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Form **990****Return of Organization Exempt From Income Tax**

OMB No 1545-0047

2009Open to Public
InspectionDepartment of the Treasury
Internal Revenue ServiceUnder 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

A For the 2009 calendar year, or tax year beginning 07/01, 2009, and ending 06/30, 2010

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions.	C Name of organization POLINSKY MEDICAL REHABILITATION CENTER		D Employer identification number
		Doing Business As		41-0691275
		Number and street (or P O box if mail is not delivered to street address) Room/suite		E Telephone number
		530 EAST 2ND STREET		(218) 786-1421
		City or town, state or country, and ZIP + 4		G Gross receipts \$ 9,261,110.
		DULUTH, MN 55805		H(a) Is this a group return for affiliates? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
		F Name and address of principal officer BARBARA JOHNSON, CFO		H(b) Are all affiliates included? Yes <input type="checkbox"/> No <input type="checkbox"/>
		407 EAST THIRD STREET DULUTH, MN 55805		If "No," attach a list (see instructions)
I Tax-exempt status		<input checked="" type="checkbox"/> 501(c) (3) ◀ (insert no)	<input type="checkbox"/> 4947(a)(1) or	H(c) Group exemption number ▶
			527	
J Website: ▶ SMDC.ORG				
K Form of organization		<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Trust	<input type="checkbox"/> Association
		<input type="checkbox"/> Other ▶	L Year of formation 1950	M State of legal domicile MN

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities	SEE SCHEDULE O		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	13	
	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	0	
	6 Total number of volunteers (estimate if necessary)	6	0	
	7a Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	0.	
	7b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
	Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
		9 Program service revenue (Part VIII, line 2g)	0.	86.
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		8,438,759.	8,815,344.	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		-1,819,903.	112,617.	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)		120,873.	135,158.	
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		6,739,729.	9,063,205.	
14 Benefits paid to or for members (Part IX, column (A), line 4)		0.	0.	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		0.	0.	
16a Professional fundraising fees (Part IX, column (A), line 11e)		6,464,522.	7,138,779.	
16b Total fundraising expenses, Part IX, column (D), line 25) ▶		0.	0.	
Expenses	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	2,559,413.	2,667,624.	
	18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	9,023,935.	9,806,403.	
	19 Revenue less expenses Subtract line 18 from line 12	-2,284,206.	-743,198.	
	Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Year	End of Year
		21 Total liabilities (Part X, line 26)	14,121,149.	11,377,681.
		22 Net assets or fund balances Subtract line 21 from line 20	16,557,702.	14,461,479.
			-2,436,553.	-3,083,798.

Part II Signature Block

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge			
	Signature of officer		Date 5/12/11	
Paid Preparer's Use Only	BARBARA JOHNSON		CFO	
	Type or print name and title			
	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4		EIN	Phone no	

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

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.*

Form 990 (2009)

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission
SEE SCHEDULE O

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 501(c)(4) organizations and section 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 \$ 7,501,020. including grants of \$ 0) (Revenue \$ 8,815,344)
SEE SCHEDULE O

4b (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ► 7,501,020.

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	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?		X
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		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		X
5 Sections 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		
6 Did the organization maintain any donor advised funds or any similar funds or 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		X
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		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
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		X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V		X
11 Is the organization's answer to any of the following questions "Yes"? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
• Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.		
• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII		
• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.		
• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.		
• Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X		
• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? If "Yes," complete Schedule D, Part X		
12 Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.		X
12A Was the organization included in consolidated, independent audited financial statement for the tax year?	Yes	No
If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Part I		X
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		X
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		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20 Did the organization operate one or more hospitals? If "Yes," complete Schedule H		X

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Part IV Checklist of Required Schedules (continued)

		Yes	No
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II.</i>		X
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III.</i>		X
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J.</i>	X	
24 a	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to question 25.</i>		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25 a	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? <i>If "Yes," complete Schedule L, Part I.</i>		
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I.</i>		
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? <i>If "Yes," complete Schedule L, Part II.</i>		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III.</i>		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV.</i>		X
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV.</i>		X
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M.</i>		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M.</i>		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I.</i>		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II.</i>		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I.</i>		X
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1.</i>	X	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2.</i>	X	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2.</i>		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI.</i>		X
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O.	X	

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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 0		
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		
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 0		
b If at least one is reported on line 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 <i>e-file</i> this return (see instructions) 2b		
3a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? 3a		X
b If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O 3b		
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? 4a		X
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		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? 5b		X
c If "Yes," to question 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction? 5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? 6a		X
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 receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? 7a		X
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		X
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		X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 7f		X
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 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? 8		
9 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 For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body	1a 13	
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	X
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	X
4 Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4	X
5 Did the organization become aware during the year of a material diversion of the organization's assets?	5	X
6 Does the organization have members or stockholders?	6 X	
7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a X	
b Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b X	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a The governing body?	8a X	
b Each committee with authority to act on behalf of the governing body?	8b X	
9 Is there any officer, director, 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	9a	X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
10a Does the organization have local chapters, branches, or affiliates?	10a	X
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?	10b	
11 Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11 X	
11A Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a Does the organization have a written conflict of interest policy? If "No," go to line 13	12a X	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b X	
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 X	
13 Does the organization have a written whistleblower policy?	13 X	
14 Does the organization have a written document retention and destruction policy?	14 X	
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 X	
b Other officers or key employees of the organization	15b X	
If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)		
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	X
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	

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► MN, _____

18 Section 6104 requires an organization to make its Forms 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.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► BARBARA JOHNSON, CFO 407 EAST THIRD STREET DULUTH, MN 55805
 218-786-1421

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. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees. See instructions for definition of "key employee."
- 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, and 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 current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
SR KATHLEEN HOFER CHAIRPERSON, PRES SMMC BOARD	60.00	X		X				0.	0.	0.
FRANK JEWELL VICE-PRESIDENT, SMMC BOARD	10.00	X		X				0.	0.	0.
THOMAS C. STENDER SECRETARY, SMMC BOARD	10.00	X		X				0.	1,045.	0.
ED J. CRAWFORD SMMC BOARD DIRECTOR	10.00	X						0.	770.	0.
CAROL FARCHMIN, MD SMMC BOARD DIRECTOR	10.00	X						0.	0.	0.
SR MELANIE GAGNE SMMC BOARD DIRECTOR	10.00	X						0.	0.	0.
SR MARY RAE HIGGINS SMMC BOARD DIRECTOR	10.00	X						0.	0.	0.
GEORGE F. HOLLIDAY, MD SMMC BOARD DIRECTOR	60.00	X						0.	198,881.	43,533.
ANDREW LISAK SMMC BOARD DIRECTOR	10.00	X						0.	0.	0.
JOSEPH J. MIHALEK SMMC BOARD DIRECTOR	10.00	X						0.	660.	0.
SR SARAH SMEDMAN SMMC BOARD DIRECTOR	10.00	X						0.	0.	0.
KEVIN T. STEPHAN, MD SMMC BOARD DIRECTOR	60.00	X						0.	232,721.	37,025.
SR LINDA WIGGINS SMMC BOARD DIRECTOR	10.00	X						0.	0.	0.
ROCKLON CHAPIN EXECUTIVE VP HOSPITAL DIVISION	60.00			X				0.	416,411.	59,759.
BARBARA WESSBERG CHIEF OPERATING OFFICER	60.00			X				0.	120,389.	10,861.
ROBERT NORMAN CHIEF FINANCIAL OFFICER	60.00			X				0.	531,094.	106,313.

