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<b>Form 990</b>  Department of the Treasury Internal Revenue Service	<b>Return of Organization Exempt From Income Tax</b>  <b>Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)</b>	OMB No 1545-0047 <div> <div>2008</div> <div>Open to Public Inspection</div> </div>
	The organization may have to use a copy of this return to satisfy state reporting requirements	

**A For the 2008 calendar year, or tax year beginning 07-01-2008 and ending 06-30-2009**

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>Please use IRS label or print or type. See Specific Instructions.</b>	<b>C</b> Name of organization POLINSKY MEDICAL REHABILITATION		<b>D</b> Employer identification number 41-0691275
		Doing Business As		<b>E</b> Telephone number (218) 786-1421
		Number and street (or P O box if mail is not delivered to street address) 530 EAST 2ND STREET	Room/suite	<b>G</b> Gross receipts \$ 9,241,099
		City or town, state or country, and ZIP + 4 DULUTH, MN 55805		
<b>F</b> Name and address of Principal Officer Barbara Johnson CFO 407 East Third Street Duluth, MN 55805		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c) ( 3 ) <input type="checkbox"/> (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No (If "No," attach a list See instructions )		
<b>J</b> Web site: <input checked="" type="checkbox"/> www.smdc.org		<b>H(c)</b> Group Exemption Number <input checked="" type="checkbox"/> 0928		

## Part I Summary

Activities & Governance	<b>1</b>	Briefly describe the organization's mission or most significant activities  POLINSKY MEDICAL REHABILITATION CENTER EXISTS TO WITNESS THE LOVE OF GOD THROUGH COMPASSIONATE AND COMPETENT HEALTH SERVICES FOR ALL, ESPECIALLY THE POOR AND THE POWERLESS		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	14
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	13
	<b>5</b>	Total number of employees (Part V, line 2a)	<b>5</b>	0
	<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>	0
	<b>7a</b>	Total gross unrelated business revenue from Part VIII, line 12, column (C)	<b>7a</b>	0
	<b>b</b>	Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	
Revenue	<b>8</b>	Contributions and grants (Part VIII, line 1h)	0	0
	<b>9</b>	Program service revenue (Part VIII, line 2g)	7,986,069	8,438,759
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	589,339	-1,819,903
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	165,392	120,873
	<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	8,740,800	6,739,729
	Expenses	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0
<b>14</b>		Benefits paid to or for members (Part IX, column (A), line 4)	0	0
<b>15</b>		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	6,729,175	6,464,522
<b>16a</b>		Professional fundraising fees (Part IX, column (A), line 11e)	0	0
<b>b</b>		(Total fundraising expenses, Part IX, column (D), line 25 <sup>0</sup> )		
<b>17</b>		Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	3,213,383	2,559,413
<b>18</b>		Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	9,942,558	9,023,935
<b>19</b>		Revenue less expenses Subtract line 18 from line 12	-1,201,758	-2,284,206
Net Assets or Fund Balances			<b>Beginning of Year</b>	<b>End of Year</b>
	<b>20</b>	Total assets (Part X, line 16)	19,186,884	14,162,928
	<b>21</b>	Total liabilities (Part X, line 26)	19,043,728	16,599,481
	<b>22</b>	Net assets or fund balances Subtract line 21 from line 20	143,156	-2,436,553

## Part II Signature Block

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge			
	<div> <div></div> <div>Signature of officer</div> </div>			<div> <div>2010-05-14</div> <div>Date</div> </div>
	<div> <div>Barbara Johnson CFO</div> <div>Type or print name and title</div> </div>			
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's PTIN (See Gen Inst )
	Firm's name (or yours if self-employed), address, and ZIP + 4	<div> <div>ERNST &amp; YOUNG US LLP</div> <div>75 BEATTIE PLACE SUITE 800</div> <div>GREENVILLE, SC 29601</div> </div>		<div> <div>EIN</div> <div>Phone no (864) 242-5740</div> </div>

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

Part III

Statement of Program Service Accomplishments (See the instructions.)

1

Briefly describe the organization’s mission

POLINSKY MEDICAL REHABILITATION CENTER EXISTS TO WITNESS THE LOVE OF GOD THROUGH COMPASSIONATE AND COMPETENT HEALTH SERVICES FOR ALL, ESPECIALLY THE POOR AND THE POWERLESS, IN A SPIRIT OF GENUINE HOSPITALITY, RESPECT, DIGNITY AND JUSTICE

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes

☒

No

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting or make significant changes in how it conducts any program services?

Yes

☒

No

If “Yes,” describe these changes on Schedule O

4

Describe the exempt purpose achievements for each of the organization’s three largest program services by expenses

Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code

) (Expenses \$

6,853,426

including grants of \$

0 ) (Revenue \$

8,438,758 )

POLINSKY MEDICAL REHABILITATION CENTER PROVIDED \$11,880 IN CHARITY CARE DURING THE FISCAL YEAR ENDED JUNE 30, 2009 FURTHER COMMUNITY BENEFITS PROVIDED BY POLINSKY MEDICAL REHABILITATION CENTER DURING THE FISCAL YEAR INCLUDE EDUCATION AND WORKFORCE DEVELOPMENT OF \$221,353 AND SUBSIDIZED HEALTH SERVICES OF \$1,333,984

4b

(Code

) (Expenses \$

including grants of \$

) (Revenue \$

)

4c

(Code

) (Expenses \$

including grants of \$

) (Revenue \$

)

4d

Other program services (Describe in Schedule O )

(Expenses \$

including grants of \$

) (Revenue \$

)

4e

Total program service expenses \$











6,853,426

Must equal Part IX, Line 25, column (B).






