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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2009

Open to Public Inspection

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

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

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

C Name of organization
Avera McKennan

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1325 S Cliff Ave PO Box 5045

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

D Employer identification number
46-0224743

E Telephone number
(605) 322-8000

G Gross receipts $ 603,717,161

F Name and address of principal officer
Dr David Kapaska
1325 S Cliff Ave PO Box 5045
Sioux Falls, SD 571175045

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ www averamckennan org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1911 | **M** State of legal domicile SD

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	12
5	Total number of employees (Part V, line 2a)	**5**	5,868
6	Total number of volunteers (estimate if necessary)	**6**	1,068
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	**7a**	6,403,753
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	1,006,160

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	2,453,417	3,451,139
9	Program service revenue (Part VIII, line 2g)	555,191,084	596,067,216
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,957,267	553,875
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,462,019	2,763,167
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	562,063,787	602,835,397
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	3,041,319	3,322,297
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	304,921,829	311,726,810
16a	Professional fundraising fees (Part IX, column (A), line 11e)	113,548	54,527
b	Total fundraising expenses (Part IX, column (D), line 25) ▶756,846		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	238,441,318	256,769,316
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	546,518,014	571,872,950
19	Revenue less expenses Subtract line 18 from line 12	15,545,773	30,962,447
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	655,503,598	696,072,011
21	Total liabilities (Part X, line 26)	323,845,827	333,428,534
22	Net assets or fund balances Subtract line 21 from line 20	331,657,771	362,643,477

Part II Signature Block

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

Sign Here

****** | 2011-05-12
Signature of officer | Date

Dr David Kapaska Regional President
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-empolyed ☐	Preparer's identifying number (see instructions)
Kim Hunwardsen CPA			

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

EIN ▶

Phone no ▶ (952) 944-6166

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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

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

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☑ Yes ☐ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 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 $ 264,679,831 including grants of $ 3,253,880) (Revenue $ 390,519,455)

Avera McKennan Hospital & University Health CenterAvera McKennan promotes the health of the community by providing a variety of charitable health care services Avera McKennan operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values established for Avera Health, a sponsored ministry of the Benedictine and Presentation Sisters (continued on page 1 of Schedule O)Major service lines include oncology, surgery, orthopedics, obstetrics, pediatrics, neonatology, emergency and trauma, critical care including eICU, radiology and diagnostic imaging, psychiatry, pulmonary, neurology, cardiology and gastroenterology Transplant services include solid organ (kidney and pancreas) and bone marrow transplant The following are specific exempt purpose achievements for Avera McKennan Hospital Charity and uncompensated care Avera McKennan provides necessary medical services (diagnostic and treatment) for whomever comes to us for care, regardless of their ability to pay In fiscal year 2010, services provided to those who are unable to pay totaled $25,618,000 based on charges foregone Eligibility for discounted or free services under the charity care policy is based on income levels Generally, individuals earning income of up to 400% of the Federal Policy Income Guidelines are eligible for varying levels of discounts, including full discounts for certain income levels Application for coverage under the program may be obtained at any Avera McKennan patient registration area or by calling Avera McKennan Patient Financial Services Accessibility to health care Avera McKennan makes medical care accessible to the entire community it serves In 2010 Avera McKennan had 19,567 hospital discharges, 103,551 patient days and 194,947 outpatient visits Avera McKennan is a verified Level II trauma center and was the first such Center in the State of South Dakota Avera McKennan's Emergency Department is staffed 24 hours a day with board-certified emergency specialists and provides emergency care regardless of ability to pay Avera McKennan had 24,528 Emergency Department visits in FY 2010 Operating both Fixed Wing and Helicopter medical air transports, Avera McKennan's flight teams cover a large geographic area providing state-of-the-art air transport services and access to critical care, with 1,247 flights in the past year Health Care Clinic In 1992, Avera McKennan established a Health Care Clinic to provide free care for people who are uninsured or underinsured in the community The clinic is managed by a Registered Nurse and staffed by Registered Nurses, two midlevel providers, medical residents and volunteer health care providers The goal of the clinic is to prevent or treat patients' medical conditions before they become catastrophic The clinic averages 620 visits per month, providing preventative care, diagnosis and treatment of illnesses and injuries, medication assistance and assistance in obtaining specialist care for patients with complex cases The clinic also serves to train physicians, nurses and other health care students It provides a free evening clinic one evening per month, staffed by medical students under supervision of physicians Avera McKennan is the only health care organization to provide free services such as this in the state of South Dakota The clinic had 7,465 visits in fiscal year 2010 Residency/Health Professions Training and Internships In 2010, Avera McKennan had 80 medical school residents in training in Internal Medicine, Family Practice, Psychiatry and Transitional Residency Programs offered in partnership with the University of South Dakota School of Medicine Over 1,200 students in nursing, pharmacy, physician assistant programs, radiology and respiratory therapy also completed rotations at Avera McKennan Avera McKennan has many joint agreements with institutions of higher education for both clinical and educational programming In non-clinical areas, Avera McKennan offered 40 unpaid internships in 2010 in the areas of marketing, human resources, foundation, network operations and process excellence, working with approximately 18 institutions of higher education Community Education Avera McKennan is a regional leader in offering educational programs for a variety of learners, leaders and employees Utilizing advanced technology, many of these programs are provided electronically throughout the tri-state area Educational sessions are offered to medical staff, employees, health care professionals, students at all levels and the general public Utilizing Avera McKennan's Education Center, a broad cross-section of classes involving diverse audiences are provided as a community service each year -To Be Well free education events were held on topics including orthopedics, cancer, diabetes, weight loss/healthy eating, multiple sclerosis, anxiety and acupuncture A total of 55 seminars enrolled 382 participants -Forums The Avera Behavioral Health Center offers free Friday Forums, in which school counselors and therapists are invited to presentations on children's mental health topics such as anxiety disorder, disruptive behavior, medication, coping with grief and bullying These sessions, held nine times each year, are attended in person by approximately 50 Throughout 2010, videos of these presentations were viewed 656 times online -Women's & Children's Services Avera McKennan's Women's & Children's Services offers a number of parenting and community education opportunities, for free or at a minimal cost In fiscal year 2010, 209 childbirth education classes were held with 1,152 attendees A total of 48 parent and family education classes were held with 408 attendees A total of 189 car seats were issued through Project 8, South Dakota Governor's child seat program with training on their correct use Free burn education was provided to 525 students during presentations in schools -Daycare training Free of charge, Avera McKennan offers four in-service training sessions per month to daycare providers through the YWCA, with a total of 38 scheduled annually, and additional sessions for requested topics Medical Research As a research institution, Avera McKennan draws physicians who are committed to seeking new treatments and preventive measures The Avera Research Institute is currently conducting basic research to add to the body of medical knowledge in the areas of kidney disease linked to obesity, kidney filtration and growth, and neuroscience research in regard to stress and addiction The Avera Research Institute also continues ongoing applied research in the area of developing a novel photochemical tissue bonding technology that has ophthalmologic and dermatological applications In the state of South Dakota's only genetics lab, Avera McKennan is studying genetic precursors of mental health conditions, which has wide application in both the clinical and research arenas The Avera Research Institute in 2010 participated in 79 clinical trials, involving cancer, Alzheimer's disease, ulcerative colitis, rheumatoid arthritis, and more In fiscal year 2010, Avera McKennan operated the Avera Research Institute at a loss of $1,996,000 Support groups Avera McKennan offers approximately 10 free support groups They range in topic from cancer to liver disease, diabetes, bone marrow transplant, stroke and grief and loss The organization provides free meeting space as well as speakers and leaders Information and Assistance Avera McKennan operates a 24-hour Medical Call Center, through which patients have access to the Ask-A-Nurse program Patients can call a toll-free number and talk personally with a Registered Nurse to ask health questions or receive general health information In 2010, the Medical Call Center handled 67,196 calls Avera McKennan's web site also provides an extensive health library that consumers can access free of charge Interpreter service Avera McKennan employs two full-time Spanish interpreters in-house, and their services are offered to patients free of charge In addition, in cooperation with external agencies, Avera McKennan is able to handle over 150 different languages and dialects Avera McKennan contracts for an inbound call-in service for Spanish speaking individuals This is available at the main hospital switchboard, as well as Avera McGreevy Clinic and Avera Women's Clinic All the above services are provided at no cost to the patient (continued on page 14 of Schedule O)

