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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2008

Open to Public Inspection

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

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

Please use IRS label or print or type. See Specific Instructions.

C Name of organization
Avera McKennan

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
800 East 21st Street PO Box 5045

City or town, state or country, and ZIP + 4
Sioux Falls, SD 571175045

D Employer identification number
46-0224743

E Telephone number
(605) 322-8000

G Gross receipts $ 563,647,116

F Name and address of Principal Officer
Fredrick W Slunecka
800 East 21st Street PO Box 5045
Sioux Falls, SD 571175045

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

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

H(c) Group Exemption Number ▶ 0928

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

J Web site: ▶ www averamckennan org

K Type of organization ☑ Corporation ☐ trust ☐ association ☐ other ▶

L Year of Formation 1911

M State of legal domicile SD

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Promotion of Health

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	17
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	11
5	Total number of employees (Part V, line 2a)	5	5,845
6	Total number of volunteers (estimate if necessary)	6	933
7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	6,193,085
b	Net unrelated business taxable income from Form 990-T, line 34	7b	818,568

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	2,626,109	2,453,417
9	Program service revenue (Part VIII, line 2g)	513,263,081	555,191,084
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	9,141,111	1,957,267
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,962,398	2,462,019
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	526,992,699	562,063,787
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	2,276,987	3,041,319
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	275,915,304	304,921,829
16a	Professional fundraising fees (Part IX, column (A), line 11e)		113,548
b	(Total fundraising expenses, Part IX, column (D), line 25 910,361)		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	231,114,761	238,441,318
18	Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	509,307,052	546,518,014
19	Revenue less expenses Subtract line 18 from line 12	17,685,647	15,545,773

		Beginning of Year	End of Year
20	Total assets (Part X, line 16)	635,243,952	655,503,598
21	Total liabilities (Part X, line 26)	306,782,876	323,845,827
22	Net assets or fund balances Subtract line 21 from line 20	328,461,076	331,657,771

Part II Signature Block

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

Please Sign Here

****** | 2010-05-12
Signature of officer | Date

Fredrick W Slunecka President
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Kim Hunwardsen CPA | Date | Check if self-empolyed ▶ ☐ | Preparer's PTIN (See Gen Inst)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ Eide Bailly LLP
5601 Green Valley Drive Ste 700
Minneapolis, MN 554371145

EIN ▶

Phone no ▶ (952) 944-6166

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

Avera is a health ministry rooted in the Gospel Our mission is to make a positive impact in the lives and health of persons and communities by providing quality services guided by Christian values

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 $ 261,420,849 including grants of $ 3,041,319) (Revenue $ 368,328,210)

Avera McKennan Hospital & University Health CenterAvera McKennan promotes the health of the community by providing a variety of charitable health care services Avera McKennan operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values established for Avera Health, a sponsored ministry of the Benedictine and Presentation Sisters Major service lines include oncology, surgery, orthopedics, obstetrics, pediatrics, neonatology, emergency and trauma, critical care including eICU, radiology and diagnostic imaging, psychiatry, pulmonary, neurology, cardiology and gastroenterology Transplant services include solid organ (kidney and pancreas) and bone marrow transplant The following are specific exempt purpose achievements for Avera McKennan Hospital Charity and uncompensated care Avera McKennan provides necessary medical services (diagnostic and treatment) for whomever comes to us for care, regardless of their ability to pay In fiscal year 2009, services provided to those who are unable to pay totaled $24,931,000 based on charges foregone Eligibility for discounted or free services under the charity care policy is based on income levels Generally, individuals earning income of up to 400% of the Federal Poverty Income Guidelines are eligible for varying levels of discounts, including full discounts for certain income levels Application for coverage under the program may be obtained at any Avera McKennan patient registration area or by calling Avera McKennan Patient Financial Services Health Care Clinic In 1992, Avera McKennan established a Health Care Clinic to provide free care for people who are uninsured or underinsured in the community The clinic is managed by a Registered Nurse and staffed by Registered Nurses, two midlevel providers, medical residents and volunteer health care providers The goal of the clinic is to prevent or treat patients' medical conditions before they become catastrophic The clinic averages 600 visits per month, providing preventative care, diagnosis and treatment of illnesses and injuries, medication assistance and assitance in obtaining specialist care for patients with complex cases The clinic also serves to train physicians, nurses and other health care students It provides a free evening clinic one evening per month, staffed by medical students under supervision of physicians Avera McKennan is the only health care organization to provide free services such as this in the state of South Dakota The clinic had 7,500 visits in fiscal year 2009 Accessibility to health care Avera McKennan makes medical care accessible to the entire community it serves In 2009 Avera McKennan had 19,703 hospital discharges, 103,452 patient days and 180,497 outpatient visits Avera McKennan is a verified Level II trauma center and was the first such Center in the State of South Dakota Avera McKennan's Emergency Department is staffed 24 hours a day with board-certified emergency specialists and provides emergency care regardless of ability to pay Avera McKennan had 23,762 Emergency Department visits in FY 2009 Operating both Fixed Wing and Helicopter medical air transports, Avera McKennan's flight teams cover a large geographic area providing state-of-the-art air transport services and access to critical care, with 1,158 flights in the past year Residency/Health Professions Training and Internships In 2009, Avera McKennan had 77 medical school residents in training at Avera McKennan in Internal Medicine, Family Practice, Psychiatry and Transitional Residency Programs offered in partnership with the University of South Dakota School of Medicine Over 1,200 students in nursing, pharmacy, physician assistant programs, radiology and respiratory therapy also completed rotations at Avera McKennan Avera McKennan has many joint agreements with institutions of higher education for both clinical and educational programming In non-clinical areas, Avera McKennan offered 38 unpaid internships in 2009 in the areas of marketing, human resources, foundation, network operations and process excellence, working with approximately 20 institutions of higher education Community Education Avera McKennan is a regional leader in offering educational programs for a variety of learners, leaders and employees Utilizing advanced technology, many of these programs are provided electronically throughout the tri-state area Educational sessions are offered to medical staff, employees, health care professionals, students at all levels and the general public Utilizing Avera McKennan's Education Center, a broad cross-section of classes involving diverse audiences are provided as a community service each year - To Be Well free education events were held on topics including orthopedics, cancer, midlife changes/hormones, diabetes, osteoporosis and weight loss/healthy eating A total of 29 seminars enrolled 901 participants - Friday Forums The Avera Behavioral Health Center offers free Friday Forums, in which school counselors and therapists are invited to presentations on children's mental health topics such as anxiety disorder, disruptive behavior, medication, coping with grief and bullying These sessions, held nine times each year, are attended in person by approximately 50 Throughout 2009, videos of these presentations were viewed 713 times online - Women's & Children's Services Avera McKennan's Women's & Children's Services offers a number of parenting and community education opportunities, for free or at a minimal cost In fiscal year 2009, 214 childbirth education classes were held with 1,167 attendees A total of 106 parent and family education classes were held with 1,384 attendees A total of 180 car seats were issued through Project 8, South Dakota Governor's child seat program with training on their correct use Free burn education was provided to 2,774 students during presentations in schools - Daycare training Free of charge, Avera McKennan offers four in-service training sessions per month to daycare providers through the YWCA, with a total of 48 scheduled annually, and additional sessions for requested topics - CPR and First Aid Avera McKennan offered free CPR and First Aid training to 50 Sioux Falls Catholic Schools after school program staff in 2009 Medical Research As a research institution, Avera McKennan draws physicians who are committed to seeking new treatments and preventive measures The Avera Research Institute is currently conducting basic research to add to the body of medical knowledge in the areas of kidney disease linked to obesity, kidney filtration and growth, and neuroscience research in regard to stress and addiction The Avera Research Institute also continues ongoing applied research in the area of developing a novel photochemical tissue bonding technology that has ophthalmologic and dermatological applications In the state of South Dakota's only genetics lab, Avera McKennan is studying genetic precursors of mental health conditions, which has wide application in both the clinical and research arenas The Avera Research Institute in 2009 participated in 61 clinical trials, involving cancer, Alzheimer's disease, ulcerative colitis, rheumatoid arthritis, and more In fiscal year 2009, Avera McKennan operated the Avera Research Institute at a $1 6 million loss Support groups Avera McKennan offers approximately 10 free support groups They range in topic from cancer to liver disease, diabetes, bone marrow transplant, stroke and grief and loss The organization provides free meeting space as well as speakers and leaders Information and Assistance Avera McKennan operates a 24-hour Medical Call Center, through which patients have access to the Ask-A-Nurse program Patients can call a toll-free number and talk personally with a Registered Nurse to ask health questions or receive general health information In 2009, the Medical Call Center handled 71,211 calls Avera McKennan's web site also provides an extensive health library that consumers can access free of charge Interpreter service Avera McKennan employs two full-time Spanish interpreters in-house, and their services are offered to patients free of charge In addition, in cooperation with external agencies, Avera McKennan is able to handle over 150 different languages and dialects Avera McKennan contracts for an inbound call-in service for Spanish speaking individuals This is available at the main hospital switchboard, as well as Avera McGreevy Clinic and Avera Women's Clinic All the above services are provided at no cost to the patient (continued on page 14 of Schedule O)

