Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

IF THIS FILING RELATES TO A SINGLE BOND ISSUE:
Provide name of bond issue exactly as it appears on the cover of the Official Statement
(please include name of state where issuer is located):

$17,860,000

Gaylord Hospital Finance Authority

Hospital Revenue and Refunding Bonds, Series 2004

Otsego Memorial Hospital Association Obligated Group

Provide nine-digit CUSIP* numbers if available, to which the information relates:

368177AB7	368177AC5	368177AD3

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF A SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located): _____

Other Obligated Person's Name (if any): _____
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer: _____

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

✔ Electronic (number of pages attached) 13 ☐ Paper (number of pages attached) _____

If information is also available on the Internet, give URL: www.firstriver.com

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. ☐ Annual Financial Information and Operating Data pursuant to Rule 15c2-12
(Financial information and operating data should not be filed with the MSRB.)

Fiscal Period Covered: _____

B. ☐ Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: _____

C. ☐ Notice of a Material Event pursuant to Rule 15c2-12 (Check as appropriate)

1. ☐ Principal and interest payment delinquencies
2. ☐ Non-payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform
6. ☐ Adverse tax opinions or events affecting the tax-exempt status of the security
7. ☐ Modifications to the rights of security holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution, or sale of property securing repayment of the securities
11. ☐ Rating changes

D. ☐ Notice of Failure to Provide Annual Financial Information as Required

E. ✔ Quarterly or Monthly Financial Information and Operating Data
(Financial information and operating data should not be filed with the MSRB.)

Period Covered: April – June 2010 (FY2010Q2)

F. ✔ Other Secondary Market Information (Specify): Management's Comments

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name _____ Title _____

Employer _____

Address _____ City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Issuer Web Site Address _____

Dissemination Agent Contact, if any:

Name Shelley J. Aronson Title President

Employer First River Advisory L.L.C.

Address 2640 Overridge Drive City Ann Arbor State MI Zip Code 48104

Telephone (734) 761-3624 Fax (734) 761-3614

Email Address aronson@firstriver.com Relationship to Issuer Dissemination Agent

Obligor Contact, if any:

Name Thomas R. Lemon Title Chief Executive Officer

Employer Otsego Memorial Hospital

Address 825 North Center Street City Gaylord State MI Zip Code 49735

Telephone (989) 731-2215 Fax (989) 731-2217

Email Address Tlemon@otsegomemorialhospital.org Obligor Web Site Address www.otsegomemorialhospital.org

Investor Relations Contact, if any:

Name _____ Title _____

Telephone _____ Email Address _____

OTSEGO MEMORIAL HOSPITAL ASSOCIATION

825 NORTH CERTER STREET
GAYLORD, MI 49735

OFFICER'S CERTIFICATE

DATED: AUGUST 2, 2010

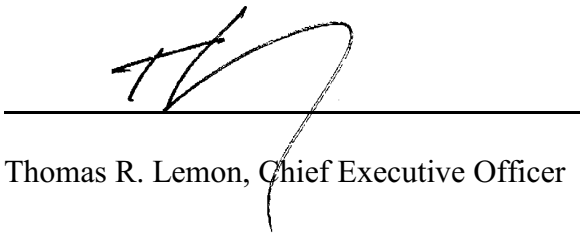
This Officer's Certificate is delivered pursuant to Section 5.10(b) of the Loan Agreement between Otsego Memorial Hospital Association (on behalf of Itself and as Obligated Group Agent on behalf of the Obligated Group) (the Corporation) and Gaylord Hospital Finance Authority (the Issuer), dated as of November 1, 2004, and Section 605(a)(ii) of the Indenture and Loan Agreement among the Corporation, the Issuer and Fifth Third Bank (Northern Michigan), dated as of February 1, 2005, relating to the Issuer's $9,000,000 Hospital Revenue Bonds, Series 2005, issued on behalf of the Corporation (the Series 2005 Bonds). All capitalized terms used herein are as defined in the Loan Agreement, in the Indenture and Loan Agreement, or in the Master Trust Indenture between the Issuer and Wells Fargo Bank, N.A., as Master Trustee, dated as of November 1, 2004.

