and maturities	(905)
Total unrealized losses	(1,316)
Balance at September 30, 2013	$ 36,437

The fair value of the private equity and hedge fund agreements at September 30, 2014 and 2013 was determined primarily based on Level 3 inputs. The Corporation estimates the fair value of these investments based on the most recent investment statement provided for the respective funds.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Investments in Entities that Calculate Net Asset Value per Share

The Corporation holds shares or interests in investment companies at year end whereby the fair value of the investment held is estimated based on the net asset value per share (or its equivalent) of the investment company.

Note 15 - Fair Value Measurements (Continued)

At year end, the fair value and unfunded commitments of those investments are as follows (in thousands):

Investments Held at September 30, 2014

	Fair Value	Unfunded Commitments
Funds of hedge funds	$ 6,986	$ -
Real estate funds	3,596	704
Private equity funds	18,314	2,439
Total	$ 28,896	$ 3,143

Investments Held at September 30, 2013

	Fair Value	Unfunded Commitments
Funds of hedge funds	$ 12,522	$ -
Real estate funds	4,064	905
Private equity funds	19,851	2,703
Total	$ 36,437	$ 3,608

The fund of hedge funds class includes investments in hedge funds that include a strategy of generating return through investments in a number of different hedge funds. The fund makes allocations to various event-driven, relative value, and tactical hedge funds that are identified through a disciplined investment process. The allocation of assets amongst the underlying managers is subject to the discretion of the funds manager. Underlying funds include both single-strategy and multi-strategy funds and the number of funds is also set at the discretion of the fund of funds manager. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The real estate funds class includes several limited partnership structures that are illiquid in nature. Private real estate encompasses a broad array of strategies and securities, including core, core plus, enhanced value, and opportunistic. Core and leveraged core strategies usually are based on investments in existing properties with a fairly stable income stream. Enhanced value investments are made in properties with low leasing levels or significant lease rollover activity or that are undergoing redevelopment. Opportunistic strategies include new construction, empty properties, or projects undergoing significant redevelopment. Other strategies such as mezzanine or special situations will invest in debt, preferred equity, or other parts of a company's capital structure. Some strategies will utilize leverage which can enhance returns as well as potential losses. Investments may be in any country, though funds will typically specialize in specific regions and countries. The fair values of the investments in this class have been estimated using the net asset value of the Corporation's ownership interest in partners' capital.

Note 15 - Fair Value Measurements (Continued)

The private equity funds class includes several private equity funds that invest primarily in unlisted companies (companies that are not traded on public exchanges) or, in some cases, listed companies are purchased and taken as private. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The equity long/short hedge fund class includes investments in hedge funds that invest both long and short primarily in U.S. common stocks. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The event-driven hedge funds class includes investments in hedge funds that invest in approximately 60 percent equities and 40 percent bonds to profit from economic, political, and government-driven events. A majority of the investments are targeted at economic policy decisions. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The global opportunities hedge fund class includes investments in hedge funds that hold approximately 80 percent of the funds' investments in non-U.S. common stocks in the healthcare, energy, information technology, utilities, and telecommunications sectors and approximately 20 percent of the funds' investments in diversified currencies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The multi-strategy hedge funds class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this class includes investments in approximately 50 percent U.S. common stocks, 30 percent global real estate projects, and 20 percent arbitrage investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The real-estate funds class includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value of the Company's ownership interest in partners' capital.

The private-equity funds class includes several private equity funds that invest primarily in foreign technology companies.

Note 16 - Sale and Leaseback of Buildings

During 2010, the Corporation and its affiliates entered into an agreement to sell various facilities and then lease the facilities back under lease arrangements. The sale on certain facilities resulted in a gain on sale, which has been deferred and is being recognized over the period of the leases. The deferred revenue related to the sale and leaseback is presented as liabilities on the consolidated balance sheet.

