

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2011 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information	
1a Name of plan <u>SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ▶ <u>001</u>	1c Effective date of plan <u>01/01/1993</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>SPECTRUM COMMUNITY HEALTH, INC.</u> <u>6205 CROSSMAN LN</u> <u>INVER GROVE HEIGHTS, MN 55076-1852</u>	2b Employer Identification Number (EIN) <u>41-1413325</u>	2c Sponsor's telephone number <u>651-451-0569</u>
		2d Business code (see instructions) <u>621610</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2012	JON MONACELLI
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2012	JON MONACELLI
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SPECTRUM COMMUNITY HEALTH, INC. 6205 CROSSMAN LN INVER GROVE HEIGHTS, MN 55076-1852	3b Administrator's EIN 41-1413325 3c Administrator's telephone number 651-451-0569
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	369
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	420
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	5
d Subtotal. Add lines 6a , 6b , and 6c	6d	425
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1
f Total. Add lines 6d and 6e	6f	426
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	138
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	3

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2E 2F 2G 2J 2K 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☒ 1 **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning **01/01/2011** and ending **12/31/2011**

A Name of plan SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN	B Three-digit plan number (PN)	001
C Plan sponsor's name as shown on line 2a of Form 5500 SPECTRUM COMMUNITY HEALTH, INC.	D Employer Identification Number (EIN) 41-1413325	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	710477	426	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
5658	697

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

NFP INSURANCE SERVICES INC
 1250 S CAPITAL OF TX HWY
 BLDG 2
 AUSTIN, TX 78746-6464

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
5658	183	REFERRAL/SERVICE FEE	3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

NFP SECURITIES INC
 1250 S CAPITAL OF TEXAS
 HWY BLDG 2-125
 AUSTIN, TX 78746-6464

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	
0	514	PRORATED INCENTIVE, NOT DEDUCTED FROM PLAN	3

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	148625
5 Current value of plan's interest under this contract in separate accounts at year end	5	765216

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ FLEXIBLE INVESTMENT ANNUITY

b Balance at the end of the previous year	7b	169610
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c Additions: (1) Contributions deposited during the year	7c(1)	11725	
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	1909	
(4) Transferred from separate account	7c(4)		
(5) Other (specify below)	7c(5)		
▶			

(6) Total additions	7c(6)	13634
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d Total of balance and additions (add b and c(6))	7d	183244
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e Deductions:			
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	21289	
(2) Administration charge made by carrier	7e(2)	2302	
(3) Transferred to separate account	7e(3)	10919	
(4) Other (specify below)	7e(4)		
▶			

(5) Total deductions	7e(5)	34510
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f Balance at the end of the current year (subtract e(5) from d)	7f	148734
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SPECTRUM COMMUNITY HEALTH, INC.</u>	D Employer Identification Number (EIN) <u>41-1413325</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 50 64	CONTRACT ADMINISTRATOR	12355	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN)	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>SPECTRUM COMMUNITY HEALTH, INC.</u>	D Employer Identification Number (EIN) <u>41-1413325</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN MONEY MARKET SEP ACCT-R1</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-024</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>50587</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LGCAP VALUE SEP ACCT-R1</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-019</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LGCAP BLEND I SEP ACCT-R1</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-017</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>0</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN U.S. PROPERTY SEP ACCT-R1</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-027</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>43471</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN LGCAP S&P 500 INDEX SA-R1</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-016</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>246878</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN MIDCAP VALUE I SA-R1</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-043</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3252</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>PRIN INTL I SEPARATE ACCT-R1</u>				
b Name of sponsor of entity listed in (a): <u>PRINCIPAL LIFE INSURANCE COMPANY</u>				
c EIN-PN <u>42-0127290-048</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>45528</u>		

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMCAP S&P 600 INDEX SA-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-028	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3658
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN MIDCAP S&P 400 IDX SA-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-023	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 24717
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN SMALLCAP GROWTH I SA-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-070	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 25778
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LARGE CAP GROWTH II SA-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-067	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 127
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2010 SEP ACCT-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-075	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 5560
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2020 SEP ACCT-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-076	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 34777
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2030 SEP ACCT-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-077	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 8844
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2040 SEP ACCT-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-078	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 38379
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2050 SEP ACCT-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-079	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 92824
a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME STRAT INC SA-R1		
b Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY		
c EIN-PN 42-0127290-080	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 263

a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN FIN GRP, INC. STOCK SA-R6**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-086	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1068
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2015 SEP ACCT-R1**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-110	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 12034
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2025 SEP ACCT-R1**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-111	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 7997
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2035 SEP ACCT-R1**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-112	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 17275
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN LIFETIME 2045 SEP ACCT-R1**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-113	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2253
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a Name of MTIA, CCT, PSA, or 103-12 IE: PRIN CORE PLUS BOND I SA-R1**b** Name of sponsor of entity listed in (a): PRINCIPAL LIFE INSURANCE COMPANY

c EIN-PN 42-0127290-115	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 99943
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SPECTRUM COMMUNITY HEALTH, INC.</u>	D Employer Identification Number (EIN) <u>41-1413325</u>	