Attached are internally-prepared quarterly financial statements for the Fiscal Year quarter ended June 30, 2010, including a balance sheet as of such date and a statement of activities and statement of cash flows for such quarter on a FY-to-date basis (the Quarterly Financial Statements). The undersigned certifies that:

1. I am the Chief Executive Officer of the Corporation and duly authorized to deliver this Officer's Certificate;

2. the Quarterly Financial Statements have been prepared on substantially the same accounting basis as the Corporation's audited financial statements for its Most Recent Fiscal Year; and

3. the Quarterly Financial Statements are, to the best of my belief, true and correct, but may be subject to audit and Fiscal Year-end adjustments.



Thomas R. Lemon, Chief Executive Officer

OTSEGO MEMORIAL HOSPITAL ASSOCIATION

MANAGEMENT'S REPORT

FY2010Q2

This Management's Report is delivered pursuant to Section 5.10(b) of the Loan Agreement between Otsego Memorial Hospital Association (on behalf of Itself and as Obligated Group Agent on behalf of the Obligated Group) (the Corporation) and Gaylord Hospital Finance Authority (the Issuer), dated as of November 1, 2004, relating to the Issuer's $17,860,000 Hospital Revenue and Refunding Bonds, Series 2004, issued on behalf of the Corporation (the Series 2004 Bonds), and Section 605(a)(ii) of the Indenture and Loan Agreement among the Corporation, the Issuer and Fifth Third Bank (Northern Michigan), dated as of February 1, 2005, relating to the Issuer's $9,000,000 Hospital Revenue Bonds, Series 2005, issued on behalf of the Corporation (the Series 2005 Bonds). All capitalized terms used herein are as defined in the Loan Agreement, in the Indenture and Loan Agreement, in the Master Trust Indenture between the Issuer and Wells Fargo Bank, N.A., as Master Trustee, dated as of November 1, 2004, or in the Official Statement relating to the Series 2004 Bonds dated November 11, 2004 (the OS).

During FY2007Q4, the Master Trustee, with the consent of the Beneficial Owners of the Series 2004 Bonds and Series 2005 Bonds, waived the Obligated Group's failure to comply with the Debt Service Coverage Ratio covenant relating to FY2006. In consideration for having granted this waiver, the Corporation (on behalf of Itself and as Obligated Group Agent on behalf of the Obligated Group) executed a Supplemental Indenture Number 6 which amends and supplements the Master Trust Indenture (as previously amended and supplemented) and a First Amendment to Indenture and Loan Agreement which amends and supplements the Indenture and Loan Agreement, each dated as of December 1, 2007.

This Management's Report should be read in conjunction with the most recent Management's Report which related to FY2010Q1.

Attached are volume and utilization data for the Fiscal Year (FY) quarter ended June 30, 2010. These data are presented in a cumulative FY-to-date format, with a comparison to the same cumulative period in the prior FY.

MANAGEMENT'S DISCUSSION

The following comments by management are required by Section 201(a)(i)(A) of Supplemental Indenture Number 6 and Section 2(i)(A) of the First Amendment to Indenture and Loan Agreement.

COVENANT NON-COMPLIANCE

The Obligated Group has failed to comply with Debt Service Coverage Ratio (DSCR), Days Cash on Hand (DCOH) and various other covenants, as outlined below together with document references. The Corporation remains in active discussions with the Beneficial Owners of the Series 2004 Bonds and Series 2005 Bonds for waivers of the applicable covenants and the establishment of revised covenants for future periods.

