

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	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>PORTAGE HEALTH 401(K) RETIREMENT PLAN</u>	1b Three-digit plan number (PN) ▶	<u>001</u>
		1c Effective date of plan	<u>01/01/2007</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)	<u>PORTAGE HEALTH, INC.</u> <u>500 CAMPUS DR.</u> <u>HANCOCK, MI 49930-1569</u>		
	2b Employer Identification Number (EIN)	<u>38-1381288</u>	
	2c Sponsor's telephone number	<u>906-483-1000</u>	
	2d Business code (see instructions)	<u>622000</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	BRIAN K DONAHUE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2012	BRIAN K DONAHUE
	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") PORTAGE HEALTH, INC. 500 CAMPUS DR. HANCOCK, MI 49930-1569	3b Administrator's EIN 38-1381288 3c Administrator's telephone number 906-483-1000
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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	849
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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	736
b Retired or separated participants receiving benefits.....	6b	32
c Other retired or separated participants entitled to future benefits.....	6c	99
d Subtotal. Add lines 6a , 6b , and 6c	6d	867
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	867
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	680
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	1

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

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) ☐ **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

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 PORTAGE HEALTH 401(K) RETIREMENT PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 PORTAGE HEALTH, INC.	D Employer Identification Number (EIN) 38-1381288

Part I	Service Provider Information (see instructions)
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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

(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)

PENSIONTREND, INC.

38-2508697

(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	CONTRACT ADMINISTRATOR	55554	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

PENSIONTREND INVESTMENT ADVISORS

27-0039500

(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?
28	INVESTMENT ADVISORY	53711	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 ☐

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.	

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
(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
(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
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(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
(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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	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 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2011</div> 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>PORTAGE HEALTH 401(K) 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>PORTAGE HEALTH, INC.</u>	D Employer Identification Number (EIN) <u>38-1381288</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: PENSIONTREND CONSERVATIVE INCOME

b Name of sponsor of entity listed in (a): WILMINGTON TRUST RETIREMENT & INSTITUTIONAL SERVICES COMPANY

c EIN-PN <u>20-5320411-065</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>425593</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PENSIONTREND MODERATE INCOME

b Name of sponsor of entity listed in (a): WILMINGTON TRUST RETIREMENT & INSTITUTIONAL SERVICES

c EIN-PN <u>20-5320445-066</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1095707</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PENSIONTREND CONSERVATIVE GROWTH

b Name of sponsor of entity listed in (a): WILMINGTON TRUST RETIREMENT & INSTITUTIONAL SERVICES

c EIN-PN <u>20-5320488-067</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3854327</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PENSIONTREND MODERATE GROWTH

b Name of sponsor of entity listed in (a): WILMINGTON TRUST RETIREMENT & INSTITUTIONAL SERVICES

c EIN-PN <u>20-5320517-068</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>5801589</u>
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a Name of MTIA, CCT, PSA, or 103-12 IE: PENSIONTREND AGGRESSIVE GROWTH

b Name of sponsor of entity listed in (a): WILMINGTON TRUST RETIREMENT & INSTITUTIONAL SERVICES

c EIN-PN <u>20-5320546-069</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3601784</u>
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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)**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)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**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)**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)

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

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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>PORTAGE HEALTH 401(K) 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>PORTAGE HEALTH, INC.</u>	D Employer Identification Number (EIN) <u>38-1381288</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		1567
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	15221	63790
	(2) Participant contributions	1b(2)	544	727
	(3) Other	1b(3)		
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)	596292	613416
	(9) Value of interest in common/collective trusts	1c(9)	14201453	14778999
	(10) Value of interest in pooled separate accounts	1c(10)		
	(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)	7942491	7959173
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
	(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	22756001	23417672

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	316	1569
k Total liabilities (add all amounts in lines 1g through 1j)	1k	316	1569

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	22755685	23416103
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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)	1674541	
(B) Participants	2a(1)(B)	1669618	
(C) Others (including rollovers)	2a(1)(C)	135131	
(2) Noncash contributions	2a(2)	4542	3483832
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	24975	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		24975
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	288748	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		288748
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(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)		
(B) Other	2b(5)(B)		
(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)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		-259644
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-407161
c Other income.....	2c		745
d Total income. Add all income amounts in column (b) and enter total.....	2d		3131495

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2321660	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		2321660
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		21246
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	431	
(2) Contract administrator fees	2i(2)	74029	
(3) Investment advisory and management fees	2i(3)	53711	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		128171
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2471077

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		660418
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

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: RUKKILA, NEGRO & ASSOCIATES

(2) EIN: 38-3435918

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	
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	
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	
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	
e Was this plan covered by a fidelity bond?.....	X		500000
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>PORTAGE HEALTH 401(K) 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>PORTAGE HEALTH, INC.</u>	D Employer Identification Number (EIN) <u>38-1381288</u>

Part I	Distributions
---------------	----------------------

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
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>27-1228437</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)
----------------	--

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

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

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.
----------------	---

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): _____

**PORTAGE HEALTH
401(k) RETIREMENT PLAN**

**AUDITED FINANCIAL STATEMENTS
December 31, 2011 and 2010**

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RUKKILA | NEGRO AND ASSOCIATES

Certified Public Accountants, P.C.