	Part I Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1	Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	1488	0
	(2) Participant contributions	1b(2)	4565	3828
	(3) Other	1b(3)	0	0
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)	781531	765216
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	77294	67424
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	168570	148625
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	1033448	985093

Liabilities

g Benefit claims payable	1g	0	
h Operating payables	1h	0	
i Acquisition indebtedness	1i	0	
j Other liabilities	1j	0	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1033448	985093
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	0	
(B) Participants	2a(1)(B)	110686	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		110686
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	1909	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1909
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	0	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		-5250
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-4576
c Other income.....	2c		931
d Total income. Add all income amounts in column (b) and enter total.....	2d		103700

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	136329	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		136329
f Corrective distributions (see instructions)	2f		190
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	3181	
(2) Contract administrator fees	2i(2)	12355	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		15536
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		152055

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-48355
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLIFTONLARSONALLEN LLP

(2) EIN: 41-0746749

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	0
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	0
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	0
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	0
e Was this plan covered by a fidelity bond?.....	X		125000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SPECTRUM COMMUNITY HEALTH, INC.</u>	D Employer Identification Number (EIN) <u>41-1413325</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>42-0127290</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Investment Committee
Spectrum Community Health, Inc. Retirement Plan
Eveleth, Minnesota

Except as discussed in the following paragraph, in planning and performing our audit of the financial statements of Spectrum Community Health, Inc. Retirement Plan as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Spectrum Community Health, Inc. Retirement Plan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of issuing our report on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

We were engaged to perform a DOL limited-scope audit of those financial statements as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Our audit did not include all of the procedures required by auditing standards generally accepted in the United States of America and did not include a consideration of internal control relating to the information cited in Note 3 to those financial statements. Because of the significance of the information that we did not audit, we were unable to, and did not, express an opinion on those financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in Spectrum Community Health, Inc. Retirement Plan's internal control to be a material weakness.

MATERIAL WEAKNESS

Oversight of the Financial Reporting Process

Plan management is responsible for establishing and maintaining internal controls and for the fair presentation of the net assets available for benefits, changes in net assets available for benefits, supplementary information, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Plan does not have a system of internal controls that would enable management to conclude the Plan's financial statements and related disclosures are complete and presented in accordance with GAAP. As such, management requested us to compile the trial balance from the Plan's trust statements and to prepare a draft of the Plan's financial statements, including the related footnote disclosures.

Oversight of the Financial Reporting Process (Continued)

The outsourcing of these services is not unusual in plans of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost.

Management's Response

Management would like to point out that this only relates to the compilation of the trial balance from Plan records and the preparation of the annual audited financial statements, supplemental schedule, and disclosures. We currently maintain effective review procedures by performing all recommended functions with the exception of the preparation of the annual financial statements, supplemental schedule, and disclosures.

The Plan has a system of internal control that it will continue to maintain. Management will continue to evaluate the cost benefit of preparing a draft of the audited financial statements, supplemental schedule, and disclosures. Currently, we recommend continuing to utilize our external auditors in assisting with the preparation of the annual financial statements, supplemental schedule, and disclosures.

Spectrum Community Health, Inc. Retirement Plan's written response to the material weakness identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in Spectrum Community Health, Inc. Retirement Plan's internal control to be a significant deficiency:

SIGNIFICANT DEFICIENCY

Delinquent Submission of Required Filings

During inquiries with management, we noted that there are delinquent Form 5500 filings for certain health and welfare plans. We understand there were previous delinquent welfare filings filed under the Delinquent Filer Voluntary Compliance Program (DFVC Program). At that time, internal procedures were put in place to ensure the filings were being done on an annual basis, however due to turnover, the procedures were not followed and additional delinquent filings now exist. We recommend you file the delinquent filings under the DFVC Program. We understand you have requested our assistance in completing these filings going forward to ensure future timely filings.

During inquiries with management, we also noted that the 2009 and 2010 Form 8955-SSA filings were not filed with the Internal Revenue Service (IRS) by the due date of January 17, 2012. The information on this form was previously included with the Form 5500 when that form was filed in paper format. The IRS published a new form for Plan to report the required information. This initial form was due January 17, 2012. Principal prepared the completed forms, and they made the forms available on the Principal Plan Sponsor Website. We recommend you file the forms as soon as possible. Annual filings beginning with the 2011 Plan year will have a due date of July 31 the subsequent year, corresponding with the due date of the Form 5500. As with the Form 5500, the Form 8955-SSA can be extended with a due date of October 15. We recommend you implement controls to ensure the Form 8955-SSA is filed on an annual basis to avoid any late filing penalties.