4b (Code) (Expenses $ 31,002,709 including grants of $) (Revenue $ 41,721,614)

Rural Critical Access HospitalsAvera McKennan owns or leases rural Critical Access Hospitals in Flandreau, Gregory, Dell Rapids, Milbank and Miller (Hand County), S D The hospitals in Flandreau, Gregory and Hand County serve medically underserved counties In addition to the following exempt purpose achievements, rural hospitals participate in many of the above as part of Avera McKennan Among services offered by rural hospitals are radiology and imaging, colonoscopy and endoscopy, therapy and rehabilitation, 24-hour emergency care, chemotherapy, orthopedics, cardiovascular testing and care, obstetrics, surgery, and dialysis Charity and uncompensated care As part of Avera McKennan, these facilities provide necessary medical services (diagnostic and treatment) for whomever comes to us for care, regardless of their ability to pay In fiscal year 2009, charity and uncompensated care provided by rural hospitals totaled $408,000 based on charges foregone Accessibility to health care Avera McKennan regional hospitals make medical care accessible to the entire community they serve regardless of a patient's ability to pay In 2009 rural hospitals had 2,183 discharges, 9,005 patient days and 64,229 outpatient visits Each of the hospitals provides 24-hour emergency care eICU services are also available at these hospitals, providing access to critical care medicine near home and lessening the need for transport There is no additional billing to patients Telemedicine consults are also offered at rural locations in a number of medical specialties

4c (Code) (Expenses $ 143,613,399 including grants of $) (Revenue $ 119,698,065)

ClinicsAvera McKennan provides clinical care, secondary and primary, in 67 owned/joint venture clinics in South Dakota, northwest Iowa, southwest Minnesota and northeastern Nebraska In addition to the following exempt purpose achievements, clinics participate in many of the above as part of Avera McKennan Clinic visits in 2009 totaled 857,165 Clinics provide primary care and urgent care, and among specialties are cardiology, dermatology, ear, nose and throat, endocrinology, gastroenterology, hematology, hepatology, infectious disease, internal medicine, neonatology, nephrology, neurology and neurosurgery, OB/GYN, oncology, ophthalmology, orthopedics, pain management, pediatrics, psychiatry, pulmonology, sports medicine, surgery, urology, and vascular services Charity and uncompensated care As part of Avera McKennan, clinics provide necessary medical services (diagnostic and treatment) for whoever comes to us for care, regardless of their ability to pay In fiscal year 2009, charity and uncompensated care provided by clinics totaled $1,342,000 based on charges foregone Accessibility to health care In addition to regular clinic hours, Avera McGreevy Clinic provides Urgent Care, seeing patients on a walk-in basis at two locations during the evening hours on weekdays, and throughout the daytime hours on Saturdays and Sundays This provides greater accessibility without having to rely on emergency room care In addition, through our Curaquick clinics, Avera offers convenient, affordable clinic care in local HyVee pharmacies In 2009, Avera donated 500 Curaquick Avera cards, good for one free visit, to students of Sioux Falls Catholic Schools and YWCA daycare, each valued at $25 Health Screenings Avera McKennan clinics offer three free health screenings each year including skin cancer screenings in cooperation with the another local hospital and pharmacy, prostate screenings, in which 96 men were served in 2009, and a men's health screening, providing free cholesterol, blood sugar, blood pressure and body-mass index scoring, serving 120 men in 2009

(Code) (Expenses $ 23,926,613 including grants of $) (Revenue $ 25,443,196)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses $ 459,963,570 *Must equal Part IX, Line 25, column (B).*

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	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4	Yes	
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	Yes	
10	Did the organization hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
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	Yes	
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	Yes	
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	Yes	
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	Yes	
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	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	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	Yes	
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
28	During the tax year, did any person who is a current or former officer, director, trustee, or key employee			
a	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)? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	Have a family member who had a direct or indirect business relationship with the organization? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	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? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35**	Yes	
36	501(c)(3) organizations Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5 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? *If "Yes," complete Schedule R, Part VI*	**37**		No

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	402		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	5,845		
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? **Note:** *If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.*	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** *Report of Foreign Bank and Financial Accounts.*				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, *Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?*	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

			Yes	No
	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.			
1a	Enter the number of voting members of the governing body . .	1a 17		
b	Enter the number of voting members that are independent . .	1b 11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . .	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . .	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	the governing body?	8a	Yes	
b	each committee with authority to act on behalf of the governing body?	8b	Yes	
9a	Does the organization have local chapters, branches, or affiliates?	9a		No
b	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?	9b		
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	10	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	11		No

Section B. Policies

			Yes	No
12a	Does the organization have a written conflict of interest policy? *If "No", go to line 13* . .	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision			
a	The organization's CEO, Executive Director, or top management official?	15a		No
b	Other officers or key employees of the organization?	15b	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?	16a	Yes	
b	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?	16b		No

Section C. Disclosure

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

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

☐ own website ☐ another's website ☑ 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

Julie Norton
800 East 21st Street
Sioux Falls, SD 571175045
(605) 322-8000

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

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

1a Complete this table for all persons required to be listed Use Schedule J-2 if additional space is needed
* List all of the organization's **current** officers, directors, trustees (whether individuals or organizations) and key employees regardless of amount of compensation, and current key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid

* List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations

* List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations

* List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

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

(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			

Part VII Continued

(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			
1b Total ▶								8,324,057	1,238,354	760,364

2 Total number of individuals (including those in 1a) who received more than $100,000 in reportable compensation from the organization ▶ 445

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Sioux Falls Construction PO Box 2728 Sioux Falls, SD 571012728	Construction	18,425,338
Avera Health 3900 West Avera Drive Suite 300 Sioux Falls, SD 57108	Shared services	14,594,725
BWBR Architects 380 St Peter Street Suite 600 St Paul, MN 551021996	Architect & Engineering Services	4,078,355
Sanford School of Medicine 1400 W 22nd St 120 Sioux Falls, SD 571051570	Physician Services	2,424,355
Omniflight Helicopters Inc 4650 Airport Pkwy Dallas, TX 75248	Patient Flight Services	1,959,092

2 Total number of independent contractors (including those in 1) who received more than $100,000 in compensation from the organization ▶ 86

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 956,117				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 1,497,300				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total (Add lines 1a-1f)** ▶	2,453,417			
Program Service Revenue		Business Code				
	2a	Net Patient Service Re 900,099	514,997,425	514,997,425		
	b	Other patient and clin 621,500	33,408,984	28,490,985	4,917,999	
	c	Other revenue 423,000	4,285,369	4,261,033	24,336	
	d	Program rent 900,099	1,629,831	1,629,831		
	e	Interest in Foundation 900,099	474,634	474,634		
	f	All other program service revenue	394,841	304,158	90,683	
	g	**Total. Add lines 2a-2f** ▶ $ 555,191,084				
	3	Investment income (including dividends, interest other similar amounts) ▶	982,455			982,455
	4	Income from investment of tax-exempt bond proceeds ▶				
	5	Royalties ▶				
		(i) Real / (ii) Personal				
	6a	Gross Rents 1,027,014				
	b	Less rental expenses 879,560				
	c	Rental income or (loss) 147,454				
	d	Net rental income or (loss) ▶	147,454			147,454
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 888,273 / 790,308				
	b	Less cost or other basis and sales expenses 703,769				
	c	Gain or (loss) 888,273 / 86,539				
	d	Net gain or (loss) ▶	974,812			974,812
Other Revenue	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 ▶				
	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 ▶				
	10a	Gross sales of inventory, less returns and allowances a				
	b	Less cost of goods sold b				
	c	Net income or (loss) from sales of inventory ▶				
		Miscellaneous Revenue / Business Code				
	11a	Interest income 900,099	1,154,498			1,154,498
	b	commercial testing 621,500	1,124,099		1,124,099	
	c	Management Services 541,610	35,968		35,968	
	d	All other revenue _____				
	e	**Total. Add lines 11a-11d** ▶ $ 2,314,565				
	12	**Total Revenue.** Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e ▶	562,063,787	550,158,066	6,193,085	3,259,219