Annual Financial Covenants	
FY2008 and FY2009 DSCR < 1.50x MADS	Supplemental Indenture #6, Section 303 First Amendment to Indenture & Loan Agreement, Section 4
FY2008 DSCR < 1.25x MADS	Supplemental Indenture #6, Section 304 First Amendment to Indenture & Loan Agreement, Section 4
FY2009 DSCR < 1.25x MADS	Supplemental Indenture #6, Section 304 First Amendment to Indenture & Loan Agreement, Section 4
Unrestricted Net Assets < $13,500,000 at FYE2009	Paragraph (i) of Exhibit D to the Indenture and Loan Agreement
30-day "clean up" of Short-Term Indebtedness during FY2009	Master Indenture, Section 505(a)(v)(B)
Semiannual Financial Covenant	
DCOH at December 31, 2008 and December 31, 2009	Supplemental Indenture #6, Section 305 First Amendment to Indenture & Loan Agreement, Section 3
Quarterly Financial Covenants	
Included in the Annual Financial Covenants	The rolling 4 quarters DSCR measurement ended at FYE2008, per the definition of Debt Service Coverage Measurement Date
Reporting Covenants (all have since been cured)	
Audited financial statements for FY2008 past due	Supplemental Indenture #6, Section 201(a)(ii) 2004 Loan Agreement, Section 5.10(a) First Amendment to Indenture & Loan Agreement, Section 2(ii)
Quarterly financial statements for FY2009Q4 past due	Supplemental Indenture #6, Section 201(a)(i) 2004 Loan Agreement, Section 5.10(b) First Amendment to Indenture & Loan Agreement, Section 2(i)
Audited financial statements for FY2009 past due	Supplemental Indenture #6, Section 201(a)(ii) 2004 Loan Agreement, Section 5.10(a) First Amendment to Indenture & Loan Agreement, Section 2(ii)
Other	
Failure to repay Line of Credit Note by September 30, 2008	Second Amendment to Business Loan Agreement, Section 1.1.1

LIQUIDITY

The Corporation continues to manage its liquidity satisfactorily without the availability of a working capital line of credit. The Corporation's margin loan through its securities brokerage has been paid down to less than $200,000 at June 30, and is expected to be repaid fully in September 2010. The Corporation has received several prior years' cost report settlements from Medicare, Medicaid and BCBSM. The Corporation realized gains on the U.S. Treasury Notes held in the Debt Service Reserve Fund relating to the Series 2004 Bonds, and applied the proceeds to the monthly interest payments on such Series 2004 Bonds due in July and August 2010. Patient accounts receivable have been reduced by over $1.5 million since FYE2009. A consulting firm has been engaged to address certain aged patient accounts receivable. Accounts payable have been reduced by $1.65 million since FYE2009. Corporation management continues to explore various other measures to preserve and enhance its liquidity position.

OPERATIONAL IMPROVEMENTS

The Wellspring Partners' recommendations that were set forth in its report dated December 9, 2009 have been largely implemented. Corporation management has negotiated a reduction in its employee health insurance expense that will take effect at the beginning of FY2010Q4. The Corporation expects to apply for participation in the "340(b)" drug-pricing program during FY2010Q3. Corporation management continues to refine and adjust its staffing levels to correspond to patient service volumes. Such volumes are generally improved over the same six-month period in FY2009, but still lag budget.

CONFERENCE CALL WITH BENEFICIAL OWNERS OF THE RELATED BONDS

Corporation management has scheduled its next quarterly conference call, as required by Section 202 of Supplemental Indenture Number 6 and Section 2 of the First Amendment to Indenture and Loan Agreement, for Wednesday, August 4, at 1:30 P.M. Eastern Daylight Time. Access instructions will be provided separately to Continuing Disclosure Recipients and their representatives by First River Advisory L.L.C., the Corporation's Financial Advisor.

FINANCIAL RATIO CALCULATIONS

The following calculations of financial ratios are required by Section 201(a)(i)(B) of Supplemental Indenture Number 6 and Section 2(i)(B) of the First Amendment to Indenture and Loan Agreement. Net Income Available for Debt Service (NIADS) measured on a rolling-four-quarters basis will continue to be depressed though FY2010Q3, after which the exceptionally weak financial performance during FY2009Q4 need not be included in the calculation. NIADS for FY2010Q2 alone exhibits a very healthy Debt Service Coverage Ratio of 2.82.