During our audit, we became aware of other matters that are opportunities for strengthening internal controls and operating efficiency. While the nature and magnitude of the internal control matters were not considered important enough to merit the attention of the Plan administrator, they are included herein to provide a single, comprehensive report for both those charged with governance and management.

CONTROL DEFICIENCIES

Completion of Forms I-9

During our audit, we noted certain I-9 forms that were not properly completed by the Employer and/or employee. We recommend that policies and procedures be implemented to ensure all I-9s are properly completed by the Employer and employee within three days of the date of hire. Maintaining accurate demographic information is important to ensure plan provisions are followed including eligibility and vesting.

Missing Participant Salary Election Authorization

During our testing of contributions, Plan management could not provide support for the elected deferral percentages for one participant. We recommend that procedures be implemented to ensure that participant salary deferral forms are filled out completely and retained in the employees' benefit file.

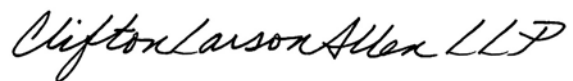
Contribution Reconciliation

During our audit, we noted that the contributions per the payroll reports did not agree with the total contributions per the trust statement. We recommend the Plan administrator establish a policy and procedure to reconcile contributions on a monthly or quarterly basis and that any differences be investigated by management. This will ensure that any differences will be discovered and corrected in a timely fashion.

Spousal Consent on Distributions

During our audit, we noted that plan provisions surrounding obtaining spousal consent for distributions is not clear. We recommend the Plan administrator obtain written interpretation from their third party administrator and modify the distribution forms accordingly.

This communication is intended solely for the information and use of the Investment Committee and Plan management of Spectrum Community Health, Inc. Retirement Plan, and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

St. Cloud, Minnesota
October 9, 2012

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PL

EIN 41 1413325
 PLAN NUMBER 001
 PLAN YEAR 01/01/2011 TO 12/31/2011

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	American Century Investments	Registered Investment Company American Century Heritage C Fd	\$ 0.00	\$ 34,863.17
	Franklin Templeton Investments	Registered Investment Company Franklin Small Cap Value C Fd	\$ 0.00	\$ 32,560.68
*	Principal Life Insurance Company	Insurance Company General Guaranteed Interest	\$ 0.00	\$ 148,625.10
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Core Plus Bond I SA-R1	\$ 0.00	\$ 99,943.06
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Fin Grp, Inc. Stock SA-R6	\$ 0.00	\$ 1,068.02
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Intl I Separate Acct-R1	\$ 0.00	\$ 45,527.64
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LargeCap Growth II SA-R1	\$ 0.00	\$ 127.21
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LgCap S&P 500 Index SA-R1	\$ 0.00	\$ 246,877.70
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LgCap Value Sep Acct-R1	\$ 0.00	\$ 2.31
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime Strat Inc SA-R1	\$ 0.00	\$ 262.55
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2010 Sep Acct-R1	\$ 0.00	\$ 5,560.44
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2015 Sep Acct-R1	\$ 0.00	\$ 12,034.28
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2020 Sep Acct-R1	\$ 0.00	\$ 34,777.16
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2025 Sep Acct-R1	\$ 0.00	\$ 7,996.64
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2030 Sep Acct-R1	\$ 0.00	\$ 8,844.36

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PL

EIN 41 1413325
PLAN NUMBER 001
PLAN YEAR 01/01/2011 TO 12/31/2011

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2035 Sep Acct-R1	\$ 0.00	\$ 17,275.27
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2040 Sep Acct-R1	\$ 0.00	\$ 38,379.12
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2045 Sep Acct-R1	\$ 0.00	\$ 2,253.21
*	Principal Life Insurance Company	Pooled Separate Accounts Prin LifeTime 2050 Sep Acct-R1	\$ 0.00	\$ 92,823.83
*	Principal Life Insurance Company	Pooled Separate Accounts Prin MidCap S&P 400 Idx SA-R1	\$ 0.00	\$ 24,716.93
*	Principal Life Insurance Company	Pooled Separate Accounts Prin MidCap Value I SA-R1	\$ 0.00	\$ 3,252.40
*	Principal Life Insurance Company	Pooled Separate Accounts Prin Money Market Sep Acct-R1	\$ 0.00	\$ 50,586.91
*	Principal Life Insurance Company	Pooled Separate Accounts Prin SmallCap Growth I SA-R1	\$ 0.00	\$ 25,778.03
*	Principal Life Insurance Company	Pooled Separate Accounts Prin SmCap S&P 600 Index SA-R1	\$ 0.00	\$ 3,658.26
*	Principal Life Insurance Company	Pooled Separate Accounts Prin U.S. Property Sep Acct-R1	\$ 0.00	\$ 43,470.50