4b (Code) (Expenses $ 31,683,887 including grants of $ 7,306) (Revenue $ 42,586,521)

Rural Critical Access HospitalsAvera McKennan owns or leases rural Critical Access Hospitals in Flandreau, Gregory, Dell Rapids, Milbank and Miller (Hand County), S D As such, they operate as a department of Avera McKennan The hospitals in Flandreau, Gregory and Hand County serve medically underserved counties In addition to the following exempt purpose achievements, rural hospitals participate in many of the above as part of Avera McKennan Among services offered by rural hospitals are radiology and imaging, colonoscopy and endoscopy, therapy and rehabilitation, 24-hour emergency care, chemotherapy, orthopedics, cardiovascular testing and care, obstetrics, surgery, and dialysis Charity and uncompensated care As part of Avera McKennan, these facilities provide necessary medical services (diagnostic and treatment) for whomever comes to us for care, regardless of their ability to pay In fiscal year 2010, charity and uncompensated care provided by rural hospitals based on charges foregone totaled $440,000 Accessibility to health care Avera McKennan regional hospitals make medical care accessible to the entire community they serve regardless of a patient's ability to pay In 2010 rural hospitals had 2,050 discharges, 8,361 patient days and 59,868 outpatient visits Each of the hospitals provides 24-hour emergency care with eEmergency services through Avera McKennan eICU services are also available at these hospitals, providing access to critical care medicine near home and lessening the need for transport There is no additional billing to patients Telemedicine consults are also offered at rural locations in a number of medical specialties

4c (Code) (Expenses $ 157,235,080 including grants of $ 60,133) (Revenue $ 132,980,577)

ClinicsAvera McKennan provides clinical care, secondary and primary, in 67 owned/joint venture clinics in South Dakota, northwest Iowa, southwest Minnesota and northeastern Nebraska In addition to the following exempt purpose achievements, clinics participate in many of the above as part of Avera McKennan Clinic visits in 2010 totaled 895,906 Clinics provide primary care and urgent care, and among specialties are cardiology, dermatology, endocrinology, gastroenterology, hematology, hepatology, infectious disease, internal medicine, neonatology, nephrology, neurology and neurosurgery, OB/GYN, oncology, ophthalmology, orthopedics, pain management, pediatrics, psychiatry, pulmonology, sports medicine, surgery, and vascular services Charity and uncompensated care As part of Avera McKennan, clinics provide necessary medical services (diagnostic and treatment) for whoever comes to us for care, regardless of their ability to pay In fiscal year 2010, charity and uncompensated care provided by clinics based on charges foregone totaled $1,282,000 Accessibility to health care In addition to regular clinic hours, Avera McGreevy Clinic provides Urgent Care, seeing patients on a walk-in basis at two locations during the evening hours on weekdays, and throughout the daytime hours on Saturdays and Sundays This provides greater accessibility without having to rely on emergency room care In addition, through our Curaquick clinics, Avera offers convenient, affordable clinic care in local HyVee pharmacies In 2010, Avera donated approximately 100 Curaquick Avera cards, good for one free visit, to students of Sioux Falls Catholic Schools and YWCA daycare, each valued at $59 Health Screenings Avera McKennan clinics offered two free health screenings in 2010 including a skin cancer screening in cooperation with the another local hospital and pharmacy, serving 139 persons, and a men's health screening, providing free cholesterol, blood sugar, blood pressure and body-mass index scoring, serving 103 men

4d Other program services (Describe in Schedule O) **See also Additional Data for Description**
(Expenses $ 26,803,654 including grants of $ 978) (Revenue $ 24,712,103)

4e **Total program service expenses** ▶ $ 480,402,452

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	**Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.** Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any 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*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9	Yes	
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
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.*	11	Yes	
	● Did the organization report an amount for land, buildings, and equipment in Part X, line10? *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*	12		No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional*	12A	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III*	16		No
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*	17	Yes	
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*	18		No
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*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	

Part IV Checklist of Required Schedules *(continued)*

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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
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? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	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? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
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? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
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 owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
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	**38**	Yes	