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	2,894,219	2,894,219		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	147,100	147,100		
3	Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,015,026	972,241	1,042,785	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	81,389	81,389		
7	Other salaries and wages	240,844,977	218,010,227		354,196
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	13,814,759	12,121,699	1,673,102	19,958
9	Other employee benefits	32,616,257	28,615,483	3,952,057	48,717
10	Payroll taxes	15,549,421	13,640,104	1,884,134	25,183
11	Fees for services (non-employees)				
a	Management	184,915	184,915		
b	Legal	115,161	176	114,965	20
c	Accounting	6,642		6,642	
d	Lobbying				
e	Professional fundraising *See Part IV, line 17* . .	113,548			113,548
f	Investment management fees				
g	Other	59,702,050	37,264,398	22,431,762	5,890
12	Advertising and promotion	3,011,325	455,350	2,508,919	47,056
13	Office expenses	9,023,385	3,874,670	4,932,908	215,807
14	Information technology	8,989,129	441,241	8,547,888	
15	Royalties . .				
16	Occupancy	16,550,533	11,261,882	5,235,475	53,176
17	Travel	2,674,727	2,132,821	529,508	12,398
18	Payments of travel or entertainment expenses for any Federal, state or local public officials				
19	Conferences, conventions and meetings	1,455,272	1,256,841	197,553	878
20	Interest	5,756,476	5,523,072	233,404	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	23,095,226	17,305,472	5,785,640	4,114
23	Insurance	929,642	902,141	27,501	
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	UBI tax	410,394	410,394		
b	Medical supplies	78,980,837	77,985,467	988,254	7,116
c	Bad debt	18,397,864	18,368,179	29,685	
d	Equipment lease and ren	5,604,108	4,903,150	700,958	
e	Miscellaneous	2,891,037	707,890	2,180,843	2,304
f	All other expenses	662,595	503,049	159,546	
25	**Total functional expenses.** Add lines 1 through 24f	546,518,014	459,963,570	85,644,083	910,361
26	**Joint Costs.** Check ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		19,170,199	2	22,000,015
	3	Pledges and grants receivable, net		3,448,865	3	3,842,192
	4	Accounts receivable, net		88,517,436	4	81,274,812
	5	Receivables from current and former officers, directors, trustees, key employees or other related parties *Complete Part II of Schedule L*		518,056	5	108,333
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) *Complete Part II of Schedule L*			6	
	7	Notes and loans receivable, net		3,615,177	7	3,557,714
	8	Inventories for sale or use		7,656,052	8	9,029,375
	9	Prepaid expenses and deferred charges		3,223,556	9	4,068,834
	10a	Land, buildings, and equipment cost basis	10a 514,159,728			
	b	Less accumulated depreciation *Complete Part VI of Schedule D*	10b 238,933,293	242,838,872	10c	275,226,435
	11	Investments—publicly traded securities		100,035,022	11	73,769,899
	12	Investments—other securities See Part IV, line 11 *Complete Part VII of Schedule D*		112,815,989	12	121,725,789
	13	Investments—program-related See Part IV, line 11 *Complete Part VIII of Schedule D*		5,088,684	13	5,839,322
	14	Intangible assets		18,577,318	14	28,171,593
	15	Other assets See Part IV, line 11 *Complete Part IX of Schedule D*		29,738,726	15	26,889,285
	16	**Total assets.** *Add lines 1 through 15 (must equal line 34)*		635,243,952	16	655,503,598
Liabilities	17	Accounts payable and accrued expenses		56,012,369	17	54,627,636
	18	Grants payable			18	
	19	Deferred revenue		912,779	19	330,502
	20	Tax-exempt bond liabilities		220,773,234	20	218,633,178
	21	Escrow account liability *Complete Part IV of Schedule D*		15,857,425	21	13,962,739
	22	Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	9,759,990
	24	Unsecured notes and loans payable			24	
	25	Other liabilities *Complete Part X of Schedule D*		13,227,069	25	26,531,782
	26	**Total liabilities.** *Add lines 17 through 25*		306,782,876	26	323,845,827
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		319,570,978	27	323,069,202
	28	Temporarily restricted net assets		6,729,583	28	6,691,235
	29	Permanently restricted net assets		2,160,515	29	1,897,334
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		328,461,076	33	331,657,771
	34	Total liabilities and net assets/fund balances		635,243,952	34	655,503,598

Part XI Financial Statements and Reporting

				Yes	No
1	Accounting method used to prepare the Form 990	☐ cash ☑ accrual ☐ other			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		No
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
c	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?		2c	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits?		3b	Yes	

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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
Avera McKennan

Employer identification number
46-0224743

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

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

3 ☑ A hospital or a cooperative hospital service organization described in **Section 170(b)(1)(A)(iii).** (Attach Schedule H)

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

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

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

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

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

9 ☐ An organization that normally receives (1) more than 331/3% 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 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **Section 509(a)(2).** (Complete Part III)

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally Integrated **d** ☐ Type III - Other

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

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

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

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

h Provide the following information about the organizations the organization supports

(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** ▶

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 ▶

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 ▶

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 ▶

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 ▶

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 ▶

Part III Support 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
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total** Add lines 1-5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or $5,000						
c Total of lines 7a and 7b						
8 **Public Support** (Substract 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
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total Support** (Add lines 9, 10c, 11 and 12)						

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

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

Additional Data

Software ID:
Software Version:
EIN: 46-0224743
Name: Avera McKennan

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			
Rob Everist , Chairman	2 00	X		X				0	0	0
Tom Dempster , Vice Chair	2 00	X		X				0	0	0
Sister Candyce Chrystal , Board Trustee	2 00	X						0	0	0
Cathy Clark , Board Trustee	2 00	X						0	0	0
Michael Bender , Board Trustee	2 00	X						0	0	0
Sister Kathryn Easley , Board Trustee	2 00	X						0	0	0
John Griffin MD , Board Trustee	2 00	X						0	0	0
Mitchell Johnson MD , Board Trustee	2 00	X						0	0	0
Gene Jones Jr , Board Trustee	2 00	X						0	0	0
Sister Janice Klein , Board Trustee	2 00	X						0	0	0
Kim Pederson MD , Board Trustee	40 00	X						332,059	0	24,720
Sister Joan Reichelt , Board Trustee	2 00	X						0	0	0
Dave Rozenboom , Board Trustee	2 00	X						0	0	0
Dave Strand MD , Board Trustee	2 00	X						0	0	0
Brad Thaemert MD , Board Trustee	2 00	X						0	0	0
Fred Thurman , Board Trustee	2 00	X						0	0	0
Farid Kutayli MD , Board Trustee,Chief of S	40 00	X						293,998	0	63,654
Fredrick W Slunecka , President & CEO	40 00	X		X				0	1,238,354	35,914
Julie N Norton , Sec/Treas & SrVP Finance	40 00			X				195,265	0	56,906
Ronald Farr , Sec/Treas & SrVP Finance	40 00			X				330,049	0	61,782
Judy Blauwet , Sr Vice President	40 00				X			231,373	0	64,323
David Flicek , Sr Vice President	40 00				X			336,671	0	71,947
Steve Petersen , Director-Pharmacy	40 00				X			163,180	0	26,921
Mark Fox MD , Physician	40 00					X		2,681,476	0	26,656
Daniel Tynan MD , Physician	40 00					X		953,699	0	70,156
Michael Puumala MD , Physician	40 00					X		977,877	0	70,156
Kelly McCaul MD , Physician	40 00					X		991,010	0	89,731
Brian Knutson MD , Physician	40 00					X		837,400	0	97,498

Form 990, Part VIII - Statement of Revenue - 2a - 2g Program Service Revenue -

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
a Net Patient Service Re	900,099	514,997,425	514,997,425		
b Other patient and clin	621,500	33,408,984	28,490,985	4,917,999	
c Other revenue	423,000	4,285,369	4,261,033	24,336	
d Program rent	900,099	1,629,831	1,629,831		
e Interest in Foundation	900,099	474,634	474,634		

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

To be completed by organizations described below. Attach to Form 990 or Form 990-EZ

OMB No 1545-0047

2008

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part VI, line 46 (Political Campaign Activities)

- Section 501(c)(3) organizations complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990EZ, Part VI, line 47 (Lobbying Activities)

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax)

- Section 501(c)(4), (5), or (6) organizations complete Part III

Name of the organization	Employer identification number
Avera McKennan	46-0224743

Part I-A **To be completed by all organizations exempt under section 501(c) and section 527 organizations.** (See the instructions for Schedule C for details.)