**SPECTRUM COMMUNITY HEALTH, INC.
RETIREMENT PLAN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2011 AND 2010

**SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
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YEARS ENDED DECEMBER 31, 2011 AND 2010**

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INDEPENDENT AUDITORS' REPORT

Investment Committee
Spectrum Community Health, Inc. Retirement Plan
Eveleth, Minnesota

We were engaged to audit the financial statements and supplemental schedule of Spectrum Community Health, Inc. Retirement Plan (Plan) as of December 31, 2011 and 2010 and for the years then ended, as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information cited in Note 3, which was certified by Principal Life Insurance Company and Delaware Charter Guarantee & Trust Company dba: Principal Trust Company, the custodians, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the custodians hold the Plan's investment assets and execute investment transactions. The Plan administrator has obtained certifications from the custodians as of December 31, 2011 and 2010 and for the years then ended, that the information provided to the Plan administrator by the custodians is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on these accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purposes of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



CliftonLarsonAllen LLP

St. Cloud, Minnesota
October 9, 2012

**SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
INVESTMENTS (at Fair Value)		
Pooled Separate Accounts	\$ 765,216	\$ 781,530
Mutual Funds	67,424	77,294
Guaranteed Interest Account	<u>148,625</u>	<u>168,570</u>
Total Investments	981,265	1,027,394
RECEIVABLES		
Employer Contributions Receivable	-	1,488
Employee Contributions Receivable	<u>3,828</u>	<u>4,565</u>
Total Receivables	<u>3,828</u>	<u>6,053</u>
 Total Assets	 985,093	 1,033,447
LIABILITIES		
EXCESS CONTRIBUTIONS PAYABLE	<u>-</u>	<u>190</u>
NET ASSETS REFLECTING INVESTMENTS AT FAIR VALUE	985,093	1,033,257
Adjustment from Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts	<u>109</u>	<u>1,040</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u><u>\$ 985,202</u></u>	<u><u>\$ 1,034,297</u></u>

See accompanying Notes to Financial Statements.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS AVAILABLE FOR BENEFITS ATTRIBUTED TO:		
INVESTMENT INCOME (LOSS)		
Net Appreciation (Depreciation) in Fair Value of Pooled Separate Accounts	\$ (5,253)	\$ 88,598
Net Appreciation (Depreciation) in Fair Value of Mutual Funds	(4,575)	4,185
Interest	<u>1,905</u>	<u>2,803</u>
Total Investment Income (Loss)	(7,923)	95,586
CONTRIBUTIONS		
Employee 401(k) Deferral	110,687	135,125
Employer Match	-	28,455
Total Contributions	<u>110,687</u>	<u>163,580</u>
BENEFITS PAID TO PARTICIPANTS	(136,329)	(108,529)
ADMINISTRATIVE EXPENSES	(15,530)	(14,929)
CORRECTIVE CONTRIBUTION DISTRIBUTIONS	<u>-</u>	<u>(190)</u>
NET INCREASE (DECREASE)	(49,095)	135,518
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year	<u>1,034,297</u>	<u>898,779</u>
End of Year	<u><u>\$ 985,202</u></u>	<u><u>\$ 1,034,297</u></u>

See accompanying Notes to Financial Statements.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 DESCRIPTION OF PLAN

The following description of Spectrum Community Health, Inc. Retirement Savings Plan (Plan) provides general information only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan established January 1, 1993 and has been amended and restated throughout the years to comply with tax legislation. The Plan was most recently amended effective January 1, 2011 to discontinue the discretionary Employer matching contribution. The Plan covers employees of Spectrum Community Health, Inc. and participating employers, Nursing Enterprises and Spectrum Housing with Services LLC, collectively known as the "Employer", who have completed six months of service and have attained age twenty-one. Plan entry dates are monthly. The Plan is subject to the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Contributions

The Plan includes a salary deferral arrangement allowed under Section 401(k) of the Internal Revenue Code. Eligible participants are permitted to elect to have a portion of their compensation, limited by Plan provisions, contributed as pre-tax 401(k) contributions to the Plan. The Plan allows participants age 50 and older to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans or certain IRAs.