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	408		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	5,868		
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 e-file this return (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See the instructions for exceptions and filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 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			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h			
8	**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 lines 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	19		
b	Enter the number of voting members that are independent	1b	12		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?			3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?			4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets?			5		No
6	Does the organization have members or stockholders?			6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?			7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?			7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following					
a	The governing body?			8a	Yes	
b	Each committee with authority to act on behalf of the governing body?			8b	Yes	
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			9		No

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		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	10b		
11	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11	Yes	
11A	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Does the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13	Yes	
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		No
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes" to line a or b, 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	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		No

Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Julie Norton
1325 S Cliff Ave
Sioux Falls, SD 571175045
(605) 322-8000

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

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

1a Complete this table for all persons required to be listed 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, and **current** key employees 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, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-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			
See add'l data										

1b Total . . . . . ▶	7,841,151	608,919	387,050

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 ▶ 431

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed 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*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Sioux Falls Construction PO Box 2728 Sioux Falls, SD 571012728	Construction	36,090,785
Avera Health 3900 West Avera Drive Sioux Falls, SD 57108	Shared Services	17,222,315
Sanford School of Medicine 1400 W 22nd St 120 Sioux Falls, SD 571051505	Physician Services	2,557,334
Medical X-Ray Center 1417 S Minnesota Ave Sioux Falls, SD 571051505	Radiology Services	2,141,129
Associated Regional & University Patholo PO Box 27964 Salt Lake City, UT 84127	Lab Testing	1,896,516

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 ▶ 84

Part VIII Statement of Revenue

				(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	641,599			
	e	Government grants (contributions)	1e	2,343,203			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	466,337			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		3,451,139			
Program Service Revenue			Business Code				
	2a	Net Patient Service Re	622,110	558,747,862	558,747,862		
	b	Other patient and clin	621,500	28,980,560	23,853,369	5,127,191	
	c	Interest in Foundation	900,099	1,873,936	1,873,936		
	d	Program rent	900,099	1,549,099	1,549,099		
	e	Income from subsidiari	423,000	1,241,562	1,120,387	121,175	
	f	All other program service revenue		3,674,197	3,654,003	20,194	
	g	**Total.** Add lines 2a–2f		596,067,216			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		573,561			573,561
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross Rents	1,052,182				
	b	Less rental expenses	715,033				
	c	Rental income or (loss)	337,149				
	d	Net rental income or (loss)			337,149		337,149
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	137,738	9,307			
	b	Less cost or other basis and sales expenses		166,731			
	c	Gain or (loss)	137,738	-157,424			
	d	Net gain or (loss)			-19,686		-19,686
	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					
	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					
	10a	Gross sales of inventory, less returns and allowances a					
	b	Less cost of goods sold b					
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	Interest income	900,099	1,290,825			1,290,825
	b	Commercial testing	621,500	1,095,676		1,095,676	
	c	Management Services	541,610	39,517		39,517	
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		2,426,018			
	12	**Total revenue.** See Instructions		602,835,397	590,798,656	6,403,753	2,181,849

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	3,238,347	3,238,347		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	83,950	83,950		
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,682,810	696,413	986,397	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	184,130	184,130		
7 Other salaries and wages	248,366,340	225,346,952	22,681,661	337,727
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	15,766,608	13,924,655	1,816,805	25,148
9 Other employee benefits	29,742,225	26,129,684	3,564,116	48,425
10 Payroll taxes	15,984,697	13,779,657	2,182,558	22,482
11 Fees for services (non-employees)				
a Management	174,637	174,637		
b Legal	48,239		48,239	
c Accounting	25,404	3,991	21,413	
d Lobbying				
e Professional fundraising *See Part IV, line 17*	54,527			54,527
f Investment management fees				
g Other	69,143,330	38,864,414	30,271,588	7,328
12 Advertising and promotion	3,061,364	350,355	2,699,433	11,576
13 Office expenses	9,112,563	4,248,413	4,690,811	173,339
14 Information technology	6,249,954	609,052	5,640,902	
15 Royalties				
16 Occupancy	17,125,515	11,571,035	5,502,344	52,136
17 Travel	2,270,886	1,859,804	401,956	9,126
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	1,567,795	1,382,823	184,356	616
20 Interest	5,372,450	5,132,401	240,049	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	23,851,706	17,889,198	5,958,428	4,080
23 Insurance	998,238	998,238		
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 Medical supplies	88,793,343	88,330,613	457,040	5,690
b Bad debt	19,440,529	19,423,813	16,716	
c Equipment lease and ren	4,898,360	4,275,346	623,014	
d Licenses and permits	1,176,909	1,078,297	98,612	
e UBI tax	142,663	142,663		
f All other expenses	3,315,431	683,571	2,627,214	4,646
25 **Total functional expenses.** Add lines 1 through 24f	571,872,950	480,402,452	90,713,652	756,846
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		22,000,015	2	24,167,419
	3	Pledges and grants receivable, net		3,842,192	3	3,781,641
	4	Accounts receivable, net		81,274,812	4	80,278,346
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		108,333	5	58,333
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		3,557,714	7	3,496,249
	8	Inventories for sale or use		9,029,375	8	11,076,812
	9	Prepaid expenses and deferred charges		4,068,834	9	5,172,280
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 573,524,584			
	b	Less accumulated depreciation	10b 257,617,882	275,226,435	10c	315,906,702
	11	Investments—publicly traded securities		73,769,899	11	55,378,107
	12	Investments—other securities See Part IV, line 11		121,725,789	12	152,452,866
	13	Investments—program-related See Part IV, line 11		5,839,322	13	5,104,920
	14	Intangible assets		28,171,593	14	26,488,947
	15	Other assets See Part IV, line 11		26,889,285	15	12,709,389
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		655,503,598	16	696,072,011
Liabilities	17	Accounts payable and accrued expenses		54,627,636	17	65,243,074
	18	Grants payable			18	
	19	Deferred revenue		330,502	19	2,156,365
	20	Tax-exempt bond liabilities		218,633,178	20	215,394,148
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		13,962,739	21	9,188,968
	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		9,759,990	23	9,305,204
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		26,531,782	25	32,140,775
	26	**Total liabilities.** Add lines 17 through 25		323,845,827	26	333,428,534
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		323,069,202	27	353,311,977
	28	Temporarily restricted net assets		6,691,235	28	7,350,458
	29	Permanently restricted net assets		1,897,334	29	1,981,042
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		331,657,771	33	362,643,477
	34	Total liabilities and net assets/fund balances		655,503,598	34	696,072,011