Consolidating Information

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Independent Auditor's Report on Consolidating Information

To the Board of Directors
ProHealth Care, Inc. and Affiliates

We have audited the consolidated financial statements of ProHealth Care, Inc. and Affiliates (the "Corporation") as of and for the years ended September 30, 2014 and 2013 and have issued our report thereon dated December 16, 2014, which contained an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

December 16, 2014

ProHealth Care, Inc. and Affiliates

Consolidating Balance Sheet
September 30, 2014
(in thousands)

	ProHealth Care, Inc	Waukesha Memorial Hospital, Inc	Oconomowoc Memorial Hospital, Inc	Eliminations	Total Obligated Group	ProHealth Care Medical Associates	Empathia, Inc	National Avenue Development Corporation	Waukesha Health System, Inc	ProHealth Home Care, Inc	National Regency of New Berlin, Inc	ProHealth Care Foundation	Eliminating Entries	Total
Assets														
Current Assets														
Cash and cash equivalents	$ 7,909	$ 22,025	$ 6,012	$ -	$ 35,946	$ 5,715	$ 2,958	$ 226	$ 528	$ 1,269	$ 23,087	$ 6,350	$ -	$ 76,079
Patient accounts receivable - Net	-	54,698	10,646	-	65,344	8,126	-	-	1,304	2,577	-	-	-	77,351
Other receivables	24,279	15,346	7,163	(37,442)	9,346	5,697	1,234	1	472	228	-	-	(12,044)	4,934
Assets whose use is limited or restricted	-	6,868	929	-	7,797	-	-	-	-	-	-	-	-	7,797
Prepaid expenses and other	1,869	6,244	278	-	8,391	1,291	139	-	79	25	586	-	-	10,511
Inventory of supplies	-	7,997	2,581	-	10,578	304	99	-	354	-	54	-	-	11,389
Total current assets	34,057	113,178	27,609	(37,442)	137,402	21,133	4,430	227	2,737	4,099	23,727	6,350	(12,044)	188,061
Noncurrent Assets Whose Use is Limited or Restricted	397,764	94,869	5,348	-	497,981	-	50	-	25	-	107	28,093	-	526,256
Investments	-	-	-	-	-	-	8,340	-	-	3,510	-	-	-	11,850
Property and Equipment - Net	7,814	318,623	89,514	-	415,951	51,007	469	1,216	9,969	4,191	39,021	-	-	521,824
Goodwill and Other Intangible Assets	-	-	-	-	-	5,527	353	-	-	-	-	-	-	5,880
Other Assets	80,897	3,975	958	-	85,830	27,444	702	-	772	-	271	1,849	(78,331)	38,537
Total assets	**$ 520,532**	**$ 530,645**	**$ 123,429**	**$ (37,442)**	**$ 1,137,164**	**$ 105,111**	**$ 14,344**	**$ 1,443**	**$ 13,503**	**$ 11,800**	**$ 63,126**	**$ 36,292**	**$ (90,375)**	**$ 1,292,408**

ProHealth Care, Inc. and Affiliates

Consolidating Balance Sheet (Continued)
September 30, 2014
(in thousands)