Prior to January 1, 2011, the Employer could, at its discretion, elect to make a 401(k) matching contribution to the Plan. Effective January 1, 2011, the Plan was amended to remove the matching contribution. The matching contribution formula for 2010 was as follows:

<u>Periods</u>	<u>Match Formula</u>
1-1-10 to 4-2-10	20% up to 5%
4-3-10 to 6-26-10	30% up to 5%
6-27-10 to 12-31-10	40% up to 5%

The Employer may also, at its discretion, elect to make a non-elective contribution to the Plan. In order to receive the Employer non-elective contribution, an eligible employee must be employed on the last day of the Plan year, or if terminated, must have worked more than 499 hours during the Plan year. There were no Employer non-elective contributions authorized for the years ended December 31, 2011 and 2010. Contributions are subject to certain limitations.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 1 DESCRIPTION OF PLAN (CONTINUED)

Participant Accounts

Each participant's account is credited with the participant's contributions, the Employer's matching and discretionary contributions, and an allocation of Plan earnings or losses. Employer matching contributions are allocated to a participant based on a percentage of the participant's salary deferral contributions, subject to certain limitations. Employer discretionary contributions are allocated to participants based on the ratio of their eligible compensation to total compensation for the Plan year. Allocations are based on participant earnings or account balances as defined. Income is allocated daily based on the shares in the participant's account. Participants direct the investment of contributions into various investment options offered by the Plan. The benefit to which a participant is entitled is the benefit that can be provided by the participant's account.

Vesting

Participants are 100% vested in employee deferral contributions and rollover contributions, plus actual earnings thereon. Vesting in Employer contributions are subject to a graded vesting schedule based on years of credited service. Participants vest at a rate of 20% per year starting with the second year of credited service. A participant is 100% vested after six years of credited service.

Notwithstanding the above, participants shall, however, become 100% vested in their account upon attaining normal retirement age (age 65), early retirement age (age 55 and 6 years of vesting service), their death, or becoming totally and permanently disabled.

Forfeited Accounts

Forfeited non-vested accounts may be used to reduce future Employer contributions. The balance in the forfeiture account at December 31, 2011 and 2010 was \$837 and \$-0-, respectively. Forfeitures used to reduce matching contributions for the years ended December 31, 2011 and 2010 totaled \$-0- and \$4,655, respectively.

Benefit Payments

Upon termination of service, death, disability, retirement, or early retirement, the participant may elect to receive the value of the vested interest in their account in the form of a lump sum distribution or an annuity. If a participant terminates employment and the participant's account balance is not greater than \$1,000, the Plan administrator will authorize the benefit payment without the participant's consent. If the balance is greater than \$1,000 but less than \$5,000, the benefit payment will be rolled over into an individual retirement account. The Plan allows for hardship distributions and in-service distributions at age 59½, subject to Plan provisions.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statements of changes in net assets available for benefits are prepared on a contract value basis.

Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair market value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the valuation methodologies used at December 31, 2011 and 2010.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued)

During 2010, FASB released ASU 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This guidance changes the requirements to reflect Level 3 changes (purchases, sales, issuances, and settlements) from a net basis to require separate disclosure for each type and is effective for fiscal years ending after December 15, 2011. This guidance does not require the change to be retrospectively applied to prior periods presented. The Plan adopted this guidance effective for the Plan year ending December 31, 2011.

Investment Valuation and Income Recognition

The Plan's investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments in the pooled separate accounts are valued using the net asset value (NAV) of units, which are based on observable market prices for the underlying assets, held by the Plan at year-end. Investment in the insurance company guaranteed interest account is valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer. Investments in the mutual funds are valued at the NAV of shares held by the Plan at year-end.

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

Purchases and sales of securities are recorded on a trade-date basis. Investment income is recorded on the accrual basis. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Use of Estimates

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

Administrative Expenses

The Employer pays certain administrative expenses on behalf of the Plan.

Benefit Payments

Benefit payments are recorded when paid.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Plan has evaluated events and transactions for potential recognition or disclosure through October 9, 2012, the date the financial statements were available to be issued.

NOTE 3 CERTIFICATION OF INVESTMENT INFORMATION

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Accordingly, Principal Life Insurance Company and Delaware Charter Guarantee & Trust Company d/b/a Principal Trust Company, have certified to the completeness and accuracy of all investment information reflected on the accompanying statements of net assets available for benefits as of December 31, 2011 and 2010, the statements of changes in net assets available for benefits for the years then ended, and the schedule of assets (held at end of year) as of December 31, 2011.