Part XI Financial Statements and Reporting

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ 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?	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 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	2c	Yes	
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 ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated 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?	3a	Yes	
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	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

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

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

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

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

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

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

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

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

h Provide the following information about the supported organization(s)

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

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

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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

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

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 for 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 ▶☐

b **33 1/3% support test—2008.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—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 ▶☐

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 ▶☐

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 ▶☐

Part III Support Schedule for Organizations Described in IRC 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 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 501(c)(3) organization, check this box and **stop here** ▶

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.** 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

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

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

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

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

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

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35a (regarding proxy tax), then

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

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

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 State the names, addresses and employer identification number (EIN) of all section 527 political organizations to which payments were made For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		51,741
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		23,281
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			75,022
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Explanation of Other Lobbying Activities	Part II-B Line 1f and 1g Avera McKennan participates through various hospital organizations to promote legislation that would result in strengthening health care delivery systems on a national, regional, and local level In addition, Avera McKennan representatives have provided information to the legislators regarding the purpose of the Medicare Chronic Care Practice Research Network (MCCPRN) and promoted their support for financing of MCCPRN In addition, MCCPRN requested authorization by the legislators to request the network be initiated and run through CMS within the Innovation Center Avera McKennan also provided information to legislators for legislative processes such as development of the above directed bill through legislative council Another employee of McKennan testified twice, both via phone, regarding a change in the licensing law for social workers

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

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

Name of the organization
Avera McKennan

Employer identification number
46-0224743

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, 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 accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV 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
c Beginning balance	1c	9,612
d Additions during the year	1d	101,456
e Distributions during the year	1e	99,434
f Ending balance	1f	11,634

2a Did the organization include an amount on Form 990, Part X, line 21? ☑ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	1,897,334	2,160,515			
b Contributions					
c Investment earnings or losses	83,708	-263,181			
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	1,981,042	1,897,334			

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ **100.000 %**
- c Term endowment ▶

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

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

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	5,856,199	17,995,249		23,851,448
b Buildings	1,542,926	283,931,783	122,923,015	162,551,694
c Leasehold improvements				
d Equipment		178,559,497	130,061,097	48,498,400
e Other		85,638,930	4,633,770	81,005,160
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				315,906,702

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 Assets Limited as to Use - Avera Pooled Investments	125,103,164	F
Avera Home Medical Equipment	3,802,287	C
Interest in Avera Health Foundation	7,264,057	F
Investments in affiliated companies	11,721,787	C
Midwest Regional Imaging	4,561,571	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	152,452,866	

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Other Liabilities	1,781,569
Due to other Organizations	1,925,398
Amounts held in trust	788,535
Market value of interest swap	8,679,458
Capital lease obligation	133,605
Estimated third-party payor settlements	13,033,700
Due to affilate	5,798,510
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	32,140,775

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 Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	602,835,397
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	571,872,950
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	30,962,447
4	Net unrealized gains (losses) on investments	4	3,340,042
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-3,316,783
9	Total adjustments (net) Add lines 4 - 8	9	23,259
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	30,985,706

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	612,675,488
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	3,340,042		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	9,050,947		
e	Add lines **2a** through **2d**			2e	12,390,989
3	Subtract line **2e** from line **1**			3	600,284,499
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	2,550,898		
c	Add lines **4a** and **4b**			4c	2,550,898
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	602,835,397

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

1	Total expenses and losses per audited financial statements			1	581,661,597
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	11,155,814		
e	Add lines **2a** through **2d**			2e	11,155,814
3	Subtract line **2e** from line **1**			3	570,505,783
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	1,367,167		
c	Add lines **4a** and **4b**			4c	1,367,167
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	571,872,950

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, 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

Identifier	Return Reference	Explanation
Part IV, Line 1b		The organization holds funds in trust on behalf of its residents Many small dollar transactions flow in and out of this account The account is managed by the nursing home staff The state has strict guidelines on how these accounts are managed
Part IV, Line 2b		Through July 1, 2009, Avera McKennan sponsored a nonqualified retirement deferred compensation plan ("Plan") under which physicians and key management executives could elect deferred vesting dates Due to the changes made by Congress affecting nonqualified deferred compensation benefit plans under Section 409A of the Internal Revenue Code, significant regulatory changes and requirements were imposed by IRS rules However, the Internal Revenue Service granted a transition rule to assist in adjusting to the new rules Under this rule, one option was that employers could discontinue the Plan, but the individual participants would be required to receive all the benefit plan balances This option was adopted by Avera McKennan and consequently in July 2009 the Plan deferral was discontinued and all accrued benefits were distributed in August 2010 to the individual participants Participants however were required to pay income tax on the distribution in 2009 This deferred compensation plan was established in 1996 The distribution from the plan therefore represents contributions up to 14 years plus any investment gains that have accrued on those balances over the years represented
Part V, Line 4	Description of Intended Use of Endowment Funds	The organization's endowment consists of a portion of their interest in the net assets of Avera Health Foundation The Avera Health Foundation includes endowment funds which have been established for a variety of purposes As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions The Organization's permanently restricted endowment funds are donor restricted The Organization currently does not have any board designated endowment funds
Part X	Description of Uncertain Tax Positions Under FIN 48	Avera McKennan has implemented FASB ASC 740-10 (formerly Financial Interpretation No 48, Accounting for Uncertainty in Income Taxes) Avera McKennan undergoes an annual analysis of its various tax positions, assessing the likelihood of those positions being upheld upon examination with relevant tax authorities, as defined by ASC 740-10 Avera McKennan is subject to income taxes on income from certain unrelated business activities
Part XI, Line 8 - Other Adjustments		Book/Tax adjustments on partnerships -489139 Equity Transfers, net -2136931 Change in fair value of interest rate swap -2111045 Income from grantor trust not included on financial statements 1420332
Part XII, Line 2d - Other Adjustments		Revenues of consolidated subsidiaries consolidated for financial statements 12909899 Occupancy expenses included in nonoperating income on financial statements -1367167 Change in fair value of interest rate swap -2111045 Reclass of accumulated losses on interest rate swaps on financial statements -380740
Part XII, Line 4b - Other Adjustments		Change in investment in Avera Health Fdtn recorded in fund balance on f/s 1728006 Minority interest share of gains from subsidiaries 924071 Net income from subsidiaries eliminated on financial statements 1298459 Management fees included in expenses on financial statements 246588 Book/tax adjustments on partnerships 489139 Rental expense included in revenues on financial statements -715033 Income from grantor trust not included on financial statements -1420332
Part XIII, Line 2d - Other Adjustments		Expenses of consolidated subsidiaries consolidated for financial statements 10687369 Management fees included in revenue for tax return -246588 Rental expense included in expenses for tax return 715033
Part XIII, Line 4b - Other Adjustments		Occupancy expenses included in nonoperating income on financial statements 1367167

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
Attach to Form 990 or Form 990-EZ. See separate instructions.