Form 990 (2008)

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3	No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	4	No
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III	5	
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10	Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	No
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable 	11	Yes
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12	No
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a	Did the organization maintain an office, employees, or agents outside of the U S?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U S? If "Yes," complete Schedule F, Part I	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III	16	No
17	Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I	17	No
18	Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19	Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20	Yes
21	Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II	21	No
22	Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J 	23	Yes
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to question 25	24a	No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a	No
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I	25b	No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26	No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27	No

**Part IV Checklist of Required Schedules** *(Continued)*

		Yes	No
<b>28</b>	During the tax year, did any person who is a current or former officer, director, trustee, or key employee		
<b>a</b>	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		No
<b>b</b>	Have a family member who had a direct or indirect business relationship with the organization? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		No
<b>c</b>	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		No
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .		No
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .		No
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .		No
<b>32</b>	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .		No
<b>33</b>	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . . 		No
<b>34</b>	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i> . . . . . 	Yes	
<b>35</b>	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . . 	Yes	
<b>36</b>	501(c)(3) organizations Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . . 		No
<b>37</b>	Did the organization conduct more than 5 percent of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> . . . . . 		No

Part V

Statements Regarding Other IRS Filings and Tax Compliance

			Yes	No
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable . . . . .	1a0		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	1c	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return . . . . .	2a0		
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? . . . <b>Note:</b> <i>If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.</i>	2b		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? . . . . .	3a		No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .	4a		No
b	If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for <b>Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts</b> .			
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . .	5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		No
c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, <i>Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction</i> ? . . . . .	5c		
6a	Did the organization solicit any contributions that were not tax deductible? . . . . .	6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .	6b		
7	Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of \$75 or more? . . . . .	7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .	7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .	7d		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .	7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . .	7f		No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required? . . .	7g		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required? . . . . .	7h		
8	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .	8		
9	Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966? . . . . .	9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .	9b		
10	Section 501(c)(7) organizations. Enter			
a	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b		
11	Section 501(c)(12) organizations. Enter			
a	Gross income from members or shareholders . . . . .	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . .	11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? . . .	12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		

Part VI

Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

		Yes	No
1a	Enter the number of voting members of the governing body . . . . .		
1b	Enter the number of voting members that are independent . . . . .		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . . . . .		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . . . . .		No
6	Does the organization have members or stockholders? . . . . .		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? . . . . .	Yes	
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . . . . .	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following . . . . .		
8a	the governing body? . . . . .	Yes	
8b	each committee with authority to act on behalf of the governing body? . . . . .	Yes	
9a	Does the organization have local chapters, branches, or affiliates? . . . . .		No
9b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990 . . . . .	Yes	
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .		No

Section B. Policies

		Yes	No
12a	Does the organization have a written conflict of interest policy? If "No", go to line 13 . . . . .	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	Yes	
13	Does the organization have a written whistleblower policy? . . . . .	Yes	
14	Does the organization have a written document retention and destruction policy? . . . . .	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision . . . . .		
15a	The organization's CEO, Executive Director, or top management official? . . . . .	Yes	
15b	Other officers or key employees of the organization? . . . . .	Yes	
	Describe the process in Schedule O . . . . .		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .		No
16b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable Federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed MN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> own website <input type="checkbox"/> another's website <input checked="" type="checkbox"/> upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. BARBARA JOHNSON CFO 407 East Third Street Duluth, MN 55805 (218) 786-1421

## Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

☒ Check this box if the organization did not compensate any officer, director, trustee or key employee

[illegible]



(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1b Total . . . . .</b>								0	2,913,594	326,620

**2** Total number of individuals (including those in 1a) who received more than \$100,000 in reportable compensation from the organization **0**

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

<b>1</b> Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization		
(A)	(B)	(C)
Name and business address	Description of services	Compensation
NONE		
<b>2</b> Total number of independent contractors (including those in 1) who received more than \$100,000 in compensation from the organization		0

Part VIII

Statement of Revenue

				(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . . 1a						
	b	Membership dues . . . . . 1b						
	c	Fundraising events . . . . . 1c						
	d	Related organizations . . . 1d						
	e	Government grants (contributions) 1e						
	f	All other contributions, gifts, grants, and similar amounts not included above 1f						
	g	Noncash contributions included in lines 1a-1f \$						
	h	Total (Add lines 1a-1f) . . . . .						
	Program Service Revenue	2a	PATIENT REVENUE	Business Code 621,400	6,992,412	6,992,412		
b		FITNESS & WELLNESS	713,940	1,446,347	1,446,347			
c								
d								
e								
f		All other program service revenue						
g		Total. Add lines 2a-2f . . . . . \$ 8,438,759						
Other Revenue		3	Investment income (including dividends, interest other similar amounts) . . . . .		114,261			114,261
		4	Income from investment of tax-exempt bond proceeds . . . . .		0			
	5	Royalties . . . . .		0				
	6a	Gross Rents	(i) Real 103,491	(ii) Personal				
	b	Less rental expenses						
	c	Rental income or (loss)	103,491					
	d	Net rental income or (loss) . . . . .		103,491			103,491	
	7a	Gross amount from sales of assets other than inventory	(i) Securities 557,201	(ii) Other 1,095				
	b	Less cost or other basis and sales expenses	2,491,365	1,095				
	c	Gain or (loss)	-1,934,164					
	d	Net gain or (loss) . . . . .		-1,934,164			-1,934,164	
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18 Attach Schedule G if total exceeds \$15,000 . . . . . a						
	b	Less direct expenses . . . . b						
	c	Net income or (loss) from fundraising events . . . . .		0				
	9a	Gross income from gaming activities See part IV, line 19 Complete Schedule G if total exceeds \$15,000 . . . . . a						
	b	Less direct expenses . . . . b						
	c	Net income or (loss) from gaming activities . . . . .		0				
	10a	Gross sales of inventory, less returns and allowances . . . . a	14,298					
	b	Less cost of goods sold . . . b	8,910					
	c	Net income or (loss) from sales of inventory . . . . .		5,388			5,388	
	Miscellaneous Revenue	Business Code						
11a	Parking Revenue	812,930	13,498			13,498		
b	All other revenue	900,099	-1,504			-1,504		
c								
d	All other revenue							
e	Total. Add lines 11a-11d . . . . . \$ 11,994							
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e . . . . .			6,739,729	8,438,759		-1,699,030	