NOTE 4 FAIR VALUE OF INVESTMENTS

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31:

	2011			
	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Allocation Funds	\$ -	\$ 220,207	\$ -	\$ 220,207
Small Cap Funds	-	29,436	-	29,436
Mid Cap Funds	-	27,969	-	27,969
Large Cap Funds	-	248,075	-	248,075
Real Estate Funds	-	43,471	-	43,471
Fixed Funds	-	150,530	-	150,530
International Funds	-	45,528	-	45,528
Total Pooled Separate Accounts	-	765,216	-	765,216
Mutual Funds:				
Small Cap Funds	32,561	-	-	32,561
Mid Cap Funds	34,863	-	-	34,863
Guaranteed Interest Account	-	148,625	-	148,625
Total Investments at Fair Value	<u>\$ 67,424</u>	<u>\$ 913,841</u>	<u>\$ -</u>	<u>\$ 981,265</u>

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

	2010			
	Level 1	Level 2	Level 3	Total
Pooled Separate Accounts:				
Allocation Funds	\$ -	\$ 196,166	\$ -	\$ 196,166
Small Cap Funds	-	31,153	-	31,153
Mid Cap Funds	-	8,047	-	8,047
Large Cap Funds	-	240,846	-	240,846
Real Estate Funds	-	-	64,620	64,620
Fixed Funds	-	180,476	-	180,476
International Funds	-	60,222	-	60,222
Total Pooled Separate Accounts	-	716,910	64,620	781,530
Mutual Funds:				
Small Cap Funds	37,471	-	-	37,471
Mid Cap Funds	39,823	-	-	39,823
Guaranteed Interest Account	-	-	168,570	168,570
Total Investments at Fair Value	<u>\$ 77,294</u>	<u>\$ 716,910</u>	<u>\$ 233,190</u>	<u>\$ 1,027,394</u>

The following tables set forth a summary of changes in the fair value of the Plan's Level 3 assets for the years ended December 31:

	2011		
	US Property Separate Account	Guaranteed Interest Account	Total
Balance, Beginning of Year	\$ 64,620	\$ 168,570	\$ 233,190
Interest Income	-	-	-
Unrealized Gains (Losses) Relating to Instruments Still Held at Reporting Date	-	-	-
Realized Gains (Losses)	1,450	-	1,450
Purchases and Issuances:			
Purchase	1,332	-	1,332
Issuances	(11,996)	-	(11,996)
Total Purchases and Issuances	(10,664)	-	(10,664)
Transfers Out of Level 3	(55,406)	(168,570)	(223,976)
Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

	2010		
	US Property Separate Account	Guaranteed Interest Account	Total
Balance, Beginning of Year	\$ 120,462	\$ 160,889	\$ 281,351
Interest Income	-	2,803	2,803
Unrealized Gains (Losses) Relating to Instruments Still Held at Reporting Date	28,502	1,064	29,566
Realized Gains (Losses)	(19,247)	-	(19,247)
Purchases, Issuances and Settlement, Net	(65,097)	3,814	(61,283)
Balance, End of Year	<u>\$ 64,620</u>	<u>\$ 168,570</u>	<u>\$ 233,190</u>

During the Plan year ended December 31, 2011, the US Property Separate Account transferred from a Level 3 to a Level 2 investment, resulting in a transfer out of \$55,406. As of December 31, 2010, this separate account had a temporary withdrawal limitation related to past turmoil in the sale of commercial real estate assets over the last several years. The uncertain environment led to significantly increased requests for withdrawals, and as a result, Principal implemented pre-existing contractual limitations to delay certain withdrawal requests. As of December 31, 2011, the US Property Fund did not have this withdrawal limitation.

As additional guidance has been issued to clarify the framework for the fair value hierarchy that prioritizes the valuation techniques used to measure fair value, the Plan administrator has evaluated the impact of the guidance, and as a result, the Guaranteed Interest Account was reclassified from a Level 3 to a Level 2 investment in 2011, resulting in a transfer out of \$168,570.

The following table sets forth additional disclosures for the fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31:

Investment Type	2011 Fair Value	2010 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Separate Accounts:					
Allocation Funds	\$ 220,207	\$ 196,166	\$ -	Daily	Daily
Small Cap Funds	29,436	31,153	-	Daily	Daily
Mid Cap Funds	27,969	8,047	-	Daily	Daily
Large Cap Funds	248,075	240,846	-	Daily	Daily
Real Estate Funds	43,471	64,620	-	Daily *	Daily
Fixed Funds	150,530	180,476	-	Daily	Daily
International Funds	45,528	60,222	-	Daily	Daily

* As of December 31, 2011, all withdrawal requests were fulfilled and as of March 25, 2011, all restrictions were ended.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The Principal Life Time Strategic Income Separate Account's objective is to seek current income, and, as a secondary objective, capital appreciation. To achieve this, the funds invest in underlying fixed-income funds, but also invest in underlying equity and hybrid funds according to an asset allocation strategy designed for investors seeking current income from their investment. It invests most of the assets in underlying funds which are intended primarily to give the fund broad exposure to income-producing securities through their investments in fixed-income securities, "hybrid" securities and dividend generating domestic and foreign stocks.