1	Provide a description of the organization's direct and indirect political campaign activities in Part IV	
2	Political expenditures	$
3	Volunteer hours	

Part I-B **To be completed by all organizations exempt under section 501(c)(3).** (See the instructions for Schedule C for details.)

1	Enter the amount of any excise tax incurred by the organization under section 4955	$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	$
3	If the organization incurred in a section 4955 tax, did it file Form 4720 for this year?	☐ Yes ☐ No
4a	Was a correction made?	☐ Yes ☐ No
b	If "Yes," describe in Part IV	

Part I-C **To be completed by all organizations exempt under section 501(c), except section 501(c)(3).** (See the instructions for Schedule C for details.)

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	$
2	Enter the amount of the filing organization's internal funds contributed to other organizations for section 527 exempt funtion activities	$
3	Total of direct and indirect exempt function expenditures Add lines 1 and 2 and enter here and on Form 1120-POL, line 17b	$
4	Did the filing organization file **Form 1120-POL** for this year?	☐ Yes ☐ No

5 State the names, addresses and Employer Identification Number (EIN) of all section 527 political organizations to which payments were made Enter the amount paid and indicate if the amount was paid from the filing organization's own internal funds or were political contributions received and promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's internal funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **To be completed by organizations exempt under section 501(c)(3) that filed Form 5768 (election under section 501(h)).** (See the instructions for Schedule C for details.)

A Check ☐ if the filing organization belongs to an affiliated group
B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures— (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b	Total lobbying expenditures to influence a legislative body (direct lobbying)		
c	Total lobbying expenditures (add lines 1a and 1b)		
d	Other exempt purpose expenditures		
e	Total exempt purpose expenditures (add lines 1c and 1d)		
f	Lobbying nontaxable amount Enter the amount from the following table in both columns—		

If the amount on line 1e, column (a) or (b) is:	**The lobbying nontaxable amount is:**
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

g	Grassroots nontaxable amount (enter 25% of line 1f)		
h	Subtract line 1g from line 1a Enter -0- if line g is more than line a		
i	Subtract line 1f from line 1c Enter -0- if line f is more than line c		

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 1a through 1f of the instructions.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)		(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) Total
2a	Lobbying non-taxable amount					
b	Lobbying ceiling amount (150% of line 2a, column(e))					
c	Total lobbying expenditures					
d	Grassroots non-taxable amount					
e	Grassroots ceiling amount (150% of line d, column (e))					
f	Grassroots lobbying expenditures					

Part II-B **To be completed by organizations exempt under section 501(c)(3) that have NOT filed Form 5768 (election under section 501(h)).** (See the instructions for Schedule C for details.)

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines c through i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		33,630
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		22,169
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means?		No	
i	Other activities If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			55,799
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes" enter the amount of any tax incurred under section 4912			
c	If "Yes" enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A **To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).** (See the instructions for Schedule C for details.)

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B **To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, questions 1 and 2 are answered "No" OR if Part III-A, question 3 is answered "Yes."** (See the instructions for Schedule C for details.)

1	Dues, assessments and similar amounts from members	1 $
2	Section 162(e) non-deductible lobbying and political expenditures ***(do not include amounts of political expenses for which the section 527(f) tax was paid).***	
a	Current Year	2a $
b	Carryover from last year	2b $
c	Total	2c $
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3 $
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4 $
5	Taxable amount of lobbying and political expenditures (line 2c total minus 3 and 4)	5 $

Part IV **Supplemental Information**

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i Also, complete this part for any additional information

Identifier	Return Reference	Explanation
Part IV, Supplemental Information		Part II-B Line 1f and 1g Avera McKennan participates through various hospital organizations to promote legislation that would result in strengthening health care delivery systems on a national, regional, and local level In addition, Avera McKennan representatives have provided information to the legislators regarding the purpose of the Medicare Chronic Care Practice Research Network (MCCPRN) and promoted their support for financing for Phase I process of MCCPRN In addition, MCCPRN requested authorization by the legislators to request the network be initiated and run through CMS They provided information to MedPAC officers and commissioners regarding the purpose and plans for research through MCCPRN as was directed by legislation in the 2008 Congress They also provided information to legislators for legislative processes such as development of the above directed bill through legislative council Another employee of McKennan went to Pierre and spoke on behalf of a bill that would create a Masters of Social Work program in South Dakota

Part IV Supplemental Information

Identifier	Return Reference	Explanation

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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
Avera McKennan

Employer identification number
46-0224743

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

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

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

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

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

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

☐ Preservation of land for public use (e g , recreation or 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	2a	
b	Total acreage restricted by conservation easements	2b	
c	Number of conservation easements on a certified historic structure included in (a)	2c	
d	Number of conservation easements included in (c) acquired after 8/17/06	2d	

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 ▶ $

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

		Amount
c Beginning balance	1c	8,217
d Additions during the year	1d	40,398
e Distributions during the year	1e	39,003
f Ending balance	1f	9,612

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	2,160,515				
b Contributions					
c Investment earnings or losses	-263,181				
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	1,897,334				

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

		Yes	No
(i) unrelated organizations	3a(i)	Yes	
(ii) related organizations	3a(ii)	Yes	
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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	4,697,177	17,995,249		22,692,426
b Buildings	1,255,393	281,153,744	113,752,814	168,656,323
c Leasehold improvements				
d Equipment		171,442,235	120,840,036	50,602,199
e Other		37,615,930	4,340,443	33,275,487
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				275,226,435

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or cateory (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 Assets Limited as to Use - Avera Pooled Investments	97,172,306	F
Other Investments in affiliated companies	12,346,097	C
Other Avera Home Medical Equipment	4,725,995	C
Other Midwest Regional Imaging	1,216,579	C
Other Interest in Avera Health Foundation	6,264,812	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	121,725,789	

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

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

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

(a) Description of Liability	(b) Amount
Federal Income Taxes	
Other Liabilities	2,320,766
Due to other Organizations	1,925,398
Amounts held in trust	735,961
market value of interest swap	6,568,413
Capital lease obligation	183,395
Estimated third-party payor settlements	8,797,849
Due to affilate	6,000,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	26,531,782

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

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	562,063,787
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	546,518,014
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	15,545,773
4	Net unrealized gains (losses) on investments	4	-10,079,154
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-2,269,924
9	Total adjustments (net) Add lines 4 - 8	9	-12,349,078
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	3,196,695

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	558,891,408
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-10,079,154		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	9,997,183		
e	Add lines **2a** through **2d**			2e	-81,971
3	Subtract line **2e** from line **1**			3	558,973,379
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	3,090,408		
c	Add lines **4a** and **4b**			4c	3,090,408
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	562,063,787

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	555,921,774
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	10,268,578		
e	Add lines **2a** through **2d**			2e	10,268,578
3	Subtract line **2e** from line **1**			3	545,653,196
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	864,818		
c	Add lines **4a** and **4b**			4c	864,818
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	546,518,014