	ProHealth Care, Inc	Waukesha Memorial Hospital, Inc	Oconomowoc Memorial Hospital, Inc	Eliminations	Total Obligated Group	ProHealth Care Medical Associates	Empathia, Inc	National Avenue Development Corporation	Waukesha Health System, Inc	ProHealth Home Care, Inc	National Regency of New Berlin, Inc	ProHealth Care Foundation	Eliminating Entries	Total
Liabilities and Net Assets														
Current Liabilities														
Current portion of long-term debt	$ (122)	$ 7,498	$ 929	$ -	$ 8,305	$ 945	$ -	$ -	$ 249	$ -	$ 1,155	$ -	$ -	$ 10,654
Accounts payable	24,633	49,575	5,566	(37,442)	42,332	5,803	1,517	17	1,457	414	731	213	(12,044)	40,440
Deferred revenue	-	-	-	-	-	488	260	-	-	-	-	-	-	748
Accrued liabilities and other	6,150	18,814	3,137	-	28,101	10,406	695	36	867	726	1,307	-	-	42,138
Total current liabilities	30,661	75,887	9,632	(37,442)	78,738	17,642	2,472	53	2,573	1,140	3,193	213	(12,044)	93,980
Long-term Debt - Net of current portion	31,767	214,208	87,915	-	333,890	18,253	-	-	7,149	-	20,255	-	-	379,547
Fair Value of Interest Rate Swap Agreement	-	18,302	2,582	-	20,884	-	-	-	-	-	2,971	-	-	23,855
Other Liabilities														
Postretirement liability	-	85	-	-	85	-	-	-	-	-	-	-	-	85
Deferred revenue	-	-	-	-	-	4,535	-	-	-	-	-	-	-	4,535
Pension liability	8,292	34,020	8,719	-	51,031	11,672	1,513	-	1,333	1,187	-	-	-	66,736
Other long-term liabilities	991	114	252	-	1,357	21,971	1,090	-	134	-	151	67	-	24,770
Total liabilities	71,711	342,616	109,100	(37,442)	485,985	74,073	5,075	53	11,189	2,327	26,570	280	(12,044)	593,508
Net Assets														
Unrestricted	448,821	184,716	13,085	-	646,622	31,038	9,269	1,390	2,314	6,319	36,556	20,654	(78,331)	675,831
Temporarily restricted	-	669	892	-	1,561	-	-	-	-	3,154	-	10,131	-	14,846
Permanently restricted	-	-	352	-	352	-	-	-	-	-	-	5,227	-	5,579
Noncontrolling interest in consolidated subsidiaries	-	2,644	-	-	2,644	-	-	-	-	-	-	-	-	2,644
Total liabilities and net assets	**$ 520,532**	**$ 530,645**	**$ 123,429**	**$ (37,442)**	**$ 1,137,164**	**$ 105,111**	**$ 14,344**	**$ 1,443**	**$ 13,503**	**$ 11,800**	**$ 63,126**	**$ 36,292**	**$ (90,375)**	**$ 1,292,408**

ProHealth Care, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets
Year Ended September 30, 2014
(in thousands)

	ProHealth Care, Inc	Waukesha Memorial Hospital, Inc	Oconomowoc Memorial Hospital, Inc	Eliminations	Total Obligated Group	ProHealth Care Medical Associates	Empathia, Inc	National Avenue Development Corporation	Waukesha Health System, Inc	ProHealth Home Care, Inc	National Regency of New Berlin, Inc	ProHealth Care Foundation	Eliminating Entries	Total
Unrestricted Revenue, Gains, and Other Support														
Net patient service revenue	$ -	$ 442,019	$ 91,727	$ -	$ 533,746	$ 107,755	$ -	$ -	$ 5,851	$ 10,581	$ -	$ -	$ -	$ 657,933
Provision for bad debts	-	(11,858)	(2,688)	-	(14,546)	(2,739)	-	-	(257)	(71)	-	-	-	(17,613)
Net patient service revenue less provision for bad debts	-	430,161	89,039	-	519,200	105,016	-	-	5,594	10,510	-	-	-	640,320
Other operating revenue	125,015	11,911	5,320	(110,326)	31,920	13,565	13,965	265	9,711	852	19,093	-	(28,980)	60,391
Total unrestricted revenue, gains, and other support	125,015	442,072	94,359	(110,326)	551,120	118,581	13,965	265	15,305	11,362	19,093	-	(28,980)	700,711
Expenses														
Salaries and wages	56,335	104,646	22,118	-	183,099	74,851	4,910	-	6,724	6,453	4,499	-	(2,365)	278,171
Employee benefits and payroll taxes	17,233	33,614	6,881	(13)	57,715	16,803	1,495	-	1,386	1,971	616	-	(56)	79,930
Operating supplies and expenses	1,128	76,808	17,645	-	95,581	6,590	38	1	3,378	775	1,031	-	(872)	106,522
Depreciation and amortization	736	35,640	7,414	-	43,790	4,389	148	80	979	233	2,609	-	-	52,228
Interest	-	11,896	5,510	-	17,406	1,846	-	-	842	-	1,003	-	-	21,097
Contracted services and other	49,949	145,963	34,594	(110,313)	120,193	28,128	6,347	233	6,472	1,354	5,766	-	(23,684)	144,809
Total expenses	125,381	408,567	94,162	(110,326)	517,784	132,607	12,938	314	19,781	10,786	15,524	-	(26,977)	682,757
Operating (Loss) Income	(366)	33,505	197	-	33,336	(14,026)	1,027	(49)	(4,476)	576	3,569	-	(2,003)	17,954
Nonoperating (Loss) Income	(24,221)	44,309	3,856	-	23,944	(1,151)	2,261	-	2	84	(11)	(1,141)	14,511	38,499
Excess of Revenue (Under) Over Expenses	(24,587)	77,814	4,053	-	57,280	(15,177)	3,288	(49)	(4,474)	660	3,558	(1,141)	12,508	56,453