310 Shelden Avenue, Houghton, Michigan 49931

906.482.6601 906.482.9046 fax www.rukkilanegro.com

INDEPENDENT AUDITOR'S REPORT

The Plan Administrators
Portage Health
401(k) Retirement Plan
Hancock, Michigan 49930

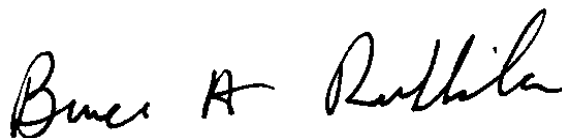
We were engaged to audit the financial statements of Portage Health 401(k) Retirement Plan as of December 31, 2011 and 2010 and for the years ended December 31, 2011 and 2010, and the supplemental schedule as of and for the year ended December 31, 2011, as listed in the accompanying table of contents. These financial statements and 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 summarized in Note J, which was certified by Wilmington Trust, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the year ended December 31, 2011 and 2010 that the information provided to the plan administrator by the trustee 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 the accompanying financial statements and schedule taken as a whole. The form and content of the information included in the financial statements and schedule, other than that derived from the information certified by the trustee, 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.

The schedule of assets held for investment purposes that accompanies the Plan's financial statements does not disclose the historical cost of certain plan assets held by the funding agent. Disclosure of this information is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

September 20, 2012



Certified Public Accountants

PORTAGE HEALTH
401(k) RETIREMENT PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS:		
Cash	\$ 1,567	\$ -
Investments at fair value	22,738,172	22,143,944
Receivables:		
Employer contributions	63,790	15,221
Participant contributions	727	544
Notes receivable	613,416	596,292
Total receivables	<u>677,933</u>	<u>612,057</u>
Total assets	<u>23,417,672</u>	<u>22,756,001</u>
LIABILITIES:		
Other liabilities	<u>1,569</u>	<u>316</u>
Total liabilities	<u>1,569</u>	<u>316</u>
Net assets available for benefits	<u>\$ 23,416,103</u>	<u>\$ 22,755,685</u>

The accompanying notes to financial statements are an integral part of this statement.

PORTAGE HEALTH
401(k) RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE
FOR BENEFITS
Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Additions:		
Additions to net assets attributed to:		
Investment income:		
Net appreciation/(depreciation) in fair value		
of investments (Note C)	\$ (666,060)	\$ 2,360,384
Interest	24,975	25,659
Dividends	288,748	154,165
Noncash contributions	4,542	-
Total investment income	<u>(347,795)</u>	<u>2,540,208</u>
Contributions:		
Participant	1,669,618	1,714,847
Employer	1,674,541	1,715,488
Rollover	135,131	57,721
Total contributions	<u>3,479,290</u>	<u>3,488,056</u>
Total additions	<u>3,131,495</u>	<u>6,028,264</u>
Deductions:		
Deductions from net assets attributed to:		
Benefits paid to participants	2,342,906	896,315
Administrative expenses (Note H)	128,171	111,797
Total deductions	<u>2,471,077</u>	<u>1,008,112</u>
Net increase (decrease)	660,418	5,020,152
Net assets available for benefits:		
Beginning of year	22,755,685	17,735,533
End of year	<u>\$ 23,416,103</u>	<u>\$ 22,755,685</u>

The accompanying notes to financial statements are an integral part of this statement.

**PORTAGE HEALTH
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010**

NOTE A - DESCRIPTION OF THE PLAN

The following description of Portage Health 401(k) Retirement Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all eligible employees of Portage Health. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility

All employees who are not considered temporary, field staff employees, or are not a part of a collective bargaining agreement between the Employer or the Michigan Nurses Association become eligible participants in the Plan upon completion of one year of service during which they completed 1,000 hours of service and where the participant has attained the age of 21.