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

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

▶ Attach to Form 990 or Form 990-EZ. Must be completed by organizations that answer "Yes" to Form 990, Part IV, lines 17, 18, or 19, and by organizations that enter more than $15,000 on Form 990-EZ, line 6a.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- a ☐ Mail solicitations
- b ☐ Email solicitations
- c ☐ Phone solicitations
- d ☐ In-person solicitations
- e ☑ Solicitation of non-government grants
- f ☑ Solicitation of government grants
- g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising activities? ☑ Yes ☐ No

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions? Yes	(iii) No	(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
Bentz Whaley Flessner	Consulting services in doing feasibility study for campaign		No	0	78,205	-78,205
Theodore R Muenster	consulting services relating to development		No	0	34,500	-34,500
Total		▶				

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less Charitable contributions				
	3 Gross revenue (line 1 minus line 2)				
Direct Expenses	4 Cash Prizes				
	5 Non-cash Prizes				
	6 Rent/Facility costs				
	7 Other direct expenses				
	8 Direct expense summary Add lines 4 through 7 in column (d) ▶				
	9 Net income summary Combine lines 3 and 8 in column (d) ▶				

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	☐ Yes ____ % ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

			Yes	No
9	Enter the state(s) in which the organization operates gaming activities _____			
a	Is the organization licensed to operate gaming activities in each of these states?	9a		
b	If "No," Explain			
10a	Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?	10a		
b	If "Yes," Explain			
11	Does the organization operate gaming activities with nonmembers?	11		
12	Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?	12		

		Yes	No
13	Indicate the percentage of gaming activity operated in		
a	The organization's facility **13a**		
b	An outside facility **13b**		
14	Provide the name and address of the person who prepares the organization's gaming/special events books and records		
	Name ▶ _____		
	Address ▶ _____		
15a	Does the organization have a contract with a third party from whom the organization receives gaming revenue? **15a**		
b	If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____		
c	If "Yes," enter name and address		
	Name ▶ _____		
	Address ▶ _____		
16	Gaming manager information		
	Name ▶ _____		
	Gaming manager compensation ▶ $ _____		
	Description of services provided ▶ _____		
	☐ Director/officer ☐ Employee ☐ Independent contractor		
17	Mandatory distributions		
a	Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? **17a**		
b	Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $		

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

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 ☐ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ 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 ☐ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a		
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 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b		
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"?	4		
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 eligibile 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 II Community 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 III Bad Debt, Medicare, & Collection Practices *(Optional for 2008)*

Section A. Bad Debt Expense

			Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		
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 Mecicare (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		

☐ Cost accounting system ☐ Cost to charge ratio ☐ 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 IV Management 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					

Part V Facility Information *(Required for 2008)*

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Avera McKennan 800 E 21st Street Sioux Falls, SD 57117	X	X	X	X		X	X		
Avera Dells Area Health Center 909 N Iowa Avenue Dell Rapids, SD 57022	X	X			X		X		
Avera Flandreau Medical Center 214 N Prairie Flandreau, SD 57028	X	X			X		X		
Avera Hand County Memorial Hospital 300 W 5th St Miller, SD 57362	X	X			X		X		
Avera Milbank Area Hospital 901 Virgil Ave Milbank, SD 57252	X	X			X		X		
Avera Gregory Healthcare Center 400 Park Ave Gregory, SD 57533	X	X			X		X		
Avera Prince of Peace 4500 Prince of Peace Pl Sioux Falls, SD 57103									Nursing Home
Avera Prince of Peace Retirement Center 4500 Prince of Peace Pl Sioux Falls, SD 57103									Assisted Living
Avera Rosebud Country Care Center 400 Park Ave Gregory, SD 57533									Nursing Home
Heart Hospital of South Dakota LLC 10720 Sikes Place Suite 300 Charlotte, NC 28277	X	X					X		1/3 owner in joint venture

Part VI Supplemental Information *(Optional for 2008)*

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

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

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

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

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

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)

Part VI, Line 6 Part V The organization also has the following types of facilities other than those required to be licensed as healthcare facilities in the state of South Dakota 1 Behavioral Health Center1 Fitness Center1 Occupational Health Clinic33 Specialty Care clinics1 Senior apartments14 Home Medical Equipment facilities45 Primary care clinics1 Outpatient Diagnostic Imaging Center1 Free Clinic

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 communites served

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 if additional space is needed . . . . . ▶ ☐

1(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 38

3 Enter total number of other organizations . . . . . ▶ 1

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
Scholarships	38	147,100			

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

See Additional Data Table

Identifier	Return Reference	Explanation
Procedure for Monitoring Grants in the U S	Part I, Line 2	Schedule I, Part I, Line 2 The governing board and management develop programs which enhance the charitable mission of the organization Disbursement for grants or assistance for these programs are made in accordance with prescribed procedures and are subject to conditions established by the organization's governing board and management, which are designed to ensure that individuals and organizations receiving grants or assistance are adequately investigated to ensure that they are qualified recipients

Additional Data Return to Form

Software ID:
Software Version:
EIN: 46-0224743
Name: Avera McKennan

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
South Dakota State UniversityPO Box 2218 Brookings,SD 57007	46-0273801	501(c)(3)	1,050,662				Donation
Sioux Falls Catholic Schools 3100 W 41st Street Sioux Falls,SD 57105	51-0145184	501(c)(3)	480,910				Donation
Ronald McDonald House 2001 S Norton Sioux Falls,SD 57105	46-0371152	501(c)(3)	144,060				Donation
University Center2205 N Career Avenue Sioux Falls,SD 57107	46-6000364	501(c)(3)	100,000				Donation
University of South Dakota 414 E Clark Street Vermillion,SD 57069	46-6018891	501(c)(3)	96,000				Donation
Catholic Diocese523 N Duluth Ave Sioux Falls,SD 57104	46-6000424	501(c)(3)	58,900				Donation
Face It Sioux Falls IncPO Box 5127 Sioux Falls,SD 57117	94-3472044	501(c)(3)	50,000				Donation
Sioux Empire United Way 1000 N West Ave 120 Sioux Falls,SD 57104	46-0233701	501(c)(3)	46,160				Donation
Washington PavilionPO Box 984 Sioux Falls,SD 57101	46-0435791	501(c)(3)	45,758				Donation
YWCA300 W 11th Street Sioux Falls,SD 57104	46-0234998	501(c)(3)	40,200				Donation

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
River of Hope Foundation PO Box 1597 Sioux Falls, SD 57101	26-3130719	501(c)(3)	30,000				Donation
Crow CreekPO Box 50 Fort Thompson, SD 57339	46-0235609	Crow Creek Sioux Tri		29,500	FMV	Ambulance	Donation
Family Visitation Center 311 E 14th St Sioux Falls, SD 57104	26-3654937	501(c)(3)		21,020	Book	Fixed Assets	Donation
Harrisburg Activities FoundationPO Box 479 Harrisburg, SD 57032	06-1749081	501(c)(3)	20,000				Donation
Dakota Sky Foundation 631 W 9th Street Sioux Falls, SD 57104	20-8712140	501(c)(3)	20,000				Donation
Junior Achievement of South Dakota1000 N West Ave Suite 110 Sioux Falls, SD 57104	46-0306352	501(c)(3)	19,200				Donation
American Cancer Society 4904 S Technopolis Drive Sioux Falls, SD 57106	13-1788491	501(c)(3)	19,050				Donation
American Heart AssociationPO Box 1590 Hagerstown, MD 217411590	13-5613797	501(c)(3)	18,930				Donation
South Dakota Symphony 315 N Main Ave Suite 204 Sioux Falls, SD 571046078	46-6017026	501(c)(3)	18,480				Donation
Sioux Falls Jazz & Blues Society123 S Main Ave Suite 204 Sioux Falls, SD 571046430	46-0418356	501(c)(3)	16,000				Donation