OMB No. 1545-0047

2009

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Part I **Fundraising Activities.** Complete if the organization answered "Yes" to Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

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

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

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

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

(i) Name of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
Bentz Whaley Flessner	Consulting services		No	0	9,027	-9,027
Theodore R Muenster	Consulting services		No	0	45,500	-45,500
Total . . . . . ▶					54,527	-54,527

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

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

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less Charitable contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				
	11 Net income summary Combine lines 3, column d, and line 10 ▶				

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

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

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

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

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990.
▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			9,312,929	0	9,312,929	1 690 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			48,165,432	37,931,236	10,234,196	1 850 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			1,589,132	1,237,078	352,054	0 060 %
d **Total** Charity Care and Means-Tested Government Programs			59,067,493	39,168,314	19,899,179	3 600 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			2,495,811	248,754	2,247,057	0 410 %
f Health professions education (from Worksheet 5)			6,568,325	1,555,668	5,012,657	0 910 %
g Subsidized health services (from Worksheet 6)			50,997,236	42,547,204	8,450,032	1 530 %
h Research (from Worksheet 7)			3,725,978	192,000	3,533,978	0 640 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,363,984	0	1,363,984	0 250 %
j **Total** Other Benefits			65,151,334	44,543,626	20,607,708	3 740 %
k **Total.** Add lines 7d and 7j			124,218,827	83,711,940	40,506,887	7 340 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development			97,226	0	97,226	0 020 %
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			248,630	0	248,630	0 050 %
9	Other						
10	**Total**			345,856		345,856	0 070 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense (at cost)	2	10,066,360		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	113,967,063
6	Enter Medicare allowable costs of care relating to payments on line 5	6	100,940,188
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	13,026,875
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

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

Part V Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Avera McKennan 1325 S Cliff Ave Sioux Falls, SD 57117	X	X	X	X		X	X		
Avera Dells Area Health Center 909 N Iowa Avenue Dell Rapids, SD 57022	X	X			X		X		
Avera Flandreau Medical Center 214 N Prairie Flandreau, SD 57028	X	X			X		X		
Avera Hand County Memorial Hospital 300 W 5th St Miller, SD 57362	X	X			X		X		
Avera Milbank Area Hospital 901 Virgil Ave Milbank, SD 57252	X	X			X		X		
Avera Gregory Healthcare Center 400 Park Ave Gregory, SD 57533	X	X			X		X		
Avera Prince of Peace 4500 Prince of Peace Pl Sioux Falls, SD 57103									Nursing Home
Avera Prince of Peace Retirement Center 4500 Prince of Peace Pl Sioux Falls, SD 57103									Assisted Living
Avera Rosebud Country Care Center 400 Park Ave Gregory, SD 57533									Nursing Home
Heart Hospital of South Dakota LLC 10720 Sikes Place Suite 300 Charlotte, NC 28277	X	X					X		1/3 owner in joint venture

Part VI Supplemental Information

Complete this part to provide the following information

1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions

See additional data

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

See additional data

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

See additional data

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

See additional data

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

See additional data

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

See additional data

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

Part VI, Line 7 The communities in which the Avera system operates all have unique health and community benefit needs and in keeping with the Catholic Healthcare Association guidelines each Hospital strives to meet its community's identified needs The Avera Central Office advocates for all on community benefit-related matters of state, regional, and national importance

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

Additional Data

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

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 3c A combination of income and assets test is utilized to determine eligibility for free or discounted care Points are assigned based on income as a percentage of FPG and net assets owned with points deducted for ongoing medical expenses such as drugs Patients with the fewest points receive the largest discount 0-1 points receive 100% discount on bills while remaining discounts range from 10-90% depending on point totals and dollar amount of charges

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 6a Part 1, line 6A Our community benefit report is contained in a report prepared by Avera Health, a related organization It is available through the website and requested mailing, and is filed with the Catholic Health Association

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 7 A combination of costing methodology was used to calculate the amounts reported in the table A cost accounting system was used to calculate Medicaid and Means-tested Government Program expenses and shortfalls and Subsidized Health Services for our tertiary medical center A cost to charge ratio derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges was used to calculate charity care at cost for all entities and Medicaid and Means-tested Government Program expenses and shortfalls and Subsidized Health Services for any operations outside of the tertiary medical center For all other amounts, costs and revenues as reflected by the general ledger system were used

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 7g Physician clinic costs for behavioral health services and transplant services are included in subsidized health services Revenues of $8,348,425 and costs of $11,666,779 were included for a net community benefit of $3,318,354 Outside of the Veterans Administration hospital, we are the sole provider of hospital behavioral health services to the community, of which the clinics are an integral part of these services Our facility is also the principal provider of transplant services throughout our service area and the clinics are a crucial component of successful pre and post transplant care

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part I, Line 7f Bad debt expense of $19,440,529 is included on Form 990, Part IX, line 25, column (A) but excluded for purposes of calculating this percentage