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
BARBARA JOHNSON CHIEF FINANCIAL OFFICER	60.00			X				0.	82,570.	12,252.
MICHAEL C. METCALF EXECUTIVE VP CLINICAL DIVISION	60.00				X			0.	422,737.	76,772.
ANN WATKINS VICE PREDIDENT SURGICAL SERVIC	60.00				X			0.	180,160.	48,882.
THOMAS E. KAISER, MD CLINICAL CHIEF	60.00				X			0.	1,077,515.	45,313.
DAVID H. AMUNDSON SENIOR VICE PRESIDENT FINANCE	0.00						X	0.	172,427.	8,426.
1b Total								0.	3,437,380.	449,136.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **0**

- 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
- 4** For any individual listed on line 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
- 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

	Yes	No
3	X	
4	X	
5		X

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

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **0**

Part VIII Statement of Revenue

41-0691275

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 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	86			
	f	All other contributions, gifts, grants, and similar amounts not included above .	1f				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f ▶		86			
Program Service Revenue				Business Code			
	2a	PATIENT REVENUE	621400	7,394,251	7,394,251		
	b	FITNESS & WELLNESS	713940	1,421,093	1,421,093		
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f ▶		8,815,344			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) ▶		127,891			127,891
	4	Income from investment of tax-exempt bond proceeds . . . ▶		0			
	5	Royalties ▶		0			
			(i) Real (ii) Personal				
	6a	Gross Rents	103,939				
	b	Less rental expenses					
	c	Rental income or (loss)	103,939				
	d	Net rental income or (loss) ▶		103,939			103,939
			(i) Securities (ii) Other				
	7a	Gross amount from sales of assets other than inventory	174,849				
	b	Less cost or other basis and sales expenses	190,123				
	c	Gain or (loss)	-15,274				
	d	Net gain or (loss) ▶		-15,274			-15,274
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 a					
	b	Less direct expenses b					
	c	Net income or (loss) from fundraising events ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 a					
	b	Less direct expenses b					
c	Net income or (loss) from gaming activities ▶		0				
10a	Gross sales of inventory, less returns and allowances a	13,557					
b	Less cost of goods sold b	7,782					
c	Net income or (loss) from sales of inventory ▶		5,775			5,775	
Miscellaneous Revenue			Business Code				
11a	PARKING REVENUE	812930	14,283			14,283	
b	OTHER REVENUE	900099	11,161			11,161	
c							
d	All other revenue						
e	Total. Add lines 11a-11d ▶		25,444				
12	Total Revenue. See instructions ▶		9,063,205	8,815,344		247,775	

Part IX Statement of Functional Expenses**Section 501(c)(3) and 501(c)(4) organizations must complete all columns.****All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).**

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21 . . .	0.			
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	0.			
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16	0.			
4 Benefits paid to or for members	0.			
5 Compensation of current officers, directors, trustees, and key employees	0.			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . .	0.			
7 Other salaries and wages	5,424,750.	4,894,082.	530,668.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . .	236,370.	215,769.	20,601.	
9 Other employee benefits	1,087,690.	824,351.	263,339.	
10 Payroll taxes	389,969.	347,973.	41,996.	
11 Fees for services (non-employees)	0.			
a Management	0.			
b Legal	3,705.		3,705.	
c Accounting	7,528.		7,528.	
d Lobbying	0.			
e Professional fundraising services See Part IV, line 17	0.			
f Investment management fees	0.			
g Other	317,068.	244,692.	72,376.	
12 Advertising and promotion	14,126.	5,847.	8,279.	
13 Office expenses	431,879.	378,595.	53,284.	
14 Information technology	97,091.	7,419.	89,672.	
15 Royalties	0.			
16 Occupancy	368,619.	73,143.	295,476.	
17 Travel	91,691.	84,056.	7,635.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0.			
19 Conferences, conventions, and meetings	6,680.	960.	5,720.	
20 Interest	327,481.		327,481.	
21 Payments to affiliates	0.			
22 Depreciation, depletion, and amortization . . .	555,701.	45,149.	510,552.	
23 Insurance	4,415.		4,415.	
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 BAD DEBT EXPENSE	209,647.	209,647.		
b MINNESOTA CARE TAX	116,318.	116,318.		
c EQUIPMENT REPAIR	21,363.	8,182.	13,181.	
d OTHER EXPENSES	94,312.	44,837.	49,475.	
e				
f All other expenses				
25 Total functional expenses. Add lines 1 through 24f	9,806,403.	7,501,020.	2,305,383.	
26 Joint Costs. Check here <input type="checkbox"/> If following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	740.	1	740.
	2 Savings and temporary cash investments	3,680,639.	2	636,208.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	1,157,312.	4	1,584,682.
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	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	0.	7	24,822.
	8 Inventories for sale or use	4,171.	8	2,784.
	9 Prepaid expenses and deferred charges	2,790.	9	0.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 13,276,639.		
	b Less: accumulated depreciation	10b 8,988,588.	4,634,686.	10c 4,288,051.
	11 Investments - publicly traded securities		11	
	12 Investments - other securities. See Part IV, line 11	4,438,228.	12	4,822,926.
	13 Investments - program-related. See Part IV, line 11	165,114.	13	0.
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	37,469.	15	17,468.
16 Total assets. Add lines 1 through 15 (must equal line 34)	14,121,149.	16	11,377,681.	
Liabilities	17 Accounts payable and accrued expenses	814,068.	17	814,177.
	18 Grants payable		18	
	19 Deferred revenue	75,753.	19	72,683.
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Payables 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	1,366,916.	23	93,698.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities. Complete Part X of Schedule D	14,300,965.	25	13,480,921.
	26 Total liabilities. Add lines 17 through 25	16,557,702.	26	14,461,479.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	-2,444,662.	27	-3,101,266.
	28 Temporarily restricted net assets	8,109.	28	17,468.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> 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	-2,436,553.	33	-3,083,798.
	34 Total liabilities and net assets/fund balances	14,121,149.	34	11,377,681.

Form 990 (2009)

Part XI Financial Statements and Reporting

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b Were the organization's financial statements audited by an independent accountant?	X	
c If "Yes" to line 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? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	X	
d If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a consolidated basis, separate basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
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?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

Form **990** (2009)

Part II **Support Schedule for Organizations Described in Sections 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.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 lines 1 through 3.						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f).						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2008 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2009. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 33 1/3% support test - 2008. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
17a 10%-facts-and-circumstances test - 2009. If the organization did not check a box on line 13, 16a or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
b 10%-facts-and-circumstances test - 2008. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		<input type="checkbox"/>
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions		<input type="checkbox"/>

Schedule A (Form 990 or 990-EZ) 2009

Part III Support Schedule for Organizations Described in Section 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) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 through 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 \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b.						
8 Public support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 June 30, 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 section 501(c)(3) organization, check this box and stop here. <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f)).	15	%
16 Public support percentage from 2008 Schedule A, Part III, line 15.	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2008 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2009. 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% support tests - 2008. 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. See instructions

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Supplemental Financial Statements

► **Complete if the organization answered "Yes," to Form 990,
Part IV, line 6, 7, 8, 9, 10, 11, or 12.**

► **Attach to Form 990. ► See separate instructions.**

OMB No 1545-0047

2009

**Open to Public
Inspection**

Employer identification number

41-0691275

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

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

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 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 tax 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, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ► _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation 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 acquisition, 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 d ☐ Loan or exchange programs
 b ☐ Scholarly research e ☐ Other _____
 c ☐ Preservation for future generations

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 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 the arrangement in Part XIV and complete the following table:

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

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 organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

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

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

- (i) unrelated organizations
 (ii) related organizations

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		469,720		469,720.
b Buildings		11,770,184	8,000,734	3,769,450.
c Leasehold improvements				
d Equipment		1,036,735	987,854	48,881.
e Other		0	0	0.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				4,288,051.

Schedule D (Form 990) 2009

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other DEPR RESERVE TRUST	2,653,779.	FMV
LTC RESERVE FUNDS	2,169,147.	FMV
Total. (Column (b) must equal Form 990, Part X, col (B) line 12) ►	4,822,926.	

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) must 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) must equal Form 990, Part X, col. (B) line 15)	

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

1. (a) Description of liability	(b) Amount
Federal income taxes	
ASSET RETIREMENT OBLIGATION	41,238.
AP INTERCOMPANY LIABILITIES	13,439,683.
Total. (Column (b) must equal Form 990, Part X, col (B) line 25) ►	13,480,921.