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).					
Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	0			
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees . . . . .	0			
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
7	Other salaries and wages	5,170,528	4,615,683		
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	228,906	210,015	18,891	
9	Other employee benefits . . . . .	705,411	611,261	94,150	
10	Payroll taxes . . . . .	359,677	330,657	29,020	
11	Fees for services (non-employees)				
a	Management . . . . .	0			
b	Legal . . . . .	7,382		7,382	
c	Accounting . . . . .	6,906		6,906	
d	Lobbying . . . . .	0			
e	Professional fundraising See Part IV, line 17 . . . . .	0			
f	Investment management fees . . . . .	0			
g	Other . . . . .	12,777	8,952	3,825	
12	Advertising and promotion . . . . .	15,347	1,721	13,626	
13	Office expenses . . . . .	370,968	324,068	46,900	
14	Information technology . . . . .	58,030	5,777	52,253	
15	Royalties . . . . .	0			
16	Occupancy . . . . .	378,184	70,303	307,881	
17	Travel . . . . .	62,821	50,326	12,495	
18	Payments of travel or entertainment expenses for any Federal, state or local public officials . . . . .	0			
19	Conferences, conventions and meetings . . . . .	6,026	2,200	3,826	
20	Interest . . . . .	268,415		268,415	
21	Payments to affiliates . . . . .	0			
22	Depreciation, depletion, and amortization . . . . .	573,306	39,844	533,462	
23	Insurance . . . . .	14,063	1,101	12,962	
24	Other expenses—Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below )				
a	PURCHASED SERVICES	353,504	244,440	109,064	
b	BAD DEBT EXPENSE	146,795	146,795		
c	MINNESOTA CARE TAX	120,003	120,003		
d	EQUIPMENT REPAIR	40,660	20,870	19,790	
e	All other expenses	124,226	49,410	74,816	
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	9,023,935	6,853,426	2,170,509	0
26	Joint Costs. Check <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X**    **Balance Sheet**

		(A)		(B)		
		Beginning of year		End of year		
Assets	<b>1</b> Cash—non-interest-bearing . . . . .	700	<b>1</b>	740		
	<b>2</b> Savings and temporary cash investments . . . . .	4,121,356	<b>2</b>	3,680,639		
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>			
	<b>4</b> Accounts receivable, net . . . . .	4,473,090	<b>4</b>	1,199,091		
	<b>5</b> Receivables from current and former officers, directors, trustees, key employees or other related parties <i>Complete Part II of Schedule L</i> . . . . .		<b>5</b>			
	<b>6</b> Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) <i>Complete Part II of Schedule L</i> . . . . .		<b>6</b>			
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>			
	<b>8</b> Inventories for sale or use . . . . .	4,597	<b>8</b>	4,171		
	<b>9</b> Prepaid expenses and deferred charges . . . . .	2,390	<b>9</b>	2,790		
	<b>10a</b> Land, buildings, and equipment—cost basis	<table><tr><td><b>10a</b></td><td>12,610,868</td></tr></table>	<b>10a</b>	12,610,868		
	<b>10a</b>	12,610,868				
	<b>b</b> Less accumulated depreciation <i>Complete Part VI of Schedule D</i> . . . . .	<table><tr><td><b>10b</b></td><td>7,976,182</td></tr></table>	<b>10b</b>	7,976,182	5,084,947	<b>10c</b> 4,634,686
	<b>10b</b>	7,976,182				
	<b>11</b> Investments—publicly traded securities . . . . .	5,247,636	<b>11</b>	4,438,228		
	<b>12</b> Investments—other securities See Part IV, line 11 <i>Complete Part VII of Schedule D</i> . . . . .	186,366	<b>12</b>	165,114		
	<b>13</b> Investments—program-related See Part IV, line 11 <i>Complete Part VIII of Schedule D</i> . . . . .		<b>13</b>			
<b>14</b> Intangible assets . . . . .		<b>14</b>				
<b>15</b> Other assets See Part IV, line 11 <i>Complete Part IX of Schedule D</i> . . . . .	65,802	<b>15</b>	37,469			
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	19,186,884	<b>16</b>	14,162,928			
Liabilities	<b>17</b> Accounts payable and accrued expenses . . . . .	17,381,427	<b>17</b>	15,117,816		
	<b>18</b> Grants payable . . . . .		<b>18</b>			
	<b>19</b> Deferred revenue . . . . .	83,689	<b>19</b>	75,753		
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>			
	<b>21</b> Escrow account liability <i>Complete Part IV of Schedule D</i> . . . . .		<b>21</b>			
	<b>22</b> Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons <i>Complete Part II of Schedule L</i> . . . . .		<b>22</b>			
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	1,541,744	<b>23</b>	1,366,916		
	<b>24</b> Unsecured notes and loans payable . . . . .		<b>24</b>			
	<b>25</b> Other liabilities <i>Complete Part X of Schedule D</i> . . . . .	36,868	<b>25</b>	38,996		
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	19,043,728	<b>26</b>	16,599,481		
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>					
	<b>27</b> Unrestricted net assets . . . . .	111,584	<b>27</b>	-2,444,662		
	<b>28</b> Temporarily restricted net assets . . . . .	31,572	<b>28</b>	8,109		
	<b>29</b> Permanently restricted net assets . . . . .		<b>29</b>			
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>					
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>			
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>			
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>			
	<b>33</b> Total net assets or fund balances . . . . .	143,156	<b>33</b>	-2,436,553		
	<b>34</b> Total liabilities and net assets/fund balances . . . . .	19,186,884	<b>34</b>	14,162,928		

**Part XI**    **Financial Statements and Reporting**

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990 <input type="checkbox"/> cash <input checked="" type="checkbox"/> accrual <input type="checkbox"/> other		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .	<b>2a</b>	No
<b>b</b>	Were the organization's financial statements audited by an independent accountant? . . . . .	<b>2b</b>	No
<b>c</b>	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? . . . . .	<b>2c</b>	
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .	<b>3a</b>	No
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? . . . . .	<b>3b</b>	

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury  
Internal Revenue Service

Public Charity Status and Public Support

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.  
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization POLINSKY MEDICAL REHABILITATION	Employer identification number 41-0691275
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Part I Reason for Public Charity Status (to be completed by all organizations) (See Instructions)

The organization is not a private foundation because it is (Please check only **one** organization )

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

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

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

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)  
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Public Support						
Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add line 1-3						
5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f)						
6 Public Support subtract line 5 from line 4						