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part III, Line 4 Costing methodology used to report bad debt expense (at cost) was a cost to charge ratio as outlined in Worksheet 2 Ratio of Patient Care Costs to Charges Bad debt expense is reported net of discounts and contractual allowances A payment on an account previously written off reduces bad debt expense in the current year Note from Financial Statement Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations Unpaid patient and resident receivables, excluding amounts due from third-party payors, with invoice dates over 90 days old have interest assessed at 1 percent per month These interest charges are recognized as income when charged Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients, residents and third-party payors Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients and residents due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision Management also reviews accounts to determine if classification as charity care is appropriate Part III, Lines 5, 6, and 7 The Medicare revenues received (line 5), allowable costs (line 6), and the resulting surplus (line 7) does not include a significant portion of the organization's expenses These lines require use of the Medicare Cost Report as prepared by the required guidelines which disallows numerous costs of hospitals, particularly if they are part of an integrated system such as Avera McKennan In these cases the entity must file a home office cost report which "steps down" overhead to non-cost report entities disproportionately to actual allowable share and essentially removing the costs from the hospital's cost report entirely Examples of a portion of these overhead costs would be finance, business office, information technology, human resources and administration Examples of non-cost report entities operated by Avera McKennan include clinics, home medical equipment stores, mobile imaging services, long-term care facilities, and other health care related businesses There are also costs completely disallowed by cost report rules such as bad debt expense, Hospitalists care, marketing, CRNA's, and interest expense Schedule H instructions also require the exclusion of $1,430,252 of Medicare losses because they are included in Schedule H, Part 1, Line 7g Including the Medicare percentage of disallowed costs, entities which don't file a cost report but nevertheless care for Medicare patients, and the impact of the home office cost report, the Medicare shortfall is $22,649,208 as opposed to a surplus of $13,026,875

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part III, Line 8 Avera McKennan follows the CHA guidelines in reporting community benefits and therefore any Medicare shortfall (as calculated including our non-cost report entities) is excluded from our community benefit report However, Medicare is the organization's largest payer and patients with Medicare coverage are accepted regardless of whether or not a surplus or deficit is realized from providing the services This basis therefore means providing Medicare services promotes access to healthcare services which is a key advantage for our community Medicare allowable costs of care are based on the Medicare cost report The Medicare Cost Report is completed based on the rules and regulations set forth by CMS

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Part III, Line 9b If the patient qualifies for the organization's financial assistance policy for low-income, uninsured patients and is cooperating with the organization with regard to efforts to settle an outstanding bill within a reasonable time period, the organization or it's agent shall not send, nor suggest that it will send, the unpaid bill to any outside agency if doing so may negatively impact a patient's credit At such time as the organization sends the uncollected account to an outside collection agency, the amount referred to the agency shall reflect the reduced-payment level for which the patient was eligible under the organization's financial assistance policy for low-income uninsured patients Any extended payment plans offered by a hospital in settling the outstanding bills of low income, uninsured patients who qualify for financial assistance shall be interest-free so long as the repayment schedule is met

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

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

Form 990 Schedule H, Part VI - Supplemental Information, Line 2

Part VI, Line 2 Community needs assessment occurs at various points in the system Through annual strategic planning sessions, community leaders are brought in to update and educate Avera McKennan board members and administrative council on the successes, challenges, and service gaps in the community Examples include school district officials, state health department, and community health organizations Leaders also serve on boards of various community organizations which seek to address the health and well-being of area citizens Local governing boards at outlying facilities, who are members of the community, discuss and help direct resources to areas of targeted needs as well

Form 990 Schedule H, Part VI - Supplemental Information, Line 3

Part VI, Line 3 Notices are posted in English and Spanish in a visible manner in locations where there is a high volume of inpatient or outpatient admitting/registration, such as emergency departments, billing offices, admitting offices, and outpatient service settings as well as the organization website Posted notices state that the organization has a financial assistance policy for low-income uninsured patients who may not be able to pay their bill and that this policy provides for charity care and reduced-payment for healthcare services There is also identification of a contact phone number that a patient can call to obtain more information about the financial assistance policy and about how to apply for such assistance Additionally, admitting staff distributes a brochure designed to help patients understand how we bill patients and provides summary information on financial assistance if you are unable to pay Patient Advocates work with uninsured patients in our main tertiary facility to enroll them in applicable social programs and identify charity eligibility, eligibility and enrollment for county, state or federal risk pools, and eligibility for modified Medicare or Medicaid programs

Form 990 Schedule H, Part VI - Supplemental Information, Line 4

Part VI, Line 4 Avera McKennan's service area is a largely rural population Services are provided through a health care network of 115 locations covering 54 communities in four states The main tertiary facility is located in a population center of over 155,000 served by another non-profit hospital of similar size, Veterans Administration hospital, a hospital dedicated to diagnosis and treatment of heart disease, and a hospital for children with special health care needs Outside of this population center, most of the communities served have less than 4,000 residents The primary service area includes four counties covering approximately 2,600 square miles and contains seven federally designated medically underserved areas The 2007 U S Census Bureau data estimates 8% of residents in the primary service area are at or below the poverty level Our secondary setvice area covers an additional 17 counties in South Dakota, Iowa and Minnesota with an estimated total population of 226,000 based on U S Census Bureau projections for 2009

Form 990 Schedule H, Part VI - Supplemental Information, Line 5

Part VI, Line 5 The organization actively works to promote community building endeavors There are numerous leaders serving on community boards throughout our service area The organization supports several economic development organizations in its service area through donations Additionally, the organization's workforce development program works with universities, technical schools, and local high schools to address healthcare worker shortfalls in the community Through partnering with these organizations, Avera McKennan provides speakers, work experience for students, shadowing, career fairs and informational literature to encourage students to consider a career in healthcare and stay in the community