Contributions

Eligible employees may contribute to the 401(k) plan an amount equal to 1% up to 100% of their compensation, not to exceed \$16,500 (\$22,000 for employees age 50 or older), the maximum amount allowed by the IRS. The Company will make a matching contribution equal to \$.50 for every \$1 that participants contribute up to a maximum of 2% of annual compensation. The Company may also make additional discretionary contributions at the option of the Company's board of directors for all eligible participants. For the plan years ended December 31, 2011 and 2010, the Company made discretionary contributions of 5% of compensation.

All employer contributions will stop in the event of retirement, death, disability, termination, or attainment of age 70.

Forfeitures

Forfeitures of non-vested Company contributions are used to reduce future Company contributions. At December 31, 2011 and 2010 there were no forfeitures that have not yet been applied to reduce the Company's contributions.

Vesting

Participants are immediately vested 100% in the contributions which Portage Health has made for each year.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of the Company's contribution and Plan earnings, and charged an allocation of administrative expenses. Allocations are based on the participant's earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participants vested account.

**PORTAGE HEALTH
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010**

NOTE A - DESCRIPTION OF THE PLAN (Continued)

Payment of Benefits

Upon retirement or termination, married participants will automatically receive a qualified joint and survivor annuity and an unmarried participant will be paid in the form of a single life annuity, unless a qualified election has been filed with the plan administrator. With a qualified election benefits can be paid in the form of a lump sum, direct transfer, direct rollover to a qualified plan, installment payments, or one of various annuity options.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

All loans must be adequately secured and participant may borrow up to 50% of a participant's vested interest in the Plan. The participants vested interest serves as security for the loan. The Plan allows for no more than two loans outstanding at one time. Only one new loan during any twelve month period is allowed and the loan amount cannot exceed the lesser of \$50,000 or one-half of the vested balance. For the years 2011 and 2010 new loans of \$24,975 and \$357,189, respectively, were paid to participants and \$7,852 and \$221,648, respectively, of loans were repaid by participants to the Plan. Total loans, as of December 31, 2011 and 2010, are \$613,416 and \$596,292 respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Plan transaction are recorded on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Investment Valuation

Net assets available for plan benefits are stated at the amount as certified by the trust company. The trust company holds the Plan's investment assets and executes transactions therein.

Subsequent Events

The Company evaluates events occurring subsequent to the date of the financial statements in determining the accounting for disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

PORTAGE HEALTH
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE C - INVESTMENTS

The following table presents participant directed investments at December 31, 2011 and 2010 that represent five percent (5%) or more of the Plan's net assets.

Participant Directed	2011	2010
Pension Trend:		
Conservative Growth Fund	\$ 3,854,327	\$ 4,092,993
Moderate Growth Fund	\$ 5,801,589	\$ 5,521,259
Aggressive Growth Fund	\$ 3,601,784	\$ 3,475,477
Morley Stable Value	\$ 1,854,229	\$ 1,712,169

During 2011 and 2010 the plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated/(depreciated) in value by (\$666,060) and \$2,360,384 respectively as follows:

	2011	2010
Common Collective Trusts	\$ (259,345)	\$ 1,755,724
Mutual Funds	(406,715)	604,660
Total	<u>\$ (666,060)</u>	<u>\$ 2,360,384</u>

NOTE D - NONCASH CONTRIBUTIONS

Noncash contributions in the amount of \$4,542 are prior year contribution overages applied in 2011.

NOTE E - FAIR VALUE MEASUREMENTS

FASB Statement NO. 157, *Fair Value Measurements*, establishes a framework for measuring fair value. The 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 under FASB Statement No. 157 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 active 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 value measurement.

PORTAGE HEALTH
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE E - FAIR VALUE MEASUREMENTS (Continued)

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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Common stocks, corporate bonds, and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Plan at year-end.

Guaranteed investment contract: OR Common trust funds: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer.

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.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2011 and 2010.

Investments at Fair Value as of December 31, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Value funds	\$ 3,190,436	\$ -	\$ -	\$ 3,190,436
Blended funds	1,224,734	-	-	1,224,734
Growth funds	2,100,300	-	-	2,100,300
Bond funds	1,306,387	-	-	1,306,387
Other funds	137,316	-	-	137,316
Common collective trusts				
Fixed income funds	-	14,778,999	-	14,778,999
Total assets at fair value	<u>\$ 7,959,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,959,173</u>

Investments at Fair Value as of December 31, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Value funds	\$ 2,921,136	\$ -	\$ -	\$ 2,921,136
Blended funds	1,324,720	-	-	1,324,720
Growth funds	2,203,689	-	-	2,203,689
Bond funds	1,353,690	-	-	1,353,690
Other funds	139,256	-	-	139,256
Common collective trusts				
Fixed income funds	-	14,201,453	-	14,201,453
Total assets at fair value	<u>\$ 7,942,491</u>	<u>\$ 14,201,453</u>	<u>\$ -</u>	<u>\$ 22,143,944</u>

**PORTAGE HEALTH
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010**

NOTE F - PLAN TAX STATUS

The Internal Revenue Service has determined and informed Portage Health by a letter dated June 1, 2011, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code.