2. FIN 48 Footnote. 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 Audited Financial Statements

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

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

SEE PAGE 5

Part XIV Supplemental Information (continued)

SCHEDULE D PART X:

FIN 48 FOOTNOTE-

ESSENTIA HEALTH HAS ADOPTED ACCOUNTING STANDARDS CODIFICATION 740, INCOME TAXES (FORMERLY KNOWN AS FASB INTERPRETATION NO. 48 (FIN 48), ACCOUNTING FOR UNCERTAINTY IN INCOME TAX - AN INTERPRETATION OF FASB STATEMENT NO. 109, ACCOUNTING FOR INCOME TAXES). THE ADOPTION OF THIS INTERPRETATION HAD NO MATERIAL IMPACT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND THEREFORE, ESSENTIA HEALTH'S CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2010 NO LONGER INCLUDES AN ASC 740 FOOTNOTE.

**SCHEDULE J
(Form 990)**

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" to Form 990,
Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

**Open to Public
Inspection**

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- ☐ First-class or charter travel
☐ Travel for companions
☐ Tax indemnification and gross-up payments
☐ Discretionary spending account

- ☐ Housing allowance or residence for personal use
☐ Payments for business use of personal residence
☐ Health or social club dues or initiation fees
☐ Personal services (e.g., maid, chauffeur, chef)

b If any of the boxes on line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

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?

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
☒ Independent compensation consultant
☐ Form 990 of other organizations
☐ Written employment contract
☒ Compensation survey or study
☒ Approval by the board or compensation committee

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?
c Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

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?
b Any related organization?

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?
b Any related organization?

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.

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III.

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Yes No

1b

2

4a

4b

4c

5a

5b

6a

6b

7

8

9

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2009

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space is 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) Retirement and other 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 reportable compensation				
DAVID H. AMUNDSON	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	172,427.	0.	8,426.	180,853.	28,744.
ROCKLON CHAPIN	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 310,325.	106,086.	0.	45,721.	14,038.	476,170.	0.
ROBERT NORMAN	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 377,302.	123,763.	30,029.	60,196.	46,117.	637,407.	29,138.
GEORGE F. HOLLIDAY, MD	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 198,881.	0.	0.	20,512.	23,021.	242,414.	0.
KEVIN T. STEPHAN, MD	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 232,721.	0.	0.	23,000.	14,025.	269,746.	0.
MICHAEL C. METCALF	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 306,907.	115,830.	0.	50,184.	26,588.	499,509.	0.
ANN WATKINS	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 180,160.	0.	0.	29,632.	19,250.	229,042.	0.
THOMAS E. KAISER, MD	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 1,077,515.	0.	0.	23,000.	22,313.	1,122,828.	0.
	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.
	(i) 0.	0.	0.	0.	0.	0.	0.
	(ii) 0.	0.	0.	0.	0.	0.	0.

Schedule J (Form 990) 2009

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.

SCHEDULE J EXPLANATIONS:

SUPPLEMENTAL COMPENSATION INFORMATION

PART I, LINE 3-

SMDC HEALTH SYSTEMS RELIED ON THE FOLLOWING METHODS TO ESTABLISH THE

COMPENSATION FOR BARB WESSBERG, COO: COMPENSATION COMMITTEE,

COMPENSATION SURVEY OR STUDY, AND APPROVAL BY THE BOARD OR COMPENSATION

COMMITTEE.

SMDC HEALTH SYSTEM RELIED ON THE FOLLOWING METHODS FOR ESTABLISHING THE

COMPENSATION OF ROCKLON CHAPIN, COO AND EVP: A COMPENSATION COMMITTEE,

INDEPENDENT COMPENSATION CONSULTANT, AND APPROVAL BY THE BOARD OR

COMPENSATION COMMITTEE.

SEVERANCE PAYMENT:

PART I, LINE 4A-

FORMER OFFICER, DAVID AMUNDSON, A FORMER EMPLOYEE OF RELATED

ORGANIZATION, ST. MARY'S MEDICAL CENTER, RECEIVED PAYMENT TOTALING

\$145,987 IN TAX YEAR 2009 RELATED TO HIS TERMINATION. THE TERMINATION

TERMS ARE JANUARY 7, 2008 UNTIL JULY 7, 2009. MR. AMUNDSON WILL RECEIVE

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.

PAY TOTALING \$457,260 AND BENEFITS TOTALING \$14,581 RELATED TO HIS

TERMINATION.

SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN:

PART I, LINE 4B-

THE FOLLOWING INDIVIDUALS LISTED IN FORM 990, PART VII, SECTION A, LINE

1A RECEIVED PAYMENT FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN

DURING THE YEAR:

DAVID AMUNDSON (ST. MARY'S DULUTH CLINIC HEALTH SYSTEM) \$28,744

ROBERT NORMAN (ECHC) \$29,138

ST. MARY'S DULUTH CLINIC HEALTH SYSTEM'S NONQUALIFIED RETIREMENT PLAN IS

OFFERED TO DESIGNATED ST. MARY'S DULUTH CLINIC HEALTH SYSTEM'S

EXECUTIVES. THERE IS A MINIMUM TWO YEAR VESTING DATE, BENEFITS ARE

SUBJECT TO INCOME TAXES UPON VESTING, AND BENEFITS ARE PAYABLE FROM ST.

MARY'S DULUTH CLINIC HEALTH SYSTEM'S GENERAL ASSETS.

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.

ECHC'S NONQUALIFIED RETIREMENT PLAN IS OFFERED TO ECHC EXECUTIVES. THERE

IS A MINIMUM TWO YEAR VESTING DATE, BENEFITS ARE SUBJECT TO INCOME TAXES

UPON VESTING AND BENEFITS ARE PAYABLE FROM ECHC'S GENERAL ASSETS.

**SCHEDULE O
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Supplemental Information to Form 990

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.

► Attach to Form 990.

OMB No 1545-0047

2009

**Open to Public
Inspection**

Employer identification number

41-0691275

ATTACHMENT 1

SCHEDULE O EXPLANATIONS:

ORGANIZATION MISSION SUMMARY:

FORM 990, PART I, LINE 1-

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

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS:

FORM 990, PART III, LINE 1-

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

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS:

PART III LINE 4-

POLINSKY MEDICAL REHABILITATION CENTER PROVIDES COMPREHENSIVE OUTPATIENT
REHABILITATION SERVICES TO CHILDREN AND ADULTS. POLINSKY CARE FOCUSES ON
EACH INDIVIDUAL'S NEEDS WITH THE GOAL OF MAXIMIZING INDEPENDENCE WITHIN
OUR COMMUNITY.

POLINSKY MEDICAL REHABILITATION CENTER OFFERS A BROAD RANGE OF OUTPATIENT
SERVICES FOR ITS PATIENTS, INCLUDING COMPREHENSIVE EVALUATION AND
TREATMENT FOR BRAIN INJURIES AND NEUROLOGICAL CONDITIONS AND

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

ATTACHMENT 1 (CONT'D)

PSYCHOLOGICAL AND NEUROPSYCHOLOGICAL SERVICES. THE CENTER ALSO OFFERS SCREENINGS AND EVALUATIONS AS WELL AS PHYSICAL THERAPY, OCCUPATIONAL THERAPY AND SPEECH-LANGUAGE THERAPY.

BEYOND ITS REHABILITATION AND THERAPY SERVICES, POLINSKY MEDICAL REHABILITATION CENTER ALSO LEADS SUPPORT GROUPS, ADVOCATES FOR THEIR PATIENTS AND FAMILIES, AND COORDINATES WITH OTHER AGENCIES AND COMMUNITY SERVICES TO HELP CONNECT THE PATIENT TO ADDITIONAL RESOURCES.