Form 990 Schedule H, Part VI - Supplemental Information, Line 6

Part VI, Line 6 Avera McKennan is a verified Level II trauma center and operates an Emergency Center staffed 24 hours a day with board-certified emergency specialists and provides emergency care regardless of ability to pay In addition, the facility operates both Fixed Wing and Helicopter medical air transports covering a large geographic area providing access to critical care Through an integrated network of clinic providers the organization provides nonemergency services to the communities it serves It makes these services accessible to the community through participation in government programs such as Medicare and Medicaid Avera McKennan owns or leases five rural Critical Access Hospitals which provide a broad variety of inpatient and outpatient services and 24-hour emergency rooms Telemedicine consults are also offered at rural locations in a number of medical specialties Both in the tertiary medical center and in rural facilities, eICU technology offers constant, around-the-clock monitoring and interventions in the intensive care units from a remote care team in addition to the care they receive from their bedside team The service is provided on a contract basis to hospitals so there is no additional charge to the patient This enables critically ill patients to receive the highest quality care, close to home, with the support of family and friends Avera McKennan has medical school residents in training in Internal Medicine, Family Practice, Psychiatry and Transitional Residency Programs offered in partnership with the University of South Dakota Sanford School of Medicine Over 1,200 students in nursing, pharmacy, physician assistant programs, radiology and respiratory therapy also complete rotations at Avera McKennan Avera McKennan has many joint agreements with institutions of higher education for both clinical and educational programming In non-clinical areas, Avera McKennan offers unpaid internships in the areas of marketing, human resources, foundation, network operations and process excellence, working with approximately 18 institutions of higher education Through the Avera Research Institute, physicians conduct basic research to add to the body of medical knowledge in the areas such as kidney disease and neuroscience research in regard to stress and addiction, participates in clinical trials for a variety of diseases, studies genetic precursors of mental health conditions, and also continues ongoing applied research in the area of developing a novel photochemical tissue bonding technology that has ophthalmologic and dermatological applications Avera McKennan is also studying genetic precursors of mental health conditions which has applications in both clinical and research areas Avera McKennan is a regional leader in offering educational programs for a variety of learners, leaders and employees Utilizing advanced technology, many of these programs are provided electronically throughout the tri-state area Educational sessions are offered to medical staff, employees, health care professionals, students at all levels and the general public Avera McKennan operates a 24-hour Medical Call Center, through which patients have access to the Ask-A-Nurse program Patients can call a toll-free number and talk personally with a Registered Nurse to ask health questions or receive general health information Avera McKennan's web site also provides an extensive health library that consumers can access free of charge Avera McKennan operates a health care clinic to provide free care to uninsured or underinsured people in the community The clinic provides preventative care, diagnosis and treatment of illness and injuries, medication assistance and assistance in obtaining specialist care The clinic also serves to train physicians, nurses and healthcare students Surplus funds are reinvested in facilities to improve patient care Medical staff privileges are extended to all qualified physicians in the community The Avera McKennan Board of Trustees is principally comprised of community members from the primary service area Members come from a variety of backgrounds ranging from private industry and banking to healthcare

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

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

▶ **Attach to Form 990**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Part I General Information on Grants and Assistance

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

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

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

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

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

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 37

3 Enter total number of other organizations . . . ▶ 4

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
Scholarships	18	83,950			
See Additional Data Table					

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

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

Additional Data

Return to Form

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

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SIOUX FALLS CATHOLIC SCHOOLS3100 W 41st Street Sioux Falls, SD 57105	51-0145184	501(c)(3)	602,850				Donation
RONALD MCDONALD HOUSE2001 S Norton Sioux Falls, SD 57105	46-0371152	501(c)(3)	197,395				Donation
USD FOUNDATION1100 N Dakota Vermillion, SD 57069	46-6018891	501(c)(3)	196,000				Donation
FORWARD SIOUX FALLSPO Box 907 Sioux Falls, SD 57101	46-0396647		74,000				Donation
SIOUX EMPIRE UNITED WAY1000 N West Ave 120 Sioux Falls, SD 57104	46-0233701	501(c)(3)	73,500				Donation
SOUTH DAKOTA STATE UNIVERSITYPO Box 2218 Brookings, SD 57007	46-0273801	501(c)(3)	1,076,712				Donation
CATHOLIC DIOCESE523 N Duluth Ave Sioux Falls, SD 57104	46-6000424	501(c)(3)	60,334				Donation
YWCA300 W 11th Street Sioux Falls, SD 57104	46-0234998	501(c)(3)	50,000				Donation
FACE IT SIOUX FALLSPO Box 5127 Sioux Falls, SD 57117	94-3472044	501(c)(3)	50,000				Donation
RIVER OF HOPEPO Box 1597 Sioux Falls, SD 57101	26-3130719	501(c)(3)	50,000				Donation

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
WASHINGTON PAVILION PO Box 984 Sioux Falls, SD 57101	46-0435791	501(c)(3)	44,505				Donation
HARRISBURG ACTIVITIES FOUNDATIONPO Box 479 Harrisburg, SD 57032	06-1749081	501(c)(3)	40,000				Donation
AMERICAN CANCER SOCIETY4904 S Technopolis Drive Sioux Falls, SD 57106	13-1788491	501(c)(3)	32,350				Donation
TWELVE STEP LIVING CORPORATION2601 S Minnesota Ave Ste 105-378 Sioux Falls, SD 57105	20-0293050	501(c)(3)	30,000				Donation
SOUTH DAKOTA SYMPHONY315 N Main Ave Suite 204 Sioux Falls, SD 571046078	46-6017026	501(c)(3)	21,000				Donation
NATIONAL KIDNEY FOUNDATION1100 E 21st Street Avera Doctors Plaza 2 Ste 210 Sioux Falls, SD 57105	46-0448030	501(c)(3)	20,550				Donation
SIOUX EMPIRE ARTS COUNCIL309 E Falls Parks Drive Sioux Falls, SD 57104	46-0354287	501(c)(3)	20,000				Donation
SIOUX FALLS JAZZ & BLUES SOCIETY123 S Main Ave Suite 204 Sioux Falls, SD 571046430	46-0418356	501(c)(3)	15,000				Donation
DAKOTA STATE UNIVERSITY800 N Washington Avenue Madison, SD 570421799	23-7299995	501(c)(3)	13,261				Donation
JUNIOR ACHIEVEMENT OF SOUTH DAKOTA1000 N West Ave Suite 110 Sioux Falls, SD 57104	46-0306352	501(c)(3)	11,225				Donation

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
NORTHWEST IOWA COMMUNITY COLLEGE603 W Park Street Sheldon, IA 51201	42-1275893	501(c)(3)	10,500				Donation
DAKOTABILITIES3600 S Duluth Ave Sioux Falls, SD 57105	46-0306216	501(c)(3)	10,000				Donation
THERAPEUTIC HEALING INSTITUTE122 W 19th Street Sioux Falls, SD 57105	04-3807841	501(c)(3)	10,000				Donation
WORTHINGTON YMCA211 11th St Worthington, MN 56187	41-6007596	501(c)(3)	9,600				Donation
SOUTH DAKOTA HUMANITIES COUNCIL 1215 Trail Ridge Rd Brookings, SD 57006	46-0316222	501(c)(3)	9,000				Donation
NAMI OF SOUTH DAKOTA PO Box 88808 Sioux Falls, SD 57109	36-3593027	501(c)(3)	7,600				Donation
SOUTH DAKOTA ACHIEVE 4100 S Western Ave Sioux Falls, SD 57105	23-7072116	501(c)(3)	7,500				Donation
DOWNTOWN SIOUX FALLS INC230 S Phillips Ave Suite 102 Sioux Falls, SD 571046708	36-3627217	501(c)(4)	7,500				Donation
PRESENTATION SISTERS 1500 N 2nd St Aberdeen, SD 57401	46-0253283	501(c)(3)	7,500				Donation
HELPLINE CENTER1000 N West Ave Ste 310 Sioux Falls, SD 57104	23-7424387	501(c)(3)	6,400				Donation