All tax positions taken by the Plan have been assessed to have a near 100% likelihood of being sustained upon their ultimate settlement in the event they are examined by taxing authorities and, therefore, there are no unrecognized tax benefits. The tax years that remain subject to examination by the internal Revenue Service are 2009-2011.

NOTE G - PLAN TERMINATION

It is Portage Health's intent to continue the Plan indefinitely. However, if changes in business conditions require it, Portage Health has reserved the right to amend, modify or terminate the Plan upon written notice to the Plan administrator. If the Plan is terminated all contributions will be discontinued and participants will become fully vested in their plan accounts.

NOTE H - ADMINISTRATIVE EXPENSES

For the years ending December 31, 2011 and 2010 respectively, Portage Health incurred management fees in the amount of \$53,711 and \$44,005, and administrative fees in the amount of \$55,554 and \$61,833. The plan was charged an average of .5% in fees for both years ending December 31, 2011 and 2010.

For the years ending December 31, 2011 and 2010 respectively, individual participants with distribution or loan transactions were charged distribution fees of \$14,725 and \$5,959, loan fees of \$3,750 and \$0, and short term redemption fees in the amount of \$431 and \$0.

**PORTAGE HEALTH
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010**

NOTE I - INFORMATION CERTIFIED BY THE PLAN'S TRUSTEE

The Plan Administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, the Trustee has certified that the information listed below is complete and accurate:

	2011	2010
Statement of Net Assets Available for Benefits		
Investments	22,738,172	22,143,944
Notes receivable from participants	613,416	596,292
Statements of Changes in Net Assets Available for Benefits		
Net appreciation in fair value of investments	(666,060)	2,360,384
Dividends	288,748	154,165
Interest on notes receivable from participants	24,975	25,659
All information disclosed in Notes C and E		
All information in the supplemental schedule		

The Plan's independent certified public accountants did not perform auditing procedures with respect to information certified by the Trustee, except for comparing such information to the related information included in the financial statements and supplemental schedules.

NOTE J - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

There were no unreconcilable differences for the year ended December 31, 2011 and December 31, 2010 between the financial statements and form 5500.

NOTE K - AMENDMENTS

There were no amendments for the year ending December 31, 2011 and 2010.

PORTAGE HEALTH
401(k) RETIREMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE J - INFORMATION PREPARED AND CERTIFIED BY TRUSTEE

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified to as complete and accurate by the trustee:

Investments at fair value:	2011	2010
Conservative Income Fund	\$ 425,593	\$ 373,329
Moderate Income Fund	\$ 1,095,707	\$ 738,395
Conservative Growth Fund	\$ 3,854,327	\$ 4,092,993
Moderate Growth Fund	\$ 5,801,589	\$ 5,521,259
Aggressive Growth Fund	\$ 3,601,784	\$ 3,475,477
American Beacon Large Cap Value	\$ 345,028	\$ 259,638
Columbia Acorn	\$ 349,319	\$ 420,312
Dodge & Cox Income	\$ 360,788	\$ 317,057
Fidelity Balanced Fund	\$ 93,906	\$ 174,666
Fidelity Convertible Securities	\$ 51,253	\$ 117,569
Fidelity Inflation-Protection	\$ 116,046	\$ 152,888
Fidelity Real Estate Inv	\$ 304,501	\$ 188,553
Fidelity Strategic Income	\$ 495,916	\$ 408,661
Fidelity US Equity Index	\$ 263,470	\$ 195,146
Perkins Mid-Cap Value Fund	\$ 175,292	\$ 341,480
Perkins Small-Cap Value Fund	\$ 233,019	\$ 264,966
Lazard Emerging Mkt Open	\$ 304,328	\$ 360,539
Morley Stable Value Fund	\$ 1,854,229	\$ 1,712,169
MFS Utilities Fund R4	\$ 185,085	\$ 47,793
Oppenheimer Intl Bond A	\$ 333,636	\$ 475,084
Pimco Commodity Real Ret	\$ 137,316	\$ 139,256
T Rowe Price Intl Discovery	\$ 296,913	\$ 447,845
T Rowe Price New Horizon	\$ 301,563	\$ 132,604
T Rowe Price New American	\$ 485,607	\$ -
American Funds EuroPacific	\$ 405,068	\$ 620,362
American Funds Growth Fund of America	\$ -	\$ 407,900
American Funds Capital Income Builder	\$ -	\$ 377,467
First Eagle Sogen Global A	\$ 521,822	\$ -
American Funds Hi Inc Tr	\$ 167,923	\$ 141,533
Vanguard Mid Cap Index	\$ 177,144	\$ 239,002
Loan	\$ 613,416	\$ 596,292
Employee Contribution Receivable	\$ 727	\$ 544
Receivable Contribution	\$ 30,021	\$ 11,595
Receivable-Match	\$ 33,642	\$ 3,627