The remaining allocation funds' objective is to seek a total return consisting of long-term growth of capital and current income. The funds invest in underlying Principal domestic and foreign equity, hybrid, and fixed-income funds according to an asset allocation strategy designed for investors having an investment time horizon comparable to that of the fund. It allocates the assets more conservatively over time. The fund may invest in any of the Institutional class shares of the equity funds or fixed-income funds of Principal Funds, at the sub-advisor's discretion.

The fixed funds' objective is to provide maximum total return, consistent with the preservation of capital and prudent investment management. To achieve this, the funds invest a majority of their net assets in a diversified portfolio of fixed-income instruments of varying maturities.

The small, mid, and large cap funds' objectives are to seek long-term growth of capital. To achieve this, the funds invest in securities of companies with small, medium, and large market capitalizations, at the time of purchase.

The real estate funds' objective is to invest in a well-diversified real estate portfolio with a low to moderate risk profile compared to other open-end real estate funds. To achieve this, the funds invest primarily in well-leased properties on an unleveraged basis and operate with limited portfolio level obligations and a well diversified portfolio.

The international funds' objective is for long-term growth of capital. To achieve this, the funds' assets are normally invested in non-US securities which typically consist of common stocks of companies with large market capitalizations.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 5 INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets as of December 31:

	2011	2010
Principal Guaranteed Interest	\$ 148,625	\$ 168,570
Principal US Property	43,471 *	64,620
Principal Money Market Separate Account	50,587	81,745
Principal Partners S&P 500 Index Separate Account	246,878	239,147
Principal International I Separate Account	45,528 *	60,222
Principal PIMCO Core Plus Bond I	99,943	98,731
Principal LifeTime 2050	92,824	91,408

** Did not exceed 5% for Plan year*

NOTE 6 GROUP ANNUITY CONTRACT WITH INSURANCE COMPANY

The Plan entered into a group annuity contract with Principal Life Insurance Company. As part of the contract, Principal Life Insurance Company maintains a portion of the contributions in a "guaranteed interest account." The account is credited with earnings on the underlying investments and charged for Plan withdrawals and administrative expenses charged by Principal Life Insurance Company. The guaranteed interest account is included in the financial statements at fair value and adjusted to contract value because it is a fully benefit responsive contract. Upon termination of the investment contract, the lump sum liquidation value of the general account portion of the participant's accumulation value shall be equal to the product of (a) the participant's general account accumulation value on the liquidation date, reduced by the liquidation charge applicable on the liquidation date and (b) a market value adjustment percentage.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The interest rates for the years ended December 31, 2011 and 2010 ranged from 0.23-3.21% and 0.55-3.21%, respectively.

NOTE 7 RISKS AND UNCERTAINTIES

The Plan provides for investment in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 8 PLAN TERMINATION

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the participants will become 100% vested in their accounts.

NOTE 9 PLAN TAX STATUS

The Plan administrator is relying on the opinion letter dated March 31, 2008 received on the prototype plan. The prototype Plan has been amended since relying on the prototype opinion letter. The Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code (IRC). Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2008.

NOTE 10 PARTY-IN-INTEREST TRANSACTIONS

The investments are managed by Principal Life Insurance Company and Delaware Charter Guarantee & Trust Company d/b/a Principal Trust Company, the custodians of the Plan. Therefore, all transactions qualify as party-in-interest. Direct fees paid by the Plan amounted to \$15,530 and \$14,929 for the years ended December 31, 2011 and 2010, respectively.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 11 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2011 and 2010 to Form 5500:

	<u>2011</u>	<u>2010</u>
Net Assets Available for Benefits per the Financial Statements	\$ 985,202	\$ 1,034,297
Adjustment from Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts	(109)	(1,040)
Excess Contributions Payable	-	190
Net Assets Available for Benefits per the Form 5500	<u>\$ 985,093</u>	<u>\$ 1,033,447</u>

The following is a reconciliation of net increase per the financial statements for the year ended December 31, 2011 to Form 5500:

	<u>Amount</u>
Net Decrease per the Financial Statements	\$ (49,095)
Change in Fair Value to Contract Value Adjustment	931
Change in Excess Contributions Payable	(190)
Net Loss per the Form 5500	<u>\$ (48,354)</u>

The Form 5500 reports excess contributions on a cash basis. The Form 5500 is also prepared on the fair value basis of accounting.