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SOUTH DAKOTA CHAMBER OF COMMERCEPO Box 190 Pierre,SD 57501	46-0141180	501(c)(6)	14,076				Donation
FURNITURE MISSION OF SOUTH DAKOTA209 N Nesmith Sioux Falls,SD 57104	81-0584500	501(c)(3)	6,000				Donation
SALES & MARKETING EXECUTIVESPO Box 90310 Sioux Falls,SD 57109	46-6012934	501(c)(6)	5,800				Donation
SIOUX FALLS AREA CASA PO Box 1901 Sioux Falls,SD 57101	46-0430647	501(c)(3)	5,400				Donation
AMERICAN DIABETES ASSOCIATION1701 N Beauregard Street Alexandria,VA 22311	13-1623888	501(c)(3)	5,000				Donation
CHILDRENS CARE FOUNDATION2501 W 26th Street Sioux Falls,SD 57105	46-0233030	501(c)(3)	5,000				Donation
SOUTHEASTERN BEHAVIORAL HEALTH2000 S Summit Ave Sioux Falls,SD 57105	46-0232306	501(c)(3)	5,000				Donation
FAMILY VISITATION CENTER311 E 14th St Sioux Falls,SD 57104	26-3654937	501(c)(3)	5,000				Donation
SIOUX EMPIRE HOMELESS COALITION521 N Main Ave Suite 201 Sioux Falls,SD 571045965	46-0448734	501(c)(3)	5,000				Donation
ST MARY CHURCH812 N State Ave Dell Rapids,SD 57022	46-6003662	501(c)(3)	5,000				Donation

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
South Dakota Chorale300 S Minnesota Ave Sioux Falls, SD 57104	46-0225435	501(c)(3)	5,000				Donation

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only 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?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) 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				
Kim Pederson MD	(i)	304,723	0	1,637	19,091	13,912	339,363	0
	(ii)	0	0	0	0	0	0	0
Fredrick W Slunecka	(i)	0	0	0	0	0	0	0
	(ii)	595,304	0	13,615	12,187	16,092	637,198	0
Julie N Norton	(i)	245,497	0	103,395	19,091	20,548	388,531	26,571
	(ii)	0	0	0	0	0	0	0
Judy Blauwet	(i)	240,138	0	237,878	14,191	17,029	509,236	36,221
	(ii)	0	0	0	0	0	0	0
David Flicek	(i)	362,660	0	57,826	14,191	20,607	455,284	41,691
	(ii)	0	0	0	0	0	0	0
Steve Petersen	(i)	164,829	0	1,400	10,441	19,608	196,278	0
	(ii)	0	0	0	0	0	0	0
Patricia Jagoe	(i)	172,862	0	786	12,462	15,607	201,717	0
	(ii)	0	0	0	0	0	0	0
Michael Puumala MD	(i)	1,039,240	0	69,906	19,091	15,607	1,143,844	43,500
	(ii)	0	0	0	0	0	0	0
Kelly McCaul MD	(i)	913,319	0	222,945	19,091	5,899	1,161,254	72,500
	(ii)	0	0	0	0	0	0	0
Brian Knutson MD	(i)	935,538	0	366,171	19,091	18,607	1,339,407	65,842
	(ii)	0	0	0	0	0	0	0
Daniel Tynan MD	(i)	1,255,615	0	71,299	19,091	16,358	1,362,363	43,500
	(ii)	0	0	0	0	0	0	0
Leonard Gutnik MD	(i)	698,799	0	374,688	14,191	16,280	1,103,958	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Supplemental Information	Part III	Schedule J, Part I Line 3 The President & CEO's compensation is paid by a related organization, Avera Health Avera McKennan relied on the related organization for determining the compensation for the President & CEO using the methods described in Part I, Line 3 Schedule J, Part I Line 4b Julie Norton - $102,510 Judy Blauwet - $233,542 David Flicek - $55,777 Michael Puumala, MD - $64,997 Brian Knutson, MD - $363,391 Leonard Gutnik, MD - $366,945 Daniel Tynan, MD - $66,063 Kelly McCaul, MD - $219,784 Through July 1, 2009, Avera McKennan sponsored a nonqualified retirement deferred compensation plan ("Plan") under which physicians and key management executives could elect deferred vesting dates Due to the changes made by Congress affecting nonqualified deferred compensation benefit plans under Section 409A of the Internal Revenue Code, significant regulatory changes and requirements were imposed by IRS rules However, the Internal Revenue Service granted a transition rule to assist in adjusting to the new rules Under this rule, one option was that employers could discontinue the Plan, but the individual participants would be required to receive all the benefit plan balances This option was adopted by Avera McKennan and consequently in July 2009 the Plan deferral was discontinued and all accrued benefits were distributed in August 2010 to the individual participants Participants however were required to pay income tax on the distribution in 2009 This deferred compensation plan was established in 1996 The distribution from the plan therefore represents contributions up to 14 years plus any investment gains that have accrued on those balances over the years represented

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Avera McKennan

Employer identification number
46-0224743

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
Michael Puumala physician recruitment		X	100,000	31,250		No	Yes		Yes	
Daniel Tynan physician recruitment		X	100,000	27,083		No	Yes		Yes	
Total . . . . . ▶ $				58,333						

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
See Additional Data Table					

Additional Data

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

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction $	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
Michael Bender	Board Member	208,716	property lease		No
Surgical Institute of SD	Entity controlled by two Board Members	879,154	trauma contract and acute surgical services contract		No
Victoria Petersen	Family of Key Employee	34,817	employee compensation		No
Agnes Klein	Family of Board Member	35,843	employee compensation		No
Alexander Petersen	Family of Key Employee	21,003	employee compensation		No
James Hartung	Family of Key Employee	80,310	employee compensation		No
Sioux Falls Construction