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Together for Kids401 N Tryon St 10th Floor Charlotte, NC 28202	20-8551226	501(c)(3)	15,000				Donation
SFACFArboretum Campaign300 H Phillips Ave 102 Sioux Falls, SD 571046035	31-1748533	501(c)(3)	15,000				Donation
Dakota State University 800 N Washington Avenue Madison, SD 570421799	23-7299995	501(c)(3)	12,875				Donation
YMCA230 S Minnesota Sioux Falls, SD 57104	46-0225021	501(c)(3)	11,100				Donation
Dakotabilities3600 S Duluth Ave Sioux Falls, SD 57105	46-0306216	501(c)(3)	10,000				Donation
Presentation Sisters1500 N 2nd St Aberdeen, SD 57401	46-0253283	501(c)(3)	7,500				Donation
Downtown Sioux Falls Inc 230 S Phillips Ave Suite 102 Sioux Falls, SD 571046708	36-3627217	501(c)(4)	7,500				Donation
Southeast Technical Institute2320 N Career Ave Sioux Falls, SD 571071302	36-4112897	501(c)(3)	6,717				Donation
South Dakota Humanities Council1215 Trail Ridge Rd Brookings, SD 57006	46-0316222	501(c)(3)	6,000				Donation
Sounds of South Dakota Inc6404 S Killarney Cir Sioux Falls, SD 57108	20-5799609	501(c)(3)	6,000				Donation

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Childrens Home Society 801 N Sycamore Sioux Falls, SD 571036650	46-0224542	501(c)(3)	6,000				Donation
St Mary Catholic Schools 812 N State Ave Dell Rapids, SD 57022	46-6003662	501(c)(3)	5,500				Donation
Festival of Trees - Southeastern Behavioral Healthcare2000 S Summit Ave Sioux Falls, SD 57105	46-0232306	501(c)(3)	5,075				Donation
Volunteers of America Dakotas1401 W 51st Street Sioux Falls, SD 57105	23-7353508	501(c)(3)	5,000				Donation
St Marys Foundation800 E Dakota Pierre, SD 57501	46-0378424	501(c)(3)	5,000				Donation
Sioux Empire Homeless Coalition521 N Main Ave Suite 201 Sioux Falls, SD 571045965	46-0448734	501(c)(3)	5,000				Donation
Dakota Academy of Performing ArtsPO Box 90732 Sioux Falls, SD 57109	46-0460631	501(c)(3)	5,000				Donation
Children's Care Hospital and School2501 W 26th Street Sioux Falls, SD 57105	46-0233030	501(c)(3)	5,000				Donation
Brandon Valley Booster Club IncPO Box 572 Brandon, SD 57005	46-0393971	501(c)(3)	5,000				Donation

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ 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
Avera McKennan

Employer identification number
46-0224743

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If 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 ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a			
a	Receive a severance payment or change of control payment?	**4a**		No
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 accured 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				
Kim Pederson MD	(i)	320,662	9,744	1,653	11,500	13,220	356,779	
	(ii)							
Farid Kutayli MD	(i)	272,923	14,850	6,225	46,302	17,352	357,652	
	(ii)							
Fredrick W Slunecka	(i)							
	(ii)	526,648		711,706	26,854	10,330	1,275,538	500,182
Julie N Norton	(i)	194,338	300	627	36,750	20,156	252,171	
	(ii)							
Ronald Farr	(i)	325,067		4,982	55,670	6,112	391,831	
	(ii)							
Judy Blauwet	(i)	227,470		3,903	47,721	16,602	295,696	
	(ii)							
David Flicek	(i)	334,804	152	1,715	53,191	18,756	408,618	
	(ii)							
Steve Petersen	(i)	161,405	1,000	775	8,264	18,656	190,100	
	(ii)							
Mark Fox MD	(i)	2,593,010	5,000	83,466	11,500	15,156	2,708,132	
	(ii)							
Daniel Tynan MD	(i)	842,762	73,795	37,142	55,000	15,156	1,023,855	
	(ii)							
Michael Puumala MD	(i)	941,008		36,869	55,000	15,156	1,048,033	
	(ii)							
Kelly McCaul MD	(i)	987,825		3,185	84,000	5,731	1,080,741	111,826
	(ii)							
Brian Knutson MD	(i)	663,464	171,528	2,408	77,342	20,156	934,898	
	(ii)							
	(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

Identifier	Return Reference	Explanation
	Part I, Line 4a	Fredrick W Slunecka, $697,866 Fredrick W Slunecka receives compensation from Avera Health Through December 31, 2008, Avera sponsored a nonqualified retirement deferred compensation plan (Plan) under which participants could elect deferred vesting dates Due to the changes made by congress affecting nonqualified deferred compensation benefit plans under Section 409A of the Internal Revenue Code, significant regulatory changes and requirements were imposed by IRS rules However, the Internal Revenue Service granted a transition rule to assist in adjusting to the new rules Under this rule, one option was that employers could discontinue the Plan, but the individual participants would be required to receive all the benefit plan balances This option was adopted by Avera and consequently in December 2008 the Plan deferral was discontinued and all accrued benefits were distributed January 2009 to the individual participants Participants however were required to pay income tax on the distribution in 2008 This deferred compensation plan was established in 1995 The distribution from the plan therefore represents contributions for 14 years plus any investment gains that have accrued on those balances over the years represented
Supplemental Information	Part III	Schedule J, Part I Line 3 The President/CEO's compensation is paid by a related organization, Avera Health Avera McKennan relied on the related organization for determining the compensation for the President/CEO using the methods described in Part I, Line 3 Schedule J, Part II, column f for Kelly McCaul Avera McKennan sponsors a nonqualified deferred compensation plan under which participants can elect deferred vesting dates The distributions from this plan therefore represent contributions from previous years

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 46-0224743
Name: Avera McKennan

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Kim Pederson MD	(I) (II)	320,662	9,744	1,653	11,500	13,220	356,779	
Farid Kutayli MD	(I) (II)	272,923	14,850	6,225	46,302	17,352	357,652	
Fredrick W Slunecka	(I) (II)	526,648		711,706	26,854	10,330	1,275,538	500,182
Julie N Norton	(I) (II)	194,338	300	627	36,750	20,156	252,171	
Ronald Farr	(I) (II)	325,067		4,982	55,670	6,112	391,831	
Judy Blauwet	(I) (II)	227,470		3,903	47,721	16,602	295,696	
David Flicek	(I) (II)	334,804	152	1,715	53,191	18,756	408,618	
Steve Petersen	(I) (II)	161,405	1,000	775	8,264	18,656	190,100	
Mark Fox MD	(I) (II)	2,593,010	5,000	83,466	11,500	15,156	2,708,132	
Daniel Tynan MD	(I) (II)	842,762	73,795	37,142	55,000	15,156	1,023,855	
Michael Puumala MD	(I) (II)	941,008		36,869	55,000	15,156	1,048,033	
Kelly McCaul MD	(I) (II)	987,825		3,185	84,000	5,731	1,080,741	111,826
Brian Knutson MD	(I) (II)	663,464	171,528	2,408	77,342	20,156	934,898	

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

To be completed by organizations that answered "Yes" to Form 990, Part IV, line 24a.
Provide descriptions, explanations, and any additional information in Schedule O.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Part I Bond Issues *(Required for 2008)*

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
							Yes	No	Yes	No
A	South Dakota Health and Education Facilities Authority	46-0315509	83755VNB6	06-18-2008	150,720,000	expansion, refunding of prior bond issues		X		X
B	South Dakota Health and Education Facilities Authority	46-0315509	83755VNH3	07-01-2008	45,335,000	refunding of prior bond issues		X		X

Part II Proceeds *(Optional for 2008)*

		A	B	C	D	E
1	Total Proceeds of Issue					
2	Gross Proceeds in Reserve Funds					
3	Proceeds in Refunding or Defeasance Escrows					
4	Other Unspent Proceeds					
5	Issuance Costs from Proceeds					
6	Working Capital Expenditures from Proceeds					
7	Capital Expenditures from Proceeds					
8	Year of Substantial Completion					

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9	Were the bonds issued as part of a current refunding issue?										
10	Were the bonds issued as part of an advance refunding issue?										
11	Has the final allocation of proceeds been made?										
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?										

Part III Private Business Use *(Optional for 2008)*

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?										
2	Are there any lease arrangements with respect to the financed property which may result in private business use?										

Part III Private Business Use *(Continued)*

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts with respect to the financed property which may result in private business use?										
3b	Are there any research agreements with respect to the financed property which may result in private business use?										
3c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?										
4	Enter the percentage of financed property used in a private business use by entities other than a 501(c)(3) organization or a state or local government										
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another 501(c)(3) organization, or a state or local government										
6	Total of lines 4 and 5										
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?										