DURING THE FISCAL YEAR, THE CENTER PROVIDED OVER 56,700 OUTPATIENT VISITS. POLINSKY MEDICAL REHABILITATION CENTER ALSO PROVIDED OVER \$16,200 IN CHARITY CARE AS WELL AS AN ADDITIONAL \$1,152,000 OF COSTS INCURRED IN EXCESS OF MEDICAID PAYMENTS RECEIVED DURING THE FISCAL YEAR ENDED JUNE 30, 2010. FURTHER COMMUNITY BENEFITS PROVIDED DURING THE FISCAL YEAR INCLUDE COMMUNITY SERVICES AND CONTINUING EDUCATION PROGRAMS FOR HEALTH CARE PROFESSIONALS OF OVER \$62,000.

FORM 990 GOVERNANCE, MANAGEMENT, AND DISCLOSURE:

PART VI LINE 6-

ST. MARY'S DULUTH CLINIC HEALTH SYSTEM MAY ELECT ONE OR MORE MEMBERS OF THE GOVERNING BODY AS DESCRIBED IN SCHEDULE O PART VI 7A. ESSENTIA HEALTH AND BENEDICTINE SISTERS BENEVOLENT ASSOCIATION HAVE RESERVED POWERS WITH RESPECT TO POLINSKY MEDICAL REHABILITATION CENTER AS DESCRIBED IN SCHEDULE O PART VI LINE 7B.

FORM 990 GOVERNANCE, MANAGEMENT, AND DISCLOSURE:

PART VI LINE 7A-

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

ATTACHMENT 1 (CONT'D)

ACCORDING TO ITS BYLAWS, ST. MARY'S DULUTH CLINIC HEALTH SYSTEM SHALL
APPOINT AND REMOVE POLINSKY MEDICAL REHABILITATION CENTER'S GOVERNING
BODY.

FORM 990 GOVERNANCE, MANAGEMENT, AND DISCLOSURE:

PART VI LINE 7B-

POLINSKY MEDICAL REHABILITATION CENTER IS A SUBSIDIARY OF ESSENTIA
HEALTH, WHOSE BOARD OF DIRECTORS HAS RESERVED POWERS WITH RESPECT TO THIS
CORPORATION AND ITS SUBSIDIARIES, AND ALL OF THE OTHER DIRECT AND
INDIRECT SUBSIDIARIES OF ESSENTIA HEALTH (COLLECTIVELY, THE "SYSTEM").

ESSENTIA HEALTH'S RESERVED POWERS ARE AS FOLLOWS:

STRATEGIC AND BUSINESS PLANS. AUTHORITY TO CREATE, AND TO APPROVE, THE
SYSTEM'S STRATEGIC AND BUSINESS PLANS.

MISSION. AUTHORITY TO CREATE, AND TO APPROVE, THE MISSION, PURPOSE AND
VISION STATEMENTS FOR ALL ENTITIES IN THE SYSTEM BY THE AFFIRMATIVE VOTE
OF AT LEAST 67% OF THE ESSENTIA HEALTH BOARD OF DIRECTORS.

DEBT. APPROVAL OF THE INCURRENCE OF DEBT BY, AND THE CREATION OF ALL
MORTGAGES, LIENS, SECURITY INTERESTS, OR OTHER ENCUMBRANCES ON THE ASSETS
OF, ALL ENTITIES IN THE SYSTEM IN EXCESS OF THE SINGLE OR ANNUAL
AGGREGATE DOLLAR LIMITS PRESCRIBED IN WRITING BY THE ESSENTIA HEALTH
BOARD OF DIRECTORS, AND THE AUTHORITY TO CAUSE ALL ENTITIES IN THE SYSTEM
TO PARTICIPATE IN SYSTEM BORROWING.

GOVERNING INSTRUMENTS. AUTHORITY TO CAUSE, AND TO APPROVE, AMENDMENTS OF
THE ARTICLES OF INCORPORATION AND BYLAWS OF ALL ENTITIES IN THE SYSTEM.
MERGERS AND ACQUISITIONS. AUTHORITY TO CAUSE, AND TO APPROVE, ALL

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

ATTACHMENT 1 (CONT'D)

MERGERS, CONSOLIDATIONS, AND DISSOLUTIONS OF ALL ENTITIES IN THE SYSTEM.

AFFILIATIONS AND JOINT VENTURES. AUTHORITY TO CAUSE, AND TO APPROVE, ALL AFFILIATIONS, JOINT VENTURES AND OTHER ALLIANCES WITH THIRD PARTIES OF ALL ENTITIES IN THE SYSTEM.

TRANSFER OF ASSETS WITHIN THE SYSTEM. AUTHORITY TO TRANSFER ASSETS, INCLUDING CASH, BETWEEN AND AMONG ENTITIES WITHIN THE SYSTEM; PROVIDED, HOWEVER, THAT ESSENTIA HEALTH SHALL NOT HAVE AUTHORITY TO REQUIRE ANY ENTITY IN THE SYSTEM TO TRANSFER ASSETS (A) THAT WOULD CAUSE SUCH ENTITY TO BE IN DEFAULT OF ITS COVENANTS OR OBLIGATIONS UNDER ANY BOND OR OTHER FINANCING DOCUMENTS; (B) FROM THE CATHOLIC ENTITIES TO THE SECULAR ENTITIES OR FROM THE SECULAR ENTITIES TO THE CATHOLIC ENTITIES IN A MANNER OR TO AN EXTENT THAT WOULD CAUSE THE CATHOLIC ENTITIES TO BE IN VIOLATION OF THE ETHICAL AND RELIGIOUS DIRECTIVES FOR CATHOLIC HEALTH CARE SERVICES IN THE JUDGMENT OF THE LOCAL ORDINARY; OR (C) SUCH THAT MONEY GENERATED BY SERVICES AT SECULAR FACILITIES WITHIN THE SYSTEM BY PROCEDURES THAT ARE CONTRARY TO THE ETHICAL AND RELIGIOUS DIRECTIVES FOR CATHOLIC HEALTH CARE SERVICES WOULD BE USED AT THE CATHOLIC ENTITIES OR MONEY GENERATED BY CATHOLIC ENTITIES WOULD BE USED IN THE PROVIDING OF SERVICES CONTRARY TO THE ETHICAL AND RELIGIOUS DIRECTIVES FOR CATHOLIC HEALTH CARE SERVICES AT SECULAR FACILITIES WITHIN THE SYSTEM.

TRANSFER OF ASSETS OUTSIDE THE SYSTEM. AUTHORITY TO CAUSE, AND TO APPROVE, THE SALE, LEASE OR OTHER TRANSFER OF ASSETS OF ALL ENTITIES IN THE SYSTEM TO PARTIES OUTSIDE OF THE SYSTEM WHEN THE ASSET'S VALUE EXCEEDS THE SINGLE OR ANNUAL AGGREGATE DOLLAR LIMITS PRESCRIBED IN WRITING BY THE ESSENTIA HEALTH BOARD OF DIRECTORS.

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

ATTACHMENT 1 (CONT'D)

SERVICES. AUTHORITY TO CAUSE, AND TO APPROVE, THE ADDITION OF NEW

SERVICES AND SERVICE LOCATIONS AND THE DISCONTINUANCE OF SERVICES AND

SERVICE LOCATIONS WITHIN ALL ENTITIES IN THE SYSTEM.

BUDGETS. APPROVAL OF CAPITAL AND OPERATING BUDGETS OF ALL ENTITIES IN THE

SYSTEM.

PROFESSIONAL SERVICES. SELECTION OF THE GENERAL LEGAL COUNSEL AND

EXTERNAL AUDITORS OF ALL ENTITIES IN THE SYSTEM.

ACQUISITIONS. AUTHORITY TO CAUSE, AND TO APPROVE, ALL ACQUISITIONS BY AND

FORMATIONS OF ENTITIES IN THE SYSTEM.

MARKETING, AUTHORITY TO IMPLEMENT SYSTEM-WIDE MARKETING AND PROMOTIONAL

ACTIVITIES.

COMPLIANCE PLANS. AUTHORITY TO CREATE, AND TO APPROVE, CORPORATE

COMPLIANCE, SAFETY AND RISK MANAGEMENT PLANS FOR ENTITIES WITHIN THE

SYSTEM.