Total Support						
Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total Support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions )					12	
13 First Five Years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Computation of Public Support Percentage		
14 Public Support Percentage for 2008 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2007 Schedule A, Part IV-A, line 26f	15	
16a 33 1/3% Test - 2008. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% Test - 2007. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10% Facts and Circumstances Test - 2008. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10% Facts and Circumstances Test - 2007. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private Foundation. If the organization did not check the box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		<input type="checkbox"/>

Part IIISupport Schedule for Organizations Described in IRC 509(a)(2)  
(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3Gross receipts from activities that are not an unrelated trade or business under section 513						
4Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5The value of services or facilities furnished by a governmental unit to the organization without charge						
6Total Add lines 1-5						
7aAmounts included on lines 1, 2, and 3 received from disqualified persons						
bAmounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
cTotal of lines 7a and 7b						
8Public Support (Subtract line 7c from line 6)						

Total Support						
Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9Amounts from line 6						
10aGross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
bUnrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
cAdd lines 10a and 10b						
11Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
13Total Support (Add lines 9, 10c, 11 and 12)						
14First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Computation of Public Support Percentage			
15	Public Support Percentage for 2008 (line 8 column (f) divided by line 13 column (f))	15	
16	Public Support Percentage for 2007 Schedule A, Part IV -A, line 27g	16	

Computation of Investment Income Percentage			
17	Investment Income Percentage for 2008 (line 10c column (f) divided by line 13 column (f))	17	
18	Investment Income Percentage from 2007 Schedule A, Part IV -A, line 27h	18	
19a	33 1/3% Tests - 2008. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
b	33 1/3% Tests - 2007. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization		
20	Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

Part IV

**Supplemental Information.** Complete this part to provide the information required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Provide and any other additional information. (see instructions)

Facts and Circumstances Test



SCHEDULE D

(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

▶ **Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.**

OMB No 1545-0047

2008

Open to Public Inspection

**Name of the organization**  
POLINSKY MEDICAL REHABILITATION

**Employer identification number**  
  
41-0691275

**Part I**

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

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

**Part II**

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of certified historic structure

☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

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

4

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

5

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

☐ Yes☐ No

6

Staff or volunteer hours devoted to monitoring, inspecting and enforcing easements during the year ▶

7

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

8

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

☐ Yes☐ No

9

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

**Part III**

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

1a

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

b

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

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

▶ \$

(ii) Assets included in Form 990, Part X

▶ \$

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$

b

Assets included in Form 990, Part X

▶ \$

For Paperwork Reduction Act Notice, see the Intructions for Form 990

Cat No 52283D

Schedule D (Form 990) 2008

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

If "Yes," explain why in Part XIV and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance . . . . .				
b	Contributions . . . . .				
c	Investment earnings or losses . . . . .				
d	Grants or scholarships . . . . .				
e	Other expenditures for facilities and programs . . . . .				
f	Administrative expenses . . . . .				
g	End of year balance . . . . .				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations . . . . .

(ii)

related organizations . . . . .

3a(i)

Yes

No

3a(ii)

3b

b

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

4

Describe in Part XIV the intended uses of the organization's endowment funds

Part VI

Investments—Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land . . . . .		469,720		469,720
b Buildings . . . . .		11,095,235	7,034,150	4,061,085
c Leasehold improvements . . . . .				
d Equipment . . . . .		1,041,254	806,409	234,845
e Other . . . . .		4,659	135,623	-130,964
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				4,634,686

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other		
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 12 ) ▶		

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 13 )		

(a) Description	(b) Book value
Prepaid Exp - 93c Bonds	136,312
Acc Amortz - 93 c Bonds	-106,948
Restricted Funds	8,105
<b>Total.</b> (Column (b) should equal Form 990, Part X, col.(B) line 15.)	

(a) Description of Liability	(b) Amount
Federal Income Taxes	
ASSET RETIREMENT OBLIGATION	38,996
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 25 )	38,996

**Schedule D (Form 990) 2008**

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1
2	Total expenses (Form 990, Part IX, column (A), line 25)	2
3	Excess or (deficit) for the year Subtract line 2 from line 1	3
4	Net unrealized gains (losses) on investments	4
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8
9	Total adjustments (net) Add lines 4 - 8	9
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10

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

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part XIV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b

Identifier	Return Reference	Explanation
FIN 48 Footnote	Schedule D, Part X	POLINSKY MEDICAL REHABILITATION CENTER'S FINANCIAL STATEMENTS WERE AUDITED BY AN INDEPENDENT ACCOUNTANT AS PART OF ESSENTIA HEALTH'S CONSOLIDATED FINANCIAL STATEMENTS DURING 2008, ESSENTIA ADOPTED FASB INTERPRETATION NO 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAX - AN INTERPRETATION OF FASB STATEMENT NO 109, ACCOUNTING FOR INCOME TAXES THE ADOPTING OF THIS INTERPRETATION HAD NO MATERIAL IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE H  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Hospitals

OMB No 1545-0047

2008

Open to Public Inspection

► Attach to Form 990. To be completed by organizations that answer "Yes" to Form 990, Part IV, line 20.

Name of the organization  
POLINSKY MEDICAL REHABILITATION

Employer identification number  
41-0691275

Part I

Charity Care and Certain Other Community Benefits at Cost (Optional for 2008)

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

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from worksheets 1 and 2) . . . .						
b Unreimbursed Medicaid (from worksheet 3, column a) . . . .						
c Unreimbursed costs—other means-tested government programs (from worksheet 3, column b) . . . . .						
d Total Charity Care and Means-Tested Programs . . . . .						
Other Benefits						
e Community health improvement services and community benefit operations (from worksheet 4) . . . . .						
f Health professions education (from worksheet 5) . . . . .						
g Subsidized health services (from worksheet 6) . . . . .						
h Research (from worksheet 7) . . . . .						
i Cash and in-kind contributions to community groups (from worksheet 8) . . . . .						
j Total Other Benefits . . . . .						
k Total (line 7d and 7j) . . . . .						