ProHealth Care, Inc. and Affiliates

Consolidating Statement of Operations and Changes in Net Assets (Continued)
Year Ended September 30, 2014
(in thousands)

	ProHealth Care, Inc	Waukesha Memorial Hospital, Inc	Oconomowoc Memorial Hospital, Inc	Eliminations	Total Obligated Group	ProHealth Care Medical Associates	Empathia, Inc	National Avenue Development Corporation	Waukesha Health System, Inc	ProHealth Home Care, Inc	National Regency of New Berlin, Inc	ProHealth Care Foundation	Eliminating Entries	Total
Unrestricted Net Assets and Equity														
Excess of revenue (under) over expenses	$ (24,587)	$ 77,814	$ 4,053	$ -	$ 57,280	$ (15,177)	$ 3,288	$ (49)	$ (4,474)	$ 660	$ 3,558	$ (1,141)	$ 12,508	$ 56,453
Amortization of transition deferral on interest rate swap	-	-	-	-	-	-	-	-	-	-	157	-	-	157
Transfer from (to) affiliate	431,831	(371,832)	(44,813)	-	15,186	16,374	(14,400)	99	4,542	-	-	-	(21,801)	-
Contributions for plant and equipment additions	-	435	184	-	619	-	-	-	-	37	-	-	(656)	-
Pension-related changes other than net periodic benefit cost	(1,824)	(9,507)	(2,378)	-	(13,709)	(3,338)	(439)	-	(419)	(334)	-	-	-	(18,239)
Net assets released from restriction for plant and equipment additions	-	305	151	-	456	-	-	-	-	218	-	2,482	-	3,156
Other	-	(1,506)	(149)	-	(1,655)	-	-	-	-	-	-	1,079	-	(576)
Increase (Decrease) in Unrestricted Net Assets	405,420	(304,291)	(42,952)	-	58,177	(2,141)	(11,551)	50	(351)	581	3,715	2,420	(9,949)	40,951
Temporarily Restricted Net Assets														
Restricted contributions	-	222	134	-	356	-	-	-	-	-	-	4,593	-	4,949
Restricted investment income	-	8	24	-	32	-	-	-	-	-	-	539	-	571
Unrealized gains on investments	-	-	-	-	-	-	-	-	-	-	-	3	-	3
Net assets released from restriction	-	(305)	(151)	-	(456)	-	-	-	-	(218)	-	(2,482)	-	(3,156)
Other	-	-	-	-	-	-	-	-	-	-	-	455	-	455
(Decrease) Increase in Temporarily Restricted Net Assets	-	(75)	7	-	(68)	-	-	-	-	(218)	-	3,108	-	2,822
Permanently Restricted Net Assets														
Contributions	-	-	-	-	-	-	-	-	-	-	-	7	-	7
Restricted investment income	-	-	-	-	-	-	-	-	-	-	-	77	-	77
Other	-	-	352	-	352	-	-	-	-	-	-	(2,093)	-	(1,741)
Increase (Decrease) in Permanently Restricted Net Assets	-	-	352	-	352	-	-	-	-	-	-	(2,009)	-	(1,657)
Increase (Decrease) in Net Assets	405,420	(304,366)	(42,593)	-	58,461	(2,141)	(11,551)	50	(351)	363	3,715	3,519	(9,949)	42,116
Net Assets - Beginning of year	43,401	492,395	56,922	-	592,718	33,179	20,820	1,340	2,665	9,110	32,841	32,493	(68,382)	656,784
Net Assets - End of year	**$ 448,821**	**$ 188,029**	**$ 14,329**	**$ -**	**$ 651,179**	**$ 31,038**	**$ 9,269**	**$ 1,390**	**$ 2,314**	**$ 9,473**	**$ 36,556**	**$ 36,012**	**$ (78,331)**	**$ 698,900**