QUALITY PLAN. AUTHORITY TO CREATE, AND TO APPROVE, THE SYSTEM'S QUALITY

PLAN.

NON-BUDGETED PURCHASES. APPROVAL OF NON-BUDGETED CAPITAL PURCHASES AND

LEASES IN EXCESS OF THE SINGLE OR ANNUAL AGGREGATE DOLLAR LIMITS

PRESCRIBED IN WRITING BY ESSENTIA HEALTH FOR ENTITIES WITHIN THE SYSTEM.

HUMAN RESOURCES. AUTHORITY TO CREATE HUMAN RESOURCE POLICIES AND

PROCEDURES WITHIN THE SYSTEM.

RESERVED POWERS. AUTHORITY TO CREATE ADDITIONAL ESSENTIA HEALTH RESERVED

POWERS BY THE AFFIRMATIVE VOTE OF AT LEAST 80% OF THE ESSENTIA HEALTH

BOARD OF DIRECTORS (EXCLUDING THE ESSENTIA HEALTH CEO); PROVIDED,

HOWEVER, THAT ANY ADDITIONAL ESSENTIA HEALTH RESERVED POWERS SHALL NOT

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

ATTACHMENT 1 (CONT'D)

CONTRAVENTE OR HINDER THE RESERVED POWERS OF BENEDICTINE SISTERS
BENEVOLENT ASSOCIATION.

THE BENEDICTINE SISTERS BENEVOLENT ASSOCIATION ("BSBA") ALSO HAS CERTAIN
RESERVED POWERS OVER ALL CATHOLIC FACILITIES WITHIN ESSENTIA HEALTH.

BSBA'S RESERVED POWERS ARE AS FOLLOWS:

SUBJECT TO ANY APPROVALS THAT ARE REQUIRED UNDER APPLICABLE CANON LAW AND
THE PRIOR WRITTEN NOTICE TO ECHC REQUIRED BY SECTION 2.10 OF THE AMENDED
AND RESTATED AFFILIATION AGREEMENT BY AND AMONG BENEDICTINE SISTERS
BENEVOLENT ASSOCIATION, ESSENTIA HEALTH, ECHC, AND ST. MARY'S DULUTH
CLINIC HEALTH SYSTEM DATED AS OF DECEMBER 21, 2007 (THE "AFFILIATION
AGREEMENT"), AND TO ESSENTIA HEALTH AS REQUIRED BY SECTION 2.11 THEREOF,
BENEDICTINE SISTERS BENEVOLENT ASSOCIATION SHALL HAVE THE FOLLOWING
POWERS WHICH SHALL BE EXERCISED BY ACTION OF THE BENEDICTINE SISTERS
BENEVOLENT ASSOCIATION BOARD OF DIRECTORS UNLESS OTHERWISE PROVIDED WITH
RESPECT TO ALL ECCLESIASTICAL GOODS AND CATHOLIC FACILITIES AND ENTITIES
WITHIN THE SYSTEM (AS DEFINED IN THE AFFILIATION AGREEMENT, AS AMENDED):
MISSION. AUTHORITY TO APPROVE THE MISSION, PURPOSE AND VISION STATEMENTS
FOR CATHOLIC FACILITIES AND ENTITIES WITHIN THE SYSTEM.

ADHERENCE TO ETHICAL RELIGIOUS DIRECTIVES (ERDS). AUTHORITY TO APPROVE
THE METHODS, POLICIES AND PROCEDURES PERTAINING TO THE ADHERENCE OF
CATHOLIC FACILITIES AND ENTITIES WITHIN THE SYSTEM TO THE ERDS, AND TO
REQUIRE THE USE OF RELIGIOUS SYMBOLS, DISTINGUISHING ELEMENTS AND
PRAYERS.

OFFICIAL CATHOLIC DIRECTORY. AUTHORITY TO REQUEST THE LISTING OF

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

ATTACHMENT 1 (CONT'D)

QUALIFIED ENTITIES AND FACILITIES WITHIN THE SYSTEM IN THE OFFICIAL CATHOLIC DIRECTORY, SUBJECT TO THE APPROVAL OF APPLICABLE CATHOLIC AUTHORITIES.

CATHOLIC HEALTH ASSOCIATION. AUTHORITY TO REQUIRE CATHOLIC FACILITIES AND ENTITIES WITHIN THE SYSTEM TO JOIN THE MEMBERSHIP OF THE CATHOLIC HEALTH ASSOCIATION OF THE UNITED STATES.

ALIENATION OF STABLE PATRIMONY OR ECCLESIASTICAL GOODS. AUTHORITY TO APPROVE ALIENATION OF EITHER STABLE PATRIMONY OR OTHER ECCLESIASTICAL GOODS IN THE SYSTEM IF SUCH GOODS INVOLVED IN A SPECIFIC TRANSACTION APPROVED BY ESSENTIA HEALTH PURSUANT TO SECTION 2.8(G) OR 2.8(H) OF THE AFFILIATION AGREEMENT HAVE A DOLLAR VALUE EQUAL TO OR GREATER THAN 70% OF THE AMOUNT ESTABLISHED FROM TIME TO TIME THAT REQUIRES APPROVAL FROM THE HOLY SEE.

AMENDMENTS. AUTHORITY TO APPROVE ANY AMENDMENTS TO THE ARTICLES OF INCORPORATION OR BYLAWS OF THIS CORPORATION THAT WOULD ALTER THE NUMBER OF BENEDICTINE SISTERS OF ST. SCHOLASTICA MONASTERY OF DULUTH OR BENEDICTINE SISTERS BENEVOLENT ASSOCIATION BOARD OF DIRECTOR MEMBERS SERVING AS MEMBERS OF THIS CORPORATION'S BOARD OF DIRECTORS; AUTHORITY TO APPROVE ANY AMENDMENTS TO THE ARTICLES OF INCORPORATION OR BYLAWS OF THE SUPPORTED ORGANIZATIONS, AS WELL AS THE CATHOLIC ECHC AND SMDC SUBSIDIARIES (AS DEFINED IN THE AFFILIATION AGREEMENT), WHICH COULD MATERIALLY AFFECT SUCH ENTITY'S IDENTITY AS A CATHOLIC INSTITUTION, INCLUDING WITHOUT LIMITATION ANY AMENDMENT THAT WOULD ALTER THE NUMBER OF BENEDICTINE SISTERS OF ST. SCHOLASTICA MONASTERY OF DULUTH OR BENEDICTINE SISTERS BENEVOLENT ASSOCIATION BOARD OF DIRECTOR MEMBERS SERVING AS

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

ATTACHMENT 1 (CONT'D)

MEMBERS OF SUCH ENTITY'S BOARD OF DIRECTORS; AND AUTHORITY TO CAUSE
ESSENTIA HEALTH TO MAKE AMENDMENTS TO THE ARTICLES OF INCORPORATION OR
BYLAWS OF THE SUPPORTED ORGANIZATIONS, AS WELL AS THE CATHOLIC ECHC AND
SMDC SUBSIDIARIES, WHICH AMENDMENTS BENEDICTINE SISTERS BENEVOLENT
ASSOCIATION IN GOOD FAITH ARE NECESSARY TO PRESERVE SUCH ENTITY'S
IDENTITY AS A CATHOLIC INSTITUTION.
MISSION EFFECTIVENESS. AUTHORITY TO APPROVE ANNUAL PLANS AND EVALUATIONS
RELATING TO MISSION EFFECTIVENESS AND CHAPLAINCY FOR THE CATHOLIC
FACILITIES AND ENTITIES WITHIN THE SYSTEM.
MERGERS AND DISSOLUTION. SUBJECT TO THE APPROVAL OF THE BENEDICTINE
SISTERS OF ST. SCHOLASTICA MONASTERY OF DULUTH, AUTHORITY TO APPROVE A
PROPOSED MERGER, CONSOLIDATION, LIQUIDATION, DISSOLUTION, OR THE
DISPOSITION OF ALL OR SUBSTANTIALLY ALL THE ASSETS.