SPECTRUM COMMUNITY HEALTH, INC. RETIREMENT PLAN
E.I.N. 41-1413325 PLAN NO. 001
SCHEDULE H, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
YEAR ENDED DECEMBER 31, 2011

(a)	(b)	(c)	(d)	(e)
	Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment	Cost Value **	Current Value
		<u>General Account</u>		
*	Principal Life Ins. Co.	Guaranteed Interest		\$ 148,625
		<u>Pooled Separate Accounts</u>		
*	Principal Life Ins. Co.	Large Cap S&P 500 Index		246,878
*	Principal Life Ins. Co.	LifeTime Strategic Income		263
*	Principal Life Ins. Co.	LifeTime 2010		5,561
*	Principal Life Ins. Co.	LifeTime 2015		12,034
*	Principal Life Ins. Co.	LifeTime 2020		34,777
*	Principal Life Ins. Co.	LifeTime 2025		7,997
*	Principal Life Ins. Co.	LifeTime 2030		8,844
*	Principal Life Ins. Co.	LifeTime 2035		17,275
*	Principal Life Ins. Co.	LifeTime 2040		38,379
*	Principal Life Ins. Co.	LifeTime 2045		2,253
*	Principal Life Ins. Co.	LifeTime 2050		92,824
*	Principal Life Ins. Co.	Money Market		50,587
*	Principal Life Ins. Co.	Financial Group Stock		1,068
*	Principal Life Ins. Co.	U.S. Property		43,471
*	Principal Life Ins. Co.	Small Cap Growth Value I		25,778
*	Principal Life Ins. Co.	Core Plus Bond I		99,943
*	Principal Life Ins. Co.	Large Cap Growth II		127
*	Principal Life Ins. Co.	Large Cap Value		2
*	Principal Life Ins. Co.	Mid Cap S&P 400 Index		24,717
*	Principal Life Ins. Co.	Small Cap S&P 600 Index		3,658
*	Principal Life Ins. Co.	Mid-Cap Growth III		3,252
*	Principal Life Ins. Co.	International I		45,528
		Total Pooled Separate Accounts		<u>765,216</u>
		<u>Mutual Funds</u>		
	American Century	American Century Heritage Funds		34,863
	Franklin	Franklin Small Cap Value		32,561
		Total Mutual Funds		<u>67,424</u>
		Total Assets (Held at End of Year)		<u>\$ 981,265</u>

* Indicates Party-in-Interest

**Cost omitted for participant-directed accounts

Investment Committee
Spectrum Community Health Inc. Retirement Plan
Eveleth, Minnesota

We have conducted a DOL limited-scope audit of the financial statements of Spectrum Community Health, Inc. Retirement Plan (Plan) for the year ended December 31, 2011 and have issued our report thereon dated October 9, 2012. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information cited in Note 3 to those financial statements. Because of the significance of the information that we did not audit, we are unable to, and have not, expressed an opinion on those financial statements and supplemental schedule taken as a whole. We did, however, audit the form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodians, in accordance with auditing standards generally accepted in the United States of America and found them to be presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA.

Our responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 3, 2012, our responsibility, as described by professional standards and except as discussed in the first paragraph, is to express an opinion about whether the financial statements prepared by management with your oversight are presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Our audit of the financial statements does not relieve you or management of your responsibilities.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. As part of our audit and except that we did not, as part of the scope limitation discussed in the first paragraph, include a consideration of internal control relating to the information cited in Note 3 to those financial statements, we considered the internal control of Spectrum Community Health, Inc. Retirement Plan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
3. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned scope and timing of the audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated April 3, 2012.

Significant audit findings

Qualitative aspects of accounting practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Spectrum Community Health, Inc. Retirement Plan are described in Note 2 to the financial statements. During 2011, The Plan adopted ASU 2010-06 Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This guidance changes the requirements to reflect Level 3 changes (purchases, sales, issuances, and settlements) from a net basis to require separate disclosure for each type and is effective for fiscal years ending after December 15, 2011.

We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

In the Spectrum Community Health, Inc. Retirement Plan, the most sensitive estimate and disclosure affecting the financial statements was management's estimate of the valuation of investments, which is described in Note 2 to the financial statements. We evaluated the key factors and assumptions used to develop the estimates of the fair market value of investments in determining they are reasonable in relation to the financial statements as a whole.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and uncorrected misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Disagreements with management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2012.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Plan’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

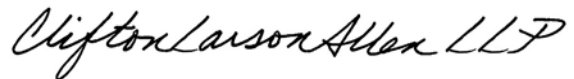
Other audit findings or issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other information in documents containing audited financial statements

Our auditors’ opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

This information is intended solely for the use of the Investment Committee and Plan management of Spectrum Community Health, Inc. Retirement Plan and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

St. Cloud, Minnesota
October 9, 2012