Part IV Arbitrage *(Optional for 2008)*

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T been filed wth respect to the bond issue?										
2	Is the bond issue a variable rate issue?										
3a	Has the organization or the government issuer identified a hedge with respect to the bond issue on its books and records?										
b	Name of provider										
c	Term of hedge										
4a	Were gross proceeds invested in a GIC?										
b	Name of provider										
c	Term of GIC										
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
5	Were any gross proceeds invested beyond an available temporary period?										
6	Did the bond issue qualify for an exception to rebate?										

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Attach to Form 990 or Form 990-EZ.
▶ To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38b or 40b.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

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

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

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

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

Part II Loans to and/or From Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Michael Puumala physician recruitment		X	100,000	56,250		No	Yes		Yes	
Daniel Tynan physician recruitment		X	100,000	52,083		No	Yes		Yes	
Total . . . . . ▶ $				108,333						

Part III Grants or Assistance Benefitting Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	(e) No
Michael Bender	Board Member	161,008	property lease		No
Surgical Institute of SD	Entity controlled by two Board Members	599,923	trauma contract and acute service contract		No
Victoria Petersen	Family of Key Employee	33,154	employee compensation		No
Agnes Klein	Family of Board Member	37,597	employee compensation		No

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SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

▶ Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Identifier	Return Reference	Explanation
Form 990, Part III, line 2	New Program Services	Walsh Family Village - August 2008 Radiation therapy - November 2008 Medical Associates Clinic in Pierre, SD - January 2009 Gynecology/Oncology Clinic - January 2009

Identifier	Return Reference	Explanation
Form 990, Part III, line 3	Changes in Program Services	Discontinued home care - July 2008

Identifier	Return Reference	Explanation
Form 990, Part III, line 4d	Other Program Services	Avera McKennan also provides Long-term care, Home Medical Equipment & Other Retail, Home Infusion, Research, Fitness Center, Regional Lab, and Mobile Services Expenses $ 23926613 including grants of $ 0 Revenue $ 25443196

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		Tom Dempster, Fredrick W Slunecka, and Fred Thurman - business relationship Tom Dempster and Fredrick W Slunecka - business relationship Dave Rozenboom and Michael Bender - business relationship Dave Rozenboom, Michael Bender, and Cathy Clark - business relationship Cathy Clark and Sr Janice Klein - business relationship Cathy Clark and Fredrick W Slunecka - business relationship The above individuals have business relationships due to serving on the board of directors of other tax-exempt organizations Gene Jones, Jr and Fred Thurman - business relationship Dave Strand, MD and Brad Thaemert, MD - business relationship

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 6		The sole member of the organization is Avera Health, a nonprofit corporation organized and existing under the laws of the state of South Dakota and exempt under 501(c)(3) of the Internal Revenue Code of 1986, as amended

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7a		Avera Health, as the sole member, has the power to appoint and remove, with or without cause, members of the board of directors

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 7b		Avera Health has the following rights as the Member 1) To approve the adoption, amendment or repeal of the statements of philosophy, mission and values of Corporation, 2) To initiate the adoption, amendment or repeal of any provision of the Articles of Incorporation or Bylaws of Corporation, and to give final approval of any such action with respect thereto, 3) To approve and act upon the alienation of real property and precious artifacts under the canonical stewardship of the Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, South Dakota ("Presentation Sisters") or the Benedictine Sisters of Sacred Heart Monastery ("Benedictine Sisters"), pursuant to the policies established by the Member, 4) To approve any plan of merger, consolidation or dissolution of the Corporation, or the divestiture of a sponsored work or ministry associated with the Corporation, 5) To approve the creation of new sponsored works or ministries to be conducted by or under the authority of the Corporation, 6) To appoint and remove, with or without cause, the Board of Directors of the Corporation 7) To appoint and/or remove, with or without cause, the President and Chief Executive Officer of the Corporation 8) To approve operating/capital budgets and strategic plans of the Corporation 9) To approve expenditures outside of operating and capital budgets exceeding defined thresholds according to policy which may be adopted from time to time by the Member 10) To approve acquisitions, sales and leases, according to policy which may be adopted from time to time by the Member 11) To establish and maintain employee benefit programs 12) To establish and maintain insurance programs 13) To approve major community fund drives 14) To approve the appointment of auditors 15) To adopt policies designed to effectuate the reserved powers of the Member

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 10		Form 990 is reviewed by the CEO, CFO and Director of Financial Reporting After the initial review, a draft is provided to the finance committee for their review The return is provided to the full board prior to filing

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		The Conflict of Interest Policy covers Board members and officers At each board meeting, a request is made for all Board members to disclose any potential conflict of interest pertaining to any item listed on the agenda or pertaining to any potential item that could be discussed during the course of the meeting The Declaration of Conflict of Interest is recorded in the meeting minutes The Board makes a determination of whether there is a conflict of interest and if so, implements the procedure for evaluating the issue or transaction involved The board member or officer with the conflict must refrain from voting A statement of conflict of interest disclosure is made on an annual basis by interested persons The information is maintained in a database and a report is provided to the Board

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		The CEO is compensated by Avera Health Annually the Compensation Committee of Avera Health, which is comprised of board members elected by the System, meets with an independent consultant regarding fair market value of officers and key employees The Compensation Committee approves all salaries based on comparable data and documents the basis for their decision in meeting minutes The CFO and key employees are compensated by Avera McKennan Avera McKennan compares its compensation plan to other healthcare organizations similar in size and complexity to Avera McKennan on a national basis to ensure compensation is comparable Avera McKennan utilizes multiple salary surveys and an independent compensation consultant to provide a market analysis for each executive's suggested pay or pay range Individual salaries reflect related education and experience, as well as the scope of the duties to assure amounts paid are reasonable

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		The organizations governing documents, conflict of interest policy, and financial statements are not made available to the general public

Identifier	Return Reference	Explanation
Schedule G, Part I, Line 2b, Column (v)	Explanation of Fundraising Payments	Bentz Whaley Flessner provided consulting services related to planning and performing a feasibility study for a capital campaign Theodore Muenster provided consulting services related to job descriptions and policies and procedures for the fundraising department

Identifier	Return Reference	Explanation
Schedule K Supplental Information		The issue price includes the filing organization's share of the entire bond issue, which was issued to Avera Health on behalf of the Avera Obligated Group The Avera Obligated Group consists of Avera McKennan, Avera St Luke's, Avera Queen of Peace, and Avera Sacred Heart

Identifier	Return Reference	Explanation
Form 990, Part III		Continuation of Statement of Exempt Purpose Achievements - Line 4a Avera McKennan Weight Loss Challenge Avera McKennan hosts a free web-based weight loss challenge to encourage weight loss and healthy living in the community Participants are provided with free workshops and web-based information In 2009, participants totaled 1,450 with 7,554 pounds lost Prenatal and delivery care Because early and regular prenatal care is important to prevent premature birth, Avera McKennan collaborates in a community effort to provide obstetrics care for women who do not qualify for Medicaid, but cannot afford health insurance The program offers prenatal care, and hospital and delivery services for a low fee of $950 Women receive care whether they can cover any or all of the fee Care is provided primarily by first-year family practice residents, supervised by experienced physicians Through this program in 2009, Avera McKennan assisted with 126 births and provided 633 prenatal and post-partum visits Avera Family Wellness This program combines positive activities like violin lessons with family coaching at no charge for children in early childhood programs in the Sioux Falls School District The goal is to prevent or lessen the effects of behavioral health conditions on children and families by fostering a positive environment In the 2008-09 school year, 50 Head Start students were served, and 160 are being served in the 2009-10 school year The Walsh Family Village This hospitality house complex adjacent to the Avera McKennan campus provides a home away from home for patients and their families who come for care at Avera McKennan from outside of Sioux Falls The project was funded by donations and is operated by Avera McKennan Ten guest rooms are available Avera McKennan also donates use of a building in the complex for a Ronald McDonald House for families of pediatric patients If they can afford it, guests are charged a low fee of $20 per night If they cannot afford the expense, the cost of the room is waived Employees regularly donate non-perishable food items to stock a food pantry for guests In 2009, the Walsh Family Village served 5,639 guests, staying in 3,250 nightly rooms Support of Indian Reservations In 2009, Avera McKennan delivered four truckloads of excess medical equipment and supplies to Indian reservations in South Dakota With truck rental and fuel expense, each trip cost approximately $1,000 in addition to the donations Community Connections Avera McKennan reaches out to people and communities throughout eastern South Dakota, southwestern Minnesota and northwest Iowa through Home Town Connections Providing a critical feedback link to local referring doctors, this program completes the communications links necessary to keep local health care providers current on the treatment of their patients at Avera McKennan Community Benefits Avera McKennan provides additional community benefits including support of youth programs, homeless programs, community arts programming, health prevention, awareness and education about cancer, heart disease and other conditions, support of the Sioux Empire United Way and other services in the region Donations toward these efforts totaled $961,676 in 2009 Preschool vision and hearing screening Avera McKennan provided free screening for 250 preschool children in fiscal year 2009