Part IICommunity Building Activities

(Complete this table if the organization conducted any community building activities) (Optional for 2008)

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part IIIBad Debt, Medicare, & Collection Practices

(Optional for 2008)

Section A. Bad Debt Expense

1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	Yes	No
2	Enter the amount of the organization's bad debt expense (at cost)	2		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, or rationale for including other bad debt amounts in community benefit.			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5		
6	Enter Medicare allowable costs of care relating to payments on line 5	6		
7	Enter line 5 less line 6—surplus or (shortfall)	7		
8	Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit and the costing methodology or source used to determine the amount reported on line 6 and indicate which of the following methods was used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a		
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b		

Part IVManagement Companies and Joint Ventures

(Optional for 2008)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				

[illegible]

Complete this part to provide the following information

**1** Provide the description required for Part I, line 3c, Part I, line 7, Part III, line 4, Part III, line 8, and Part III, line 9b

This image shows a full page of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

**2 Needs Assessment.** Describe how the organization assesses the health care needs of the communities it serves

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

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

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**5 Community Building Activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves

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

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

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**8** If applicable, identify all states with which the organization, or a related organization, files a community benefit report



Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

► Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 23.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization  
POLINSKY MEDICAL REHABILITATION

Employer identification number  
41-0691275

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

Part II

Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

**Note.** The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
ROBERT NORMAN	(i)	0	0	0	0	0	0	0
	(ii)	379,275	106,765	65,192	78,382	31,888	661,502	255,638
ROCKLON B CHAPIN	(i)	0	0	0	0	0	0	0
	(ii)	310,800	50,305	0	51,221	12,704	425,030	208,919
GEORGE F HOLLIDAY MD	(i)	0	0	0	0	0	0	0
	(ii)	191,173	0	0	19,761	20,770	231,704	112,496
KEVIN T STEPHAN MD	(i)	0	0	0	0	0	0	0
	(ii)	225,397	0	0	22,500	23,712	271,609	130,840
THOMAS E KAISER MD	(i)	0	0	0	0	0	0	0
	(ii)	1,045,763	0	0	22,500	20,846	1,089,109	538,781
DAVID H AMUNDSON	(i)	0	0	0	0	0	0	0
	(ii)	7,725	8,032	412,715	0	13,288	441,760	218,885
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

## Part III Supplemental Information

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

[illegible]

SCHEDULE O  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization POLINSKY MEDICAL REHABILITATION	Employer identification number 41-0691275
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Identifier	Return Reference	Explanation
Descr of members, stockholders, or other persons who may elect other mbrs	FORM 990, PART VI, Question 7a	Polinsky Medical Rehabilitation Center is a subsidiary of Essentia Health, whose Board of Directors has reserved powers with respect to this corporation and its subsidiaries, and all of the other direct and indirect subsidiaries of Essentia Health (collectively, the System) The Benedictine Sisters Benevolent Association (BSBA) also has certain reserved powers over all Catholic facilities within Essentia Health Those extended powers reserve the right to to elect one or more members of SMDC's governing body

Identifier	Return Reference	Explanation
Descr Classes of Persons, Decisions Requiring Appr & Type of Voting Rights	Form 990, Part VI, Question 7b	<p>Polinsky Medical Rehabilitation Center is a subsidiary of Essentia Health, whose Board of Directors has reserved powers with respect to this corporation and its subsidiaries, and all of the other direct and indirect subsidiaries of Essentia Health (collectively, the System) Essentia Healths reserved powers are as follows Strategic and Business Plans Authority to create, and to approve, the Systems strategic and business plans Mission Authority to create, and to approve, the mission, purpose and vision statements for all entities in the System by the affirmative vote of at least 67% of the Essentia Health board of directors Debt Approval of the incurrence of debt by, and the creation of all mortgages, liens, security interests, or other encumbrances on the assets of, all entities in the System in excess of the single or annual aggregate dollar limits prescribed in writing by the Essentia Health board of directors, and the authority to cause all entities in the System to participate in System borrowing Governing Instruments Authority to cause, and to approve, amendments of the articles of incorporation and bylaws of all entities in the System Mergers and Acquisitions Authority to cause, and to approve, all mergers, consolidations, and dissolutions of all entities in the System Affiliations and Joint Ventures Authority to cause, and to approve, all affiliations, joint ventures and other alliances with third parties of all entities in the System Transfer of Assets Within the System Authority to transfer assets, including cash, between and among entities within the System, provided, however, that Essentia Health shall not have authority to require any entity in the System to transfer assets (a) that would cause such entity to be in default of its covenants or obligations under any bond or other financing documents, (b) from the Catholic entities to the secular entities or from the secular entities to the Catholic entities in a manner or to an extent that would cause the Catholic entities to be in violation of the Ethical and Religious Directives for Catholic Health Care Services in the judgment of the local ordinary, or (c) such that money generated by services at secular facilities within the System by procedures that are contrary to the Ethical and Religious Directives for Catholic Health Care Services would be used at the Catholic entities or money generated by Catholic entities would be used in the providing of services contrary to the Ethical and Religious Directives for Catholic Health Care Services at secular facilities within the System Transfer of Assets Outside the System Authority to cause, and to approve, the sale, lease or other transfer of assets of all entities in the System to parties outside of the System when the assets value exceeds the single or annual aggregate dollar limits prescribed in writing by the Essentia Health board of directors Services Authority to cause, and to approve, the addition of new services and service locations and the discontinuance of services and service locations within all entities in the System Budgets Approval of capital and operating budgets of all entities in the System Professional Services Selection of the general legal counsel and external auditors of all entities in the System Acquisitions Authority to cause, and to approve, all acquisitions by and formations of entities in the System Marketing, Authority to implement System-wide marketing and promotional activities Compliance Plans Authority to create, and to approve, corporate compliance, safety and risk management plans for entities within the System Quality Plan Authority to create, and to approve, the Systems quality plan Non-Budgeted Purchases Approval of non-budgeted capital purchases and leases in excess of the single or annual aggregate dollar limits prescribed in writing by Essentia Health for entities within the System Human Resources Authority to create human resource policies and procedures within the System Reserved Powers Authority to create additional Essentia Health reserved powers by the affirmative vote of at least 80% of the Essentia Health board of directors (excluding the Essentia Health CEO), provided, however, that any additional Essentia Health reserved powers shall not contravene or hinder the reserved powers of Benedictine Sisters Benevolent Association The Benedictine Sisters Benevolent Association (BSBA) also has certain reserved powers over all Catholic facilities within Essentia Health BSBA's reserved powers are as follows Subject to any approvals that are required under applicable canon law and the prior written notice to ECHC required by Section 2 10 of the Amended and Restated Affiliation Agreement by and among Benedictine Sisters Benevolent Association, Essentia Health, ECHC, and St Marys Duluth Clinic Health System dated as of December 21, 2007 (the Affiliation Agreement), and to Essentia Health as required by Section 2 11 thereof, Benedictine Sisters Benevolent Association shall have the following powers which shall be exercised by action of the Benedictine Sisters Benevolent Association board of directors unless otherwise provided with respect to all ecclesiastical goods and Catholic facilities and entities within the System (as defined in the Affiliation Agreement, as amended) Mission Authority to approve the mission, purpose and vision statements for Catholic facilities and entities within the System Adherence to Ethical Religious Directives (ERDs) Authority to approve the methods, policies and procedures pertaining to the adherence of Catholic facilities and entities within the System to the ERDs, and to require the use of religious symbols, distinguishing elements and prayers Official Catholic Directory Authority to request the listing of qualified entities and facilities within the System in The Official Catholic Directory, subject to the approval of applicable Catholic authorities Catholic Health Association Authority to require Catholic facilities and entities within the System to join the membership of the Catholic Health Association of the United States Alienation of Stable Patrimony or Ecclesiastical Goods Authority to approve alienation of either stable patrimony or other ecclesiastical goods in the System if such goods involved in a specific transaction approved by Essentia Health pursuant to Section 2 8(g) or 2 8(h) of the Affiliation Agreement have a dollar value equal to or greater than 70% of the amount established from time to time that requires approval from the Holy See Amendments Authority to approve any amendments to the Articles of Incorporation or Bylaws of this corporation that would alter the number of Benedictine Sisters of St Scholastica Monastery of Duluth or Benedictine Sisters Benevolent Association board of director members serving as members of this corporations board of directors, authority to approve any amendments to the Articles of Incorporation or Bylaws of the Supported Organizations, as well as the Catholic SMDC Subsidiaries (as defined in the Affiliation Agreement), which could materially affect such entitys identity as a Catholic institution, including without limitation any amendment that would alter the number of Benedictine Sisters of St Scholastica Monastery of Duluth or Benedictine Sisters Benevolent Association board of director members serving as members of such entitys board of directors, and authority to cause Essentia Health to make amendments to the Articles of Incorporation or Bylaws of the Supported Organizations, as well as the Catholic SMDC Subsidiaries, which amendments Benedictine Sisters Benevolent Association in good faith are necessary to preserve such entitys identity as a Catholic institution Mission Effectiveness Authority to approve annual plans and evaluations relating to mission effectiveness and chaplaincy for the Catholic facilities and entities within the System Mergers and Dissolution Subject to the approval of the Benedictine Sisters of St Scholastica Monastery of Duluth, authority to approve a proposed merger, consolidation, liquidation, or dissolution of St Marys Medical Center or St Josephs Medical Center, or the disposition of all or substantially all the assets of St Marys Medical Center or St Josephs Medical Center</p>