FORM 990 GOVERNANCE, MANAGEMENT, AND DISCLOSURE:

PART VI LINE 11A-

THE 2009 FORM 990 INCLUDING ALL SCHEDULES WERE REVIEWED BY POLINSKY
MEDICAL REHABILITATION CENTER MANAGEMENT AND ST. MARY'S DULUTH CLINIC
HEALTH SYSTEM'S GOVERNING BODY ON MAY 4, 2011 PRIOR TO FILING WITH THE
INTERNAL REVENUE SERVICE. EACH CURRENT DIRECTOR OF THE GOVERNING BODY
RECEIVED A COPY OF THE 2009 FORM 990. POLINSKY MEDICAL REHABILITATION
CENTER'S CFO LED THE REVIEW OF THE FORMS AND SCHEDULES AND ANY QUESTIONS
WERE DISCUSSED.

ORM 990 GOVERNANCE, MANAGEMENT, AND DISCLOSURE:

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Employer identification number

41-0691275

ATTACHMENT 1 (CONT'D)

PART VI LINE 12C-

INTERESTED PERSONS SHALL ANNUALLY DISCLOSE RELATIONSHIPS WHICH MIGHT LEAD TO A CONFLICT OF INTEREST BY COMPLETING A CONFLICT OF INTEREST DISCLOSURE FORM. INTERESTED PERSONS INCLUDE ANY PERSON IN A POSITION TO EXERCISE SUBSTANTIAL INFLUENCE OVER THE ORGANIZATION. IT INCLUDES BUT IS NOT LIMITED TO ANY DIRECTOR, OFFICER, MANAGEMENT, EMPLOYEE, OR COMMITTEE MEMBER OF ESSENTIA HEALTH OR ANY OF ITS AFFILIATES.

ESSENTIA SHALL BE RESPONSIBLE FOR THE ANNUAL DISTRIBUTION OF CONFLICT OF INTEREST FORMS AND REVIEW OF DISCLOSURES FOR THE GOVERNING BODIES OF ESSENTIA AND ESSENTIA OPERATING MEMBERS AND FOR SENIOR MANAGEMENT EMPLOYEES OF ESSENTIA.

TRANSACTIONS WITH PARTIES WITH WHOM A CONFLICT OF INTEREST EXISTS MAY BE UNDERTAKEN ONLY IF ALL OF THE FOLLOWING ARE OBSERVED: THE CONFLICT OF INTEREST IS FULLY DISCLOSED; THE INTERESTED PERSON WITH THE CONFLICT OF INTEREST DOESN'T PARTICIPATE IN THE APPROVAL OF SUCH TRANSACTIONS; IF PRACTICAL OR APPROPRIATE, A COMPETITIVE BID OR COMPARABLE VALUATION IS OBTAINED; AND THE BOARD OR COMMITTEE OF THE BOARD HAS DETERMINED THAT THE TRANSACTION IS IN THE BEST INTEREST OF THE ORGANIZATION.

DISCLOSURE BY ANY INTERESTED PERSON OTHER THAN A BOARD OR COMMITTEE MEMBER SHOULD BE MADE TO THE CHIEF EXECUTIVE OFFICER (OR IF SHE/HE IS THE ONE WITH THE CONFLICT, THEN TO THE BOARD CHAIR), WHO SHALL BRING THE MATTER TO THE ATTENTION OF THE BOARD OR AN APPROPRIATE COMMITTEE OF THE BOARD. DISCLOSURE INVOLVING BOARD OR COMMITTEE MEMBERS SHALL BE MADE TO THE BOARD CHAIR (OR IF SHE/HE IS THE ONE WITH THE CONFLICT, THEN TO THE BOARD VICE CHAIR), WHO SHALL BRING THESE MATTERS TO THE BOARD OR AN

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ATTACHMENT 1 (CONT'D)

APPROPRIATE COMMITTEE OF THE BOARD.

THE BOARD OR COMMITTEE OF THE BOARD SHALL DETERMINE WHETHER A CONFLICT EXISTS AND IF SO, WHETHER THE CONTEMPLATED TRANSACTION MAY BE AUTHORIZED AS JUST, FAIR, AND REASONABLE TO ESSENTIA OR ITS AFFILIATE(S). THE DECISION OF THE BOARD OR A DULY CONSTITUTED COMMITTEE OF THE BOARD ON THESE MATTERS WILL BE AT ITS SOLE DISCRETION, AND ITS CONCERN MUST BE THE WELFARE OF ESSENTIA AND ITS AFFILIATE(S) AND THE ADVANCEMENT OF ITS PURPOSES. THE DECISION OF THE BOARD IS FINAL. IF THE BOARD DETERMINES A CONFLICT DOES NOT EXIST, THE INTERESTED PERSON MAY PROCEED WITH THE TRANSACTION; HOWEVER, HE/SHE WILL NOT BE ELIGIBLE TO VOTE ON RELATED ISSUES SHOULD THEY ARISE. IF THE BOARD DETERMINES A CONFLICT DOES EXIST, THE INTERESTED PERSON WILL BE NOTIFIED OF THE DECISION REGARDING WHETHER THE CONTEMPLATED TRANSACTION WILL BE AUTHORIZED AS JUST, FAIR, AND REASONABLE.

OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS BEGUN:

PART VI, QUESTION 15A-

THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF SMDC HEALTH SYSTEM FULFILLS THE BOARD'S RESPONSIBILITY REGARDING COMPENSATION OF SMDC HEALTH SYSTEM'S (SMDC) EXECUTIVES CONSISTENT WITH SMDC'S MISSION, VALUES, AND TAX EXEMPT STATUS. THE COMMITTEE REVIEWS AND MAKES DECISIONS BASED ON INFORMATION PRESENTED BY THE SMDC PRESIDENT AND CHIEF ADMINISTRATIVE OFFICER CONCERNING THE PERFORMANCE OF THE SYSTEM AND SENIOR EXECUTIVES OF SMDC. THE COMMITTEE PROVIDES OVERSIGHT FOR

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ATTACHMENT 1 (CONT'D)

INCENTIVE COMPENSATION PROGRAM(S) IN A MANNER CONSISTENT WITH THE
EXECUTIVE COMPENSATION PHILOSOPHY, ANNUALLY THEY EVALUATE THE PERFORMANCE
OF SMDC AGAINST APPROVED CORPORATE GOALS AND OBJECTIVES, INCLUDING A
REVIEW OF SYSTEM RESULTS AND SUPPORTING DOCUMENTATION FOR ALL MEMBERS
COVERED BY THE SMDC INCENTIVE COMPENSATION PROGRAM AND REPORT SUCH
FINDINGS TO THE ESSENTIA HEALTH EXECUTIVE COMPENSATION COMMITTEE.
THE YEAR THIS PROCESS WAS LAST UNDERTAKEN FOR SMDC WAS 2008.

OFFICES & POSITIONS FOR WHICH PROCESS WAS USED, & YEAR PROCESS WAS
BEGUN:

PART VI, QUESTION 15B-

THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS OF SMDC
HEALTH SYSTEM FULFILLS THE BOARD'S RESPONSIBILITY REGARDING COMPENSATION
OF SMDC HEALTH SYSTEM'S (SMDC) EXECUTIVES CONSISTENT WITH SMDC'S MISSION,
VALUES, AND TAX EXEMPT STATUS. THE COMMITTEE REVIEWS AND MAKES DECISIONS
BASED ON INFORMATION PRESENTED BY THE SMDC PRESIDENT AND CHIEF
ADMINISTRATIVE OFFICER CONCERNING THE PERFORMANCE OF THE SYSTEM AND
SENIOR EXECUTIVES OF SMDC. THE COMMITTEE PROVIDES OVERSIGHT FOR
INCENTIVE COMPENSATION PROGRAM(S) IN A MANNER CONSISTENT WITH THE
EXECUTIVE COMPENSATION PHILOSOPHY, ANNUALLY THEY EVALUATE THE PERFORMANCE
OF SMDC AGAINST APPROVED CORPORATE GOALS AND OBJECTIVES, INCLUDING A
REVIEW OF SYSTEM RESULTS AND SUPPORTING DOCUMENTATION FOR ALL MEMBERS
COVERED BY THE SMDC INCENTIVE COMPENSATION PROGRAM AND REPORT SUCH
FINDINGS TO THE ESSENTIA HEALTH EXECUTIVE COMPENSATION COMMITTEE.
THE YEAR THIS PROCESS WAS LAST UNDERTAKEN FOR SMDC WAS 2008.