Identifier	Return Reference	Explanation
Form 990, Part VI, Question 16		There is no written policy or procedure since in the event of any such proposed transaction the board or a committee with delegated authority reviews all materials, valuations and operational aspects for any proposed transaction Such transaction would be evaluated in accordance with the exempt status of the organization and its applicable purposes Any transaction also would be approved by the board and the member

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ 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.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

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
Avera Health 3900 West Avera Drive Suite 300 Sioux Falls, SD57108 46-0422673	promotion of health	SD	501(c)(3)	9	N/A
Avera Workers' Compensation Trust PO Box 38 Yankton, SD57078 46-0407148	economical coverage of workers' compensation claims	SD	501(c)(3)	11b	N/A

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? Yes	(H) No	(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner? Yes	(J) No
Avera Home Medical Equipment LLC 800 East 21st Street PO Box 5045 Sioux Falls, SD57117 46-0488198	medical services - home medical equipment	SD	N/A	related	305,771	5,270,936		No	45,341	Yes	
Midwest Regional Imaging Services LLC 800 East 21st Street PO Box 5045 Sioux Falls, SD57117 47-0874983	health care - medical imaging	SD	N/A	related	546,762	1,441,453		No		Yes	
Floyd Valley Home Medical Equipment 714 Lincoln St NE Lemars, IA51031 82-0582350	medical services - home medical equipment	IA	N/A	related	8,557	105,296		No	2,086	Yes	
Avera Home Medical Equipment (Estherville) PO Box 5045 Sioux Falls, SD57117 20-1686097	medical services - home medical equipment	IA	Avera Home Medical Equipment LLC	related	10,645	174,088		No	2,995	Yes	
Avera Home Medical Equipment of Sioux Center 38 19th St SW Sioux Center, IA51250 75-3203100	medical services - home medical equipment	IA	Avera Home Medical Equipment LLC	related	33,161	116,998		No	10,413	Yes	
Avera Home Medical Equipment of Marshall 1104 East College Drive Marshall, MN56258 20-5271924	medical services - home medical equipment	MN	Avera Home Medical Equipment LLC	related	105,284	325,085		No	29,848	Yes	
Mersco Medical of Pierre LLC 329 E Dakota Pierre, SD57501 46-0444002	medical services - home medical equipment	SD	N/A	related	71,003	272,692		No	24,336	Yes	

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
Eastern Dakota Health Company PO Box 5045 Sioux Falls, SD57117 46-0385178	retail pharmacy, clinic, occupational health	SD	N/A	C	2,308,224		100 000 %
Accounts Management Inc 5132 S Cliff Ave Suite 101 Sioux Falls, SD57108 46-0373021	collection agency	SD	N/A	C			
Avera Health Plans Inc 3900 West Avera Drive Suite 300 Sioux Falls, SD57108 46-0451539	health financing and health plan administration	SD	N/A	C			
Avera Property Insurance Inc 610 W 23rd St Ste 1 PO Box 38 Yankton, SD57078 46-0463155	insurance	SD	N/A	C			
Avera Pace 3900 West Avera Drive Sioux Falls, SD57108 46-0341869	healthcare services	SD	N/A	C			

Part V Transactions with Related Organizations

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

		Yes	No
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	**1a**	**Yes**	
b	Gift, grant, or capital contribution to other organization(s)	**1b**		**No**
c	Gift, grant, or capital contribution from other organization(s)	**1c**		**No**
d	Loans or loan guarantees to or for other organization(s)	**1d**		**No**
e	Loans or loan guarantees by other organization(s)	**1e**		**No**
f	Sale of assets to other organization(s)	**1f**		**No**
g	Purchase of assets from other organization(s)	**1g**		**No**
h	Exchange of assets	**1h**		**No**
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**		**No**
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**		**No**
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k**	**Yes**	
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l**		**No**
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**		**No**
n	Sharing of paid employees	**1n**		**No**
o	Reimbursement paid to other organization for expenses	**1o**		**No**
p	Reimbursement paid by other organization for expenses	**1p**		**No**
q	Other transfer of cash or property to other organization(s)	**1q**	**Yes**	
r	Other transfer of cash or property from other organization(s)	**1r**	**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) **See Additional Data Table**		
(2)		
(3)		
(4)		
(5)		
(6)		

Part VI Unrelated Organizations Taxable as a Partnership

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

(A) Name, address, and EIN of entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Are all partners section 501(c)(3) organizations?		(E) Share of end-of-year assets	(F) Disproprtionate allocations?		(G) Code V—UBI amount on Box 20 of K-1	(H) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 46-0224743
Name: Avera McKennan

Form 990, Schedule R, 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 Schedule K-1 (Form 1065) ($)	(J) General or Managing Partner?	
							Yes	No		Yes	No
Avera Home Medical Equipment LLC 800 East 21st Street PO Box 5045 Sioux Falls, SD57117 46-0488198	medical services - home medical equipment	SD	N/A	related	305,771	5,270,936		No	45,341	Yes	
Midwest Regional Imaging Services LLC 800 East 21st Street PO Box 5045 Sioux Falls, SD57117 47-0874983	health care - medical imaging	SD	N/A	related	546,762	1,441,453		No		Yes	
Floyd Valley Home Medical Equipment 714 Lincoln St NE Lemars, IA51031 82-0582350	medical services - home medical equipment	IA	N/A	related	8,557	105,296		No	2,086	Yes	
Avera Home Medical Equipment (Estherville) PO Box 5045 Sioux Falls, SD57117 20-1686097	medical services - home medical equipment	IA	Avera Home Medical Equipment LLC	related	10,645	174,088		No	2,995	Yes	
Avera Home Medical Equipment of Sioux Center 38 19th St SW Sioux Center, IA51250 75-3203100	medical services - home medical equipment	IA	Avera Home Medical Equipment LLC	related	33,161	116,998		No	10,413	Yes	
Avera Home Medical Equipment of Marshall 1104 East College Drive Marshall, MN56258 20-5271924	medical services - home medical equipment	MN	Avera Home Medical Equipment LLC	related	105,284	325,085		No	29,848	Yes	
Mersco Medical of Pierre LLC 329 E Dakota Pierre, SD57501 46-0444002	medical services - home medical equipment	SD	N/A	related	71,003	272,692		No	24,336	Yes	

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

	(A) Name of other organization	(B) Transaction type(a-r)	(C) Amount Involved ($)
(1)	Eastern Dakota Health Company	A	72,859
(2)	Avera Home Medical Equipment LLC	A	279,837
(3)	Eastern Dakota Health Company	K	361,984
(4)	Mersco Medical of Pierre LLC	K	97,692
(5)	Midwest Regional Imaging Services LLC	K	72,457
(6)	Avera Home Medical Equipment LLC	K	130,989
(7)	Eastern Dakota Health Company	Q	6,014,871
(8)	Mersco Medical of Pierre LLC	Q	588,768
(9)	Midwest Regional Imaging Services LLC	Q	1,778,694
(10)	Avera Home Medical Equipment LLC	Q	4,087,341
(11)	Eastern Dakota Health Company	R	5,578,728
(12)	Mersco Medical of Pierre LLC	R	706,694
(13)	Midwest Regional Imaging Services LLC	R	1,882,134
(14)	Avera Home Medical Equipment LLC	R	4,651,711