Identifier	Return Reference	Explanation
Describe the Process used by Management &/or Governing Body to Review 990	Form 990, Part VI, Question 10	The Chief Financial Officer of SMDC presented a draft Form 990 of all SMDC entities to Senior Management and the SMDC Board members at the March 3, 2010 board meeting The organization's final Form 990's, including required schedules, will be provided in electronic format to Senior Management and each SMDC Board member prior to filing

Identifier	Return Reference	Explanation
Description of Process to Monitor Transactions for Conflicts of Interest	Form 990, Part VI, Question 12c	I Interested Persons shall annually disclose relationships which might lead to a conflict of interest by completing a conflict of interest disclosure formsuch as that attached as Appendix B The General Counsel may revise and update the formperiodically within his/her professional discretion II Polinsky Medical Rehabilitation Center shall be responsible for the annual distribution of conflict of interest forms and review of disclosures for the governing bodies of Polinsky Medical Rehabilitation Center and EOMs and for senior management employees of Polinsky Medical Rehabilitation Center III Senior management of the EOMs shall be responsible for the implementation of this policy and procedure within their respective direct and indirect subsidiaries IV Transactions with parties with whom a conflict of interest exists may be undertaken only if all of the following are observed A the conflict of interest is fully disclosed, B the Interested Person with the conflict of interest does not participate in the approval of such transactions, C if practical or appropriate, a competitive bid or comparable valuation is obtained, and D the Board or committee of the Board has determined that the transaction is in the best interest of the organization V Disclosure by any Interested Person other than a Board or committee member should be made to the chief executive officer (or if she or he is the one with the conflict, then to the Board chair), who shall bring the matter to the attention of the Board or an appropriate committee of the Board Disclosure involving Board or committee members shall be made to the Board chair (or if she or he is the one with the conflict, then to the Board vice-chair), who shall bring these matters to the Board or an appropriate committee of the Board VI The Board or committee of the Board shall determine whether a conflict exists and if so, whether the contemplated transaction may be authorized as just, fair, and reasonable to Polinsky Medical Rehabilitation Center or its affiliate(s) The decision of the Board or a duly constituted committee of the Board on these matters will be at its sole discretion, and its concern must be the welfare of Polinsky Medical Rehabilitation Center and its affiliate(s) and the advancement of its purposes The decision of the Board is final If the Board determines a conflict does not exist, the Interested Person may proceed with the transaction, however, he or she will not be eligible to vote on related issues should they arise If the Board determines a conflict does exist, the Interested Person will be notified of the decision regarding whether the contemplated transaction will be authorized as just, fair, and reasonable