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ATTACHMENT 1 (CONT'D)

ESSENTIA'S CHIEF FINANCIAL OFFICER'S COMPENSATION IS DETERMINED BY THE EXECUTIVE COMPENSATION COMMITTEE OF ESSENTIA HEALTH'S BOARD OF DIRECTORS.

THE EXECUTIVE COMPENSATION COMMITTEE OF ESSENTIA HEALTH'S BOARD OF DIRECTORS IS AUTHORIZED TO FULFILL THE BOARD'S RESPONSIBILITIES REGARDING EXECUTIVE COMPENSATION CONSISTENT WITH ESSENTIA'S MISSION, VALUES, TAX-EXEMPT STATUS, AND THE EXECUTIVE COMPENSATION COMMITTEE'S CHARTER. THE EXECUTIVE COMPENSATION COMMITTEE MEETS AT LEAST TWICE ANNUALLY TO CARRY OUT ITS RESPONSIBILITIES, WHICH INCLUDE, BUT ARE NOT LIMITED TO, ESTABLISHING, REVIEWING & MODIFYING, AS APPROPRIATE, REASONABLE COMPENSATION & BENEFITS FOR ESSENTIA'S CHIEF EXECUTIVE OFFICER. THE EXECUTIVE COMPENSATION COMMITTEE ENGAGES QUALIFIED INDEPENDENT COMPENSATION ADVISORS TO PROVIDE OBJECTIVE & IMPARTIAL COMPARATIVE DATA & TO EXPRESS OPINIONS ON TOTAL COMPENSATION REASONABLENESS. THE EXECUTIVE COMPENSATION COMMITTEE MAY REQUEST ITS INDEPENDENT ADVISORS TO: MONITOR COMPARABILITY DATA & MARKETPLACE TRENDS; MAKE APPROPRIATE RECOMMENDATIONS REGARDING SALARY RANGES; & PERIODICALLY REVIEW THE MARKET COMPETITIVENESS OF ESSENTIA'S EXECUTIVE COMPENSATION PACKAGES. PRIOR TO ESTABLISHING OR ADJUSTING EXECUTIVE COMPENSATION, THE EXECUTIVE COMPENSATION COMMITTEE WILL OBTAIN & RELY UPON APPROPRIATE DATA AS TO COMPARABILITY OF THE PROPOSED COMPENSATION OR ADJUSTMENTS. THE EXECUTIVE COMPENSATION COMMITTEE WILL ADEQUATELY DOCUMENT THE BASIS FOR ITS DETERMINATION CONCURRENTLY WITH MAKING THOSE DETERMINATIONS. THE EXECUTIVE COMPENSATION COMMITTEE MINUTES SHALL INCLUDE: THE TERMS OF THE APPROVED COMPENSATION & THE DATE APPROVED; THE EXECUTIVE COMPENSATION COMMITTEE

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ATTACHMENT 1 (CONT'D)

MEMBERS PRESENT DURING THE REVIEW, DISCUSSION & APPROVAL OF THE PROPOSED
COMPENSATION & THOSE WHO VOTED ON THE PROPOSED COMPENSATION;
IDENTIFICATION OF THE COMPARABILITY DATA OBTAINED & RELIED UPON BY THE
EXECUTIVE COMPENSATION COMMITTEE & HOW THE DATA WAS OBTAINED; ANY ACTIONS
BY A MEMBER OF THE EXECUTIVE COMPENSATION COMMITTEE HAVING A CONFLICT OF
INTEREST; & DOCUMENTATION OF THE BASIS FOR THE DETERMINATION.
THE YEAR THIS PROCESS WAS LAST UNDERTAKEN FOR ESSENTIA'S CFO WAS 2008.

FORM 990 GOVERNANCE, MANAGEMENT, AND DISCLOSURE:

PART VI LINE 19-AVAILABILITY OF GOVERNING DOCUMENTS, CONFLICT OF
INTEREST

POLICY, & FINANCIAL STATEMENTS TO THE PUBLIC-

POLINSKY MEDICAL REHABILITATION CENTER MAKES ITS GOVERNING DOCUMENTS,
CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE
PUBLIC. POLINSKY MEDICAL REHABILITATION CENTER'S GOVERNING DOCUMENTS,
CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE AVAILABLE TO
THE PUBLIC UPON REQUEST. POLINSKY MEDICAL REHABILITATION CENTER IS PART
OF ESSENTIA HEALTH'S CONSOLIDATED FINANCIALS STATEMENTS WHICH ARE
INCLUDED IN ESSENTIA HEALTH'S ANNUAL REPORT POSTED ON ESSENTIA HEALTH'S
WEB SITE.

HOURS DEVOTED TO RELATED ORGANIZATIONS:

PART VII SECTION A LINE 1A COLUMN B-

BARB WESSBERG IS EMPLOYED BY SMDC MEDICAL CENTER AS CHIEF OPERATING
OFFICER OF POLINSKY MEDICAL REHABILITATION CENTER. 100% OF HER TIME IS

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ATTACHMENT 1 (CONT'D)

SPENT FURTHERING THE PURPOSE OF SMDC HEALTH SYSTEM AND IT'S RELATED ORGANIZATIONS.

ROBERT NORMAN IS EMPLOYED BY ECHC AS ESSENTIA HEALTH'S CHIEF FINANCIAL OFFICER. 100% OF HIS TIME IS SPENT FURTHERING THE PURPOSE OF ESSENTIA HEALTH AND ALL RELATED ORGANIZATIONS

BARBARA JOHNSON IS EMPLOYED BY SMDC MEDICAL CENTER AS CHIEF FINANCIAL OFFICER. 100% OF HER TIME IS SPENT FURTHERING THE PURPOSE OF SMDC HEALTH SYSTEM AND ALL OF IT'S RELATED ORGANIZATIONS.

ROCKLON CHAPIN, IS EMPLOYED BY SMDC MEDICAL CENTER AS ONE OF SMDC HEALTH SYSTEM'S EXECUTIVE VICE PRESIDENTS. 100% OF HIS TIME IS SPENT FURTHERING THE PURPOSE OF SMDC HEALTH SYSTEM AND IT'S RELATED ORGANIZATIONS.

SISTER KATHLEEN HOFER IS EMPLOYED BY ST. MARY'S MEDICAL CENTER AS ESSENTIA HEALTH'S SENIOR VICE PRESIDENT, BENEDICTINE SPONSORSHIP. 100% OF HER TIME IS SPENT FURTHERING THE PURPOSE OF ESSENTIA HEALTH AND ALL RELATED ORGANIZATIONS.

GEORGE HOLLIDAY, MD IS EMPLOYED BY THE DULUTH CLINIC, LTD. 100% OF HIS TIME IS SPENT FURTHERING THE PURPOSE OF SMDC HEALTH SYSTEM AND IT'S RELATED ORGANIZATIONS.

KEVIN STEPHAN, MD IS EMPLOYED BY THE DULUTH CLINIC, LTD. 100% OF HIS TIME IS SPENT FURTHERING THE PURPOSE OF SMDC HEALTH SYSTEM AND IT'S RELATED ORGANIZATIONS.

MICHAEL METCALF, IS EMPLOYED BY SMDC MEDICAL CENTER AS ONE OF SMDC HEALTH SYSTEM'S EXECUTIVE VICE PRESIDENTS. 100% OF HIS TIME IS SPENT FURTHERING THE PURPOSE OF SMDC HEALTH SYSTEM AND IT'S RELATED ORGANIZATIONS.