Debt Service Coverage Ratio Calculation for the Rolling Four Quarters Ended June 30, 2010 ($000s omitted, except for Debt Service Coverage Ratio)					
			Minus	***Plus***	***Rolling Four Quarters***
		FY2009	***FY2009Q2***	***FY2010Q2***	
		Audited	***Unaudited***		
Excess (Deficit) of Revenue over Expenses		(2,498)	(1,726)	742	(30)
Depreciation and Amortization Expense		2,005	975	980	2,010
Interest Expense		1,541	745	742	1,538
Unrealized (Gains) Losses on Investment Securities		(624)	0	0	(624)
(Gains) Losses on the Disposition of Capital Assets		11	0	0	11
(Gains) Losses on Extinguishment of Debt		0	0	0	0
Net Income Available for Debt Service	NIADS	435	(6)	2,464	2,905
Maximum Annual Debt Service Requirements	MADS				2,256
Debt Service Coverage Ratio	NIADS / MADS				1.29
Requirement					1.50

Debt Service Coverage Ratio Calculation for the Three-Month Period Ended June 30, 2010 ($000s omitted, except for Debt Service Coverage Ratio)				
			Minus	***Three-Month Period***
		FY2010Q2	***FY2010Q1***	
		Unaudited	***Unaudited***	
Excess (Deficit) of Revenue over Expenses		742	11	731
Depreciation and Amortization Expense		980	489	491
Interest Expense		742	373	370
Unrealized (Gains) Losses on Investment Securities		0	0	0
(Gains) Losses on the Disposition of Capital Assets		0	0	0
(Gains) Losses on Extinguishment of Debt		0	0	0
Net Income Available for Debt Service	NIADS	2,464	872	1,592
¼ of Maximum Annual Debt Service Requirements	MADS			564
Debt Service Coverage Ratio	NIADS / MADS			2.82

Days' Cash on Hand Calculation at June 30, 2010 (for information only – not a covenant measurement date) ($000s omitted, except for Days' Cash on Hand)			
a	Cash and Cash Equivalents		1,596
b	Short-Term Investments		923
c	Board-Designated Investments		967
d	Outstanding Principal Balance of Short-Term Indebtedness		199
e = a + b + c - d	Financial Assets		3,286
f	Operating Expenses		32,852
g	Minus:	Depreciation and Amortization Expense	(980)
h = f - g	Adjusted Operating Expenses		31,872
i = h / days	Daily Operating Expenses		176
e ÷ i	Days' Cash on Hand		19
	Requirement		52

OTSEGO MEMORIAL HOSPITAL ASSOCIATION

FINANCIAL STATEMENTS

FY2010Q2

Obligated Group Balance Sheet ($000s omitted)		
	At June 30	***At December 31***
	2010	***2009***
	Unaudited	***Audited***
Cash, Cash Equivalents and Short-Term Investments[1]	2,519	196
Net Patient Accounts Receivable	5,333	6,844
Current Assets Limited as to Use	-	638
Prepaid Expenses and Other Current Assets	3,786	2,543
Total Current Assets	11,638	10,220
Investments[1]	967	4,942
Net Property and Equipment	26,922	27,684
Non-Current Assets Limited as to Use	1,545	1,658
Other Non-Current Assets	1,470	1,570
Total	42,542	46,073
Current Portion of Long-Term Debt	918	22,585
Short-Term Indebtedness	199	3,384
Accounts Payable	3,054	4,704
Estimated Third-Party Payor Settlements	-	-
Accrued Liabilities and Other	3,646	2,695
Total Current Liabilities	7,817	33,368
Long-Term Debt	21,220	-
Other Non-Current Liabilities	627	570
Net Assets	12,877	12,136
Total	42,542	46,073

[1] Corresponds to the definition of "Financial Assets" in the Master Indenture, and used in "Days' Cash on Hand" calculations

Obligated Group Statement of Operations ($000s omitted)			
	Six Months Ended June 30		
	2010	***2010***	***2009***
	Actual	***Budget***	***Actual***
Gross Patient Service Revenue	52,966	54,105	48,667
Contractual Allowances and Other Deductions	(21,100)	(22,700)	(19,458)
Net Patient Service Revenue	31,865	31,405	29,209
Other Operating Revenue	1,636	1,770	1,831
Total Operating Revenue	33,501	33,175	31,041
Salaries and Wages	14,097	14,208	14,382
Employee Benefits	4,133	3,227	3,754
Supplies and Expenses	11,222	11,280	11,744
Depreciation Expense	980	1,138	975
Interest Expense	742	736	745
Provision for Uncollectible Accounts	1,677	1,413	1,329
Total Operating Expenses	32,852	32,002	32,929
Income from Operations	649	1,174	(1,889)
Net Nonoperating Revenue (Loss)	93	283	163
Excess of Revenue over Expenses	742	1,456	(1,726)