Identifier	Return Reference	Explanation
Offices & Positions for Which Process was Used, & Year Process was Begun	Form 990, Part VI, Question 15a	The Executive Compensation Committee of the Board of Directors of SMDC Health System fulfills the Boards responsibilities regarding compensation of SMDC Health Systems (SMDC) executives consistent with SMDCs mission, values and tax exempt status The Committee reviews and makes decisions based on information presented by the SMDC President and Chief Administrative Officer concerning the performance of the system and senior executives of SMDC The Committee provides oversight for incentive compensation program(s) in a manner consistent with the executive compensation philosophy Annually they evaluate the performance of SMDC against approved corporate goals and objectives, including a review of system results and supporting documentation for all members covered by the SMDC incentive compensation program and report such findings to the Essentia Health Executive Compensation Committee - The year this process was last undertaken for SMDC was 2008

Identifier	Return Reference	Explanation
Offices & Positions for Which Process was Used, & Year Process was Begun	Form 990, Part VI, Question 15b	The Executive Compensation Committee of the Board of Directors of SMDC Health System fulfills the Boards responsibilities regarding compensation of SMDC Health Systems (SMDC) executives consistent with SMDCs mission, values and tax exempt status The Committee reviews and makes decisions based on information presented by the SMDC President and Chief Administrative Officer concerning the performance of the system and senior executives of SMDC The Committee provides oversight for incentive compensation program(s) in a manner consistent with the executive compensation philosophy Annually they evaluate the performance of SMDC against approved corporate goals and objectives, including a review of system results and supporting documentation for all members covered by the SMDC incentive compensation program and report such findings to the Essentia Health Executive Compensation Committee - The year this process was last undertaken for SMDC was 2008 Essentias Chief Financial Officers compensation is determined by the Executive Compensation Committee of Essentia Health's board of directors The Executive Compensation Committee of Essentia Health's board of directors is authorized to fulfill the board's responsibilities regarding executive compensation consistent with Essentia's mission, values & tax-exempt status, & the Executive Compensation Committee's Charter The Executive Compensation Committee meets at least twice annually to carry out its responsibilities, which include, but are not limited to, establishing, reviewing & modifying, as appropriate, reasonable compensation & benefits for Essentia's Chief Executive Officer The Executive Compensation Committee engages qualified independent compensation advisors to provide objective & impartial comparative data & to express opinions on total compensation reasonableness The Executive Compensation Committee may request its independent advisors to monitor comparability data & marketplace trends, make appropriate recommendations regarding salary ranges, & periodically review the market competitiveness of Essentia executive compensation packages Prior to establishing or adjusting executive compensation, the Executive Compensation Committee will obtain & rely upon appropriate data as to comparability of the proposed compensation or adjustments The Executive Compensation Committee will adequately document the basis for its determination concurrently with making those determinations The Executive Compensation Committee minutes shall include the terms of the approved compensation & the date approved, the Executive Compensation Committee members present during the review, discussion & approval of the proposed compensation & those who voted on the proposed compensation, identification of the comparability data obtained & relied upon by the Executive Compensation Committee & how the data was obtained, any actions by a member of the Executive Compensation Committee having a conflict of interest, & documentation of the basis for the determination - The year this process was last undertaken for Essentia's CFO was 2008

Identifier	Return Reference	Explanation
Avail of Gov Docs, Conflict of Interest Policy, & Fin Stmt's to Gen Public	Form 990, Part VI, Question 19	Polinsky Medical Rehabilitation Center makes its governing documents, conflict of interest policy, and financial statements available to the public upon request Polinsky Medical Rehabilitation Center is part of Essentia Health's consolidated financials statements, which are included in Essentia Health's annual report posted on Essentia Health's web site

Identifier	Return Reference	Explanation
Consolidated audit	Part XI Line 2	Polinsky Medical Rehabilitation Center's financial statements were audited by an independent accountant as part of Essentia Health's consolidated financial statements only The consolidated audit is reviewed by the Essentia Health Finance Planning & Audit Committees

Identifier	Return Reference	Explanation
Consolidated A-133	Part XI Line 3	Polinsky Medical Rehabilitation Center, as part of Essentia Health's consolidated financial statements, was required & underwent a consolidated audit set forth in the Single Audit Act & OMB Circular A-133 The consolidated audit is reviewed by the Essentia Health Audit Committees

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2008

Open to Public Inspection

▶ Attach to Form 990. To be completed by organizations that answerd "Yes" to Form 990, Part IV, lines 33, 34, 35, 36, or 37.  
▶ See separate instructions.

Name of the organization  
POLINSKY MEDICAL REHABILITATION

Employer identification number  
41-0691275

Part I Identification of Disregarded Entities					
(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations					
(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
See Additional Data Table					

Part III

Identification of Related Organizations Taxable as a Partnership

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Predominant income(related, investment, unrelated)	(F) Share of total income	(G) Share of end-of- year assets	(H) Disproprtionate allocations?		(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner?	
							Yes	No		Yes	No

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
ESSENTIA HEALTH INSURANCE SVC SPC LTD							

Part V

Transactions with Related Organizations

Note. Complete line 1 if any entity is listed in Parts II, III or IV

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b Gift, grant, or capital contribution to other organization(s)

c Gift, grant, or capital contribution from other organization(s)

d Loans or loan guarantees to or for other organization(s)

e Loans or loan guarantees by other organization(s)

f Sale of assets to other organization(s)

g Purchase of assets from other organization(s)

h Exchange of assets

i Lease of facilities, equipment, or other assets to other organization(s)

j Lease of facilities, equipment, or other assets from other organization(s)

k Performance of services or membership or fundraising solicitations for other organization(s)

l Performance of services or membership or fundraising solicitations by other organization(s)

m Sharing of facilities, equipment, mailing lists, or other assets

n Sharing of paid employees

o Reimbursement paid to other organization for expenses

p Reimbursement paid by other organization for expenses

q Other transfer of cash or property to other organization(s)

r Other transfer of cash or property from other organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

No

No

Yes

No

Yes

Yes

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds		
(A) Name of other organization(s)	(B) Transaction type(a-r)	(C) Amount Involved
(1) ECHC	E	86,758
(2) THE DULUTH CLINIC	O	75,829
(3) ECHC	Q	11,738
(4) ST MARY'S MEDICAL CENTER	Q	7,106,327
(5) ST MARY'S MEDICAL CENTER	R	3,275,000
(6)		

Schedule R (Form 990) 2008



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

[illegible]

Software ID:

Software Version:

EIN: 41-0691275

Name: POLINSKY MEDICAL REHABILITATION

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

(A) Name, address, and EIN of related organization	(B) Primary Activity	(C) Legal Domicile (State or Foreign Country)	(D) Exempt Code section	(E) Public charity status (if 501(c)(3))	(F) Direct Controlling Entity
Brainerd Lakes Integrated Health System  2024 S 6th St Brainerd, MN56401 37-1532145	support org	MN	501(c)(3)	11 Type II	ECHC
Brainerd Medical Center Inc  2024 S 6th St Brainerd, MN56401 37-1532148	Clinic	MN	501(c)(3)	3	BLIHS
Bridges Medical Center  201 9th St W Ada, MN56510 20-0479568	clinic/hosp	MN	501(c)(3)	3	ECHC
Clearwater Valley Hospital and Clinics  301 Cedar Orofino, ID83544 82-0497771	clinic/hosp	ID	501(c)(3)	3	ECHC
Divine Medical Services  709 N Lincoln Jerome, ID83338 20-2773717	emergncy svc	ID	501(c)(3)	3	SBFMC
DL Surgery Center  1027 Washington Ave Detroit Lakes, MN56501 26-3837203	asc	MN	501(c)(3)	3	ECHC
ECHC Foundation  502 E 2nd St Duluth, MN55805 26-3359418	Foundation	MN	501(c)(3)	11 Type I	ECHC
ECHC  503 E 3rd St Ste 400 Duluth, MN55805 26-1219624	support org	MN	501(c)(3)	11 Type II	Essentia
St Benedict's Family Medical Center  709 N Lincoln Jerome, ID83338 82-0227163	clinic/hosp	ID	501(c)(3)	3	ECHC
St Joseph's Medical Center  523 N 3rd St Brainerd, MN56401 41-0695602	Hospital	MN	501(c)(3)	3	BLIHS
St Mary's EMS  1027 Washington Ave Detroit Lakes, MN56501 41-1805811	emergncy svc	MN	501(c)(3)	9	SMRHC
St Mary's Hospital & Clinics Inc  PO Box 137 Cottonwood, ID83522 82-0226453	clinic/hosp	ID	501(c)(3)	3	ECHC
St Mary's Innovis Health  1027 Washington Ave Detroit Lakes, MN56501 26-2861321	Clinic	MN	501(c)(3)	3	ECHC
St Mary's Regional Health Center dba St  1027 Washington Ave Detroit Lakes, MN56501 41-1620386	clinic/hosp	MN	501(c)(3)	3	ECHC
Essentia Health  502 E 2nd St Duluth, MN55805 20-0360007	support org	MN	501(c)(3)	11 Type III	NA
Innovis Health LLC (7108-103108)  1702 S University Dr Fargo, ND58103 26-1175213	clinic/hosp	DE	501(c)(3)	3	Essentia
Midwest Medical Equipment & Supply Inc  4418 Haines Rd Duluth, MN55811 41-1674021	med equipmnt	MN	501(c)(3)	9	SMDC
SMDC Medical Center  502 E 2nd ST Duluth, MN55805 41-1878730	clinic/hosp	MN	501(c)(3)	3	SMDC
Pine Medical Center  109 Court Ave S Sandstone, MN55072 41-1884597	clinic/hosp	MN	501(c)(3)	3	SMDC
St Mary's Duluth Clinic Foundation  400 E 3rd St Duluth, MN55805 41-2016979	Foundation	MN	501(c)(3)	7	SMDC
St Mary's Duluth Clinic Health System  407 E 3rd St Duluth, MN55805 41-1836633	clinic/hosp	MN	501(c)(3)	3	Essentia
St Mary's Medical Center  407 E 3rd St Duluth, MN55805 41-0695604	clinic/hosp	MN	501(c)(3)	3	SMDC
The Duluth Clinic Ltd  400 E 3rd St Duluth, MN55805 41-0883623	clinic/hosp	MN	501(c)(3)	3	SMDC
St Mary's Hospital of Superior  3500 Tower Ave Superior, WI54880 41-1811073	clinic/hosp	WI	501(c)(3)	3	SMMC

Additional Data

Software ID:  
Software Version:  
EIN: 41-0691275  
Name: POLINSKY MEDICAL REHABILITATION

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W- 2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
KATHLEEN HOFER , CHAIRPERSON, PRES SMMC BOARD	60 0	X		X				0	0	0
FRANK JEWELL , VICE-PRESIDENT, SMMC BOARD	10 0	X		X				0	1,320	0
THOMAS C STENDER , SECRETARY, SMMC BOARD	10 0	X		X				0	770	0
ED J CRAWFORD , SMMC BOARD DIRECTOR	10 0	X						0	0	0
CAROL FARCHMIN MD , SMMC Board Director	10 0	X						0	0	0
S MELANIE GAGNE , SMMC Board Director	10 0	X						0	0	0
S MARY RAE HIGGINS , SMMC Board Director	10 0	X						0	0	0
GEORGE F HOLLIDAY MD , SMMC BOARD DIRECTOR	60 0	X						0	191,173	40,531
KORESH LAKHAN , SMMC Board Director	10 0	X						0	770	0
ANDREW LISAK , SMMC Board Director	10 0	X						0	0	0
JOSEPH J MIHALEK , SMMC Board Director	10 0	X						0	825	0
S SARAH SMEDMAN , SMMC Board Director	10 0	X						0	0	0
KEVIN T STEPHAN MD , Secretary, SMMC Board	60 0	X						0	225,397	46,212
S LINDA WIGGINS , SMMC Board Director	10 0	X						0	0	0
ROBERT NORMAN , CHIEF FINANCIAL OFFICER	60 0			X				0	551,232	110,270
BARBARA R WESSBERG , CHIEF OPERATING OFFICER	60 0			X				0	106,767	9,048
ROCKLON B CHAPIN , EXECUTIVE VP HOSPITAL DIVISION	60 0			X				0	361,105	63,925
THOMAS E KAISER MD , CLINICAL CHIEF	60 0				X			0	1,045,763	43,346
DAVID H AMUNDSON , CHIEF FINANCIAL OFFICER	0 0						X	0	428,472	13,288