ANN WATKINS IS EMPLOYED BY SMDC MEDICAL CENTER AS VP SURGICAL SERVICES.

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ATTACHMENT 1 (CONT'D)

100% OF HER TIME IS SPENT FURTHERING THE PURPOSE OF SMDC HEALTH SYSTEM

AND ALL OF IT'S RELATED ORGANIZATIONS.

THOMAS F. KAISER, MD, IS EMPLOYED BY SMDC MEDICAL CENTER AS SMDC HEALTH SYSTEM'S CLINICAL CHIEF. 100% OF HIS TIME IS SPENT FURTHERING THE PURPOSE OF SMDC HEALTH SYSTEM AND IT'S RELATED ORGANIZATIONS.

SCHEDULE R, PART V COLUMN C:

METHOD USED TO DETERMINE VALUE OF SERVICES, CASH, AND OTHER ASSETS-

THE METHODS USED TO DETERMINE THE AMOUNTS IN SCHEDULE R PART V COLUMN C

WERE:

-REIMBURSEMENT OF ACTUAL COSTS

-CASH TRANSFERRED BASED UPON NOTE AGREEMENT

-INTEREST BASED UPON PERCENTAGE OF OUTSTANDING NOTE.

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

POLINSKY MEDICAL REHABILITATION CENTER

Related Organizations and Unrelated Partnerships

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36 or 37.
► Attach to Form 990. ► See separate instructions.

OMB No. 1545-0047

2009

Open to Public
Inspection

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Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(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 (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(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
BRAINERD LAKES INTEGRATED HEALTH SYSTEM 37-1532145					
2024 S 6TH ST BRAINERD, MN 56401	SUPPORT ORG	MN	501 C 3	11 II	ECHC
BRAINERD MEDICAL CENTER INC 37-1532148					
2024 S 6TH ST BRAINERD, MN 56401	CLINIC	MN	501 C 3	3	BLIHS
BRIDGES MEDICAL CENTER 20-0479568					
201 9ST W ADA, MN 56510	CLINIC HOSPIT	MN	501 C 3	3	ECHC
CLEARWATER VALLEY HOSP & CLINICS INC 82-0497771					
301 CEDAR OROFINO, ID 83544	CLINIC HOSPIT	ID	501 C 3	3	ECHC
DIVINE MEDICAL SERVICES 20-2773717					
709 N LINCOLN JEROME, ID 83338	EMERG SERVICE	ID	501 C 3	3	SBFMC
DL SURGERY CENTER 26-3837203					
1027 WASHINGTON AVE DETROIT LAKES, MN 56501	AMB SURG CENT	MN	501 C 3	3	ECHC
ECHC FOUNDATION 26-3359418					
502 E 2ND ST DULUTH, MN 55805	FOUNDATION	MN	501 C 3	11 I	ECHC

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2009

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.**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?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		1a X
b Gift, grant, or capital contribution to other organization(s)		1b X
c Gift, grant, or capital contribution from other organization(s)		1c X
d Loans or loan guarantees to or for other organization(s)		1d X
e Loans or loan guarantees by other organization(s)		1e X
f Sale of assets to other organization(s)		1f X
g Purchase of assets from other organization(s)		1g X
h Exchange of assets		1h X
i Lease of facilities, equipment, or other assets to other organization(s)		1i X
j Lease of facilities, equipment, or other assets from other organization(s)		1j X
k Performance of services or membership or fundraising solicitations for other organization(s)		1k X
l Performance of services or membership or fundraising solicitations by other organization(s)		1l X
m Sharing of facilities, equipment, mailing lists, or other assets		1m X
n Sharing of paid employees		1n X
o Reimbursement paid to other organization for expenses	X	1o X
p Reimbursement paid by other organization for expenses	X	1p X
q Other transfer of cash or property to other organization(s)		1q X
r Other transfer of cash or property from other organization(s)		1r X

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	(b) Transaction type (a-r)	(c) Amount involved
(1)	ST MARYS MEDICAL CENTER 41-0695604	O	11,402,265.
(2)	ECHC 26-1219624	Q	99,146.
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2009

Part I Continuation of Identification of Disregarded Entities

[illegible]

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R-1 (Form 990) 2009

Part II
Continuation of 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
ECHC 503 E 3RD ST SUITE 400 DULUTH, MN 55805 26-1219624	SUPPORT ORG	MN	501 C 3	11 II	ESSENTIA
FIRST CARE MEDICAL SERVICES 900 HILLGROSS BLVD SE FOSSSTON, MN 56542 41-0706143	CLINIC HOSP	MN	501 C 3	3	ECHC
MINNESOTA VALLEY HEALTH CENTER INC 621 S 4TH ST LE SUEUR, MN 56058 41-0837659	HOSPIT/NH	MN	501 C 3	3	ECHC
ST BENEDICTS FAMILY MEDICAL CENTER 709 N LINCOLN JEROME, ID 83338 82-0227163	CLINIC HOSP	ID	501 C 3	3	ECHC
ST JOSEPHS MEDICAL CENTER 523 N 3RD ST BRAINERD, ST 56401 41-0695602	HOSPITAL	MN	501 C 3	3	BLIHS
ST MARYS EMS 1027 WASHINGTON AVE DETROIT LAKES, MN 56501	EMERG SERVIC	MN	501 C 3	9	SMRHC
ST MARYS HOSPITAL & CLINICS INC P O BOX 137 COTTONWOOD, ID 83522 82-0226453	CLINIC HOSP	ID	501 C 3	3	ECHC
ST MARY INNOVIS HEALTH 1027 WASHINGTON AVE DETROIT LAKES, MN 56501 26-2861321	CLINIC	MN	501 C 3	3	ECHC
ST MARYS REGIONAL HEALTH CENTER 1027 WASHINGTON AVE DETROIT LAKES, MN 56501 41-1620386	CLINIC HOSP	MN	501 C 3	3	ECHC
ESSENTIA HEALTH 502 E 2ND ST DULUTH, MN 55805 20-0360007	SUPPORT ORG	MN	501 C 3	11 III FI	N/A
ESSENTIA INSTITUTE OF RURAL HEALTH 502 E 2ND ST DULUTH, MN 55805 27-1291124	RESEARCH	MN	501 C 3	4	ESSENTIA
INNOVIS HEALTH LLC 1702 S UNIVERSITY DR FARGO, ND 58103 26-1175213	CLINIC HOSP	DE	501 C 3	3	ESSENTIA
INNOVIS HEALTH FOUNDATION 502 E 2ND ST DULUTH, MN 55805 27-1984704	FOUNDATION	MN	501 C 3	7	INNOVIS
MIDWEST MEDICAL EQUIPMENT & SUPPLY INC 4418 HAINES RD DULUTH, MN 55811 41-1674021	MEDICAL EQUI	MN	501 C 3	9	SMDC
PINE MEDICAL CENTER 109 COURT AVE S SANDSTONE, MN 55072 41-1884597	CLINIC HOSP	MN	501 C 3	3	SMDC
SMDC MEDICAL CENTER 502 E 2ND ST DULUTH, MN 55805 41-1878730	CLINIC HOSP	MN	501 C 3	3	SMDC
ST MARYS DULUTH CLINIC FOUNDATION 400 E 3RD ST DULUTH, MN 55805 41-2016979	FOUNDATION	MN	501 C 3	7	SMDC
ST MARYS DULUTH CLINIC HEALTH SYSTEM 107 E 3RD ST DULUTH, MN 55805 41-1836633	CLINIC HOSP	MN	501 C 3	3	ESSENTIA

Part V Continuation of Transactions With Related Organizations (Schedule R (Form 990), Part V, line 2)

(7)	(A) Name of other organization	(B) Transaction type (a-f)	(C) Amount involved
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)			
(23)			
(24)			

Schedule R-1 (Form 990) 2009

Part VI Continuation of Unrelated Organizations Taxable as a Partnership[illegible]