Obligated Group Statement of Cash Flows ($000s omitted)		
	Six Months Ended June 30	***FY2009***
	Unaudited	***Audited***
Operating Activities		
Cash Received from Patients and Third-Party Payors	31,699	62,316
Cash Paid to Suppliers and Employees	(32,872)	(66,095)
Investment Income Received	84	249
Interest Paid	(742)	(1,541)
Other Operating Receipts	96	1,050
Net Cash Provided (Used) by Operating Activities	(1,736)	(4,021)
Investing Activities		
Purchases of Property and Equipment	(219)	(549)
Proceeds from Disposal of Property and Equipment	-	5
(Purchases) of Investments	-	(2,383)
Sales and Maturities of Investments	-	4,295
Change in Assets Limited as to Use	4,725	-
Proceeds from Life Insurance Contracts	-	0
Net Distribution from Joint Ventures	-	100
Net Cash Provided (Used) by Investing Activities	4,506	1,468

Obligated Group Statement of Cash Flows ($000s omitted)		
	Six Months Ended June 30	***FY2009***
	Unaudited	***Audited***
Financing Activities		
Proceeds from Issuance of Debt Obligations	-	3,596
Principal Repayments on Debt Obligations	(447)	(2,087)
Proceeds from Restricted Contributions	-	-
Net Cash Provided (Used) by Financing Activities	(447)	1,509
Net Increase (Decrease) in Cash	2,323	(1,044)
Cash and Cash Equivalents – Beginning of Period	196	1,240
Cash and Cash Equivalents – End of Period	2,519	196

OTSEGO MEMORIAL HOSPITAL ASSOCIATION

SERVICE VOLUMES AND UTILIZATION

FY2010Q2

Historical Acute Care Utilization (excludes newborns)		
	Six Months Ended June 30	
	2010	***2009***
Days in Period	181	181
Licensed Beds	46	46
Staffed Beds	39	39
Admissions	906	890
Patient Days	2,817	2,753
Births	120	145
Average Daily Census	15.6	15.2
Average Length of Stay	3.1	3.1
Occupancy Rate[1] (%)	39.9	39.0

[1] Based on Staffed Beds

McReynolds Hall (Skilled Nursing)Utilization		
	Six Months Ended June 30	
	2010	***2009***
Days in Period	181	181
Licensed and Staffed Beds	34	34
Patient Days	5,376	5,409
Average Daily Census	29.7	29.9
Occupancy Rate	87.4	87.9

Outpatient Volumes			
		Six Months Ended June 30	
		2010	*2009*
	ED Patients	6,288	6,334
	MedCare Encounters	7,440	6,478
Employed Physician Encounters	OMH Medical Group	34,671	31,904
	Montmorency Clinic	4,422	4,192
	Orthopedic Surgeons	6,257	6,328
	Total	45,350	42,424
	Outpatient Registrations	32,609	35,424

Surgical and Other Procedures			
		Six Months Ended June 30	
		2010	*2009*
Inpatient Surgeries		340	383
Outpatient	Surgeries	1,963	2,055
	Other Procedures	2,149	2,245
	Total Outpatient	4,112	4,300
Grand Total		4,452	4,683
Percent Outpatient		92.4%	91.8%

Ancillary Services (the Corporation no longer distinguishes between ancillary services provided to inpatients and outpatients in its record-keeping)		
	Six Months Ended June 30	
	2010	***2009***
Laboratory Orders	134,156	115,922
Electrocardiology Procedures	3,956	3,876
General Radiology Examinations	10,096	10,269
Ultrasound Examinations	2,011	1,630
Mammography Examinations	1,264	1,325
Nuclear Medicine Examinations	1,131	1,162
CT Scan Examinations	3,238	3,200
MRI Examinations	1,420	1,363
Cardio-Pulmonary Procedures	13,682	13,712
Physical Therapy Procedures	12,711	14,768
Occupational Therapy Procedures	8,836	6,979
Cardiac Rehabilitation Visits	3,263	2,804