SUPPLEMENTAL SCHEDULE

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Portage Health 401(k) Retirement Plan

EIN: 38-1381288

Plan Sponsor's Name Portage Health, Inc.

PN: 001

(a)	(b) Identity of issue, 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
	PensionTrend	Conservative Income Fnd Mutual Fund No stated ROR	376,822	425,593
	PensionTrend	Income Fund Mutual Fund No stated ROR	993,251	1,095,707
	PensionTrend	Conservative Growth Fnd Mutual Fund No stated ROR	3,376,240	3,854,327
	PensionTrend	Moderate Growth Fund Mutual Fund No stated ROR	5,136,763	5,801,589
	PensionTrend	Aggressive Growth Fund Mutual Fund No stated ROR	3,194,214	3,601,784
	American Beacon	Large Cap Fund Mutual Fund No stated ROR	324,999	345,028
	Columbia Acorn	Z Fund Mutual Fund No stated ROR	323,858	349,319

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Portage Health 401(k) Retirement Plan

EIN: 38-1381288

Plan Sponsor's Name Portage Health, Inc.

PN: 001

(a)	(b) Identity of issue, 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
	Dodge & Cox	Income Account Mutual Fund No Stated ROR	362,348	360,788
	Fidelity Investments	Balanced Fund Mutual Fund No stated ROR	90,195	93,906
	Fidelity Investments	Convertible Securities Mutual Fund No stated ROR	47,778	51,253
	Fidelity Investments	Inflation-Protection Mutual Fund No stated ROR	111,089	116,046
	Fidelity Investments	Real Estate Investment Mutual fund No stated ROR	246,389	304,501
	Fidelity Investments	Strategic Income Fund Mutual Fund No stated ROR	514,511	495,916
	Spartan Funds	500 Index Fund Mutual Fund No stated ROR	248,268	263,470

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Portage Health 401(k) Retirement Plan

EIN: 38-1381288

Plan Sponsor's Name Portage Health, Inc.

PN: 001

(a)	(b) Identity of issue, 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
	Perkins	Mid-Cap Value Fund Mutual Fund No stated ROR	178,525	175,292
	Perkins	Small Cap Value Mutual Fund No stated ROR	255,000	233,019
	Loan	Loan Account	613,416	613,416
	Lazard	Emerging Market Open Mutual Fund No Stated ROR	364,314	304,328
	Morley	Stable Value Fund Mutual Fund No Stated ROR	1,821,367	1,854,229
	MFS	Utilities Fund R4 Mutual Fund No Stated ROR	184,965	185,085
	Oppenheimer	International Bond A Fund Mutual Fund No Stated ROR	349,296	333,636

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Portage Health 401(k) Retirement Plan

EIN: 38-1381288

Plan Sponsor's Name Portage Health, Inc.

PN: 001

(a)	(b) Identity of issue, 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
	PIMCO	Commodity Real Ret Mutual Fund No Stated ROR	183,112	137,316
	T. Rowe Price	International Discovery Mutual Fund No Stated ROR	274,062	296,913
	T. Rowe Price	New Horizon Mutual Fund No Stated ROR	307,431	301,563
	PensionTrend	Receivable Contribution Employee Deferral	0	727
	PensionTrend	Receivable Contribution Employer Base	0	30,021
	PensionTrend	Receivable Contribution Employer Match	0	33,642
	T. Rowe Price	New American Mutual Funds No stated ROR	527,510	485,607

Attachment to 2011 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name Portage Health 401(k) Retirement Plan

EIN: 38-1381288

Plan Sponsor's Name Portage Health, Inc.

PN: 001

(a)	(b) Identity of issue, 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
	EuroPacific	Growth R6 Mutual Fund No stated ROR	479,782	405,068
	First Eagle	Sogen Global A Mutual Fund No stated ROR	554,542	521,822
	American Funds	High Income Trust Mutual Fund No stated ROR	180,110	167,923
	Vanguard	Mid Cap Index Mutual Fund No stated ROR	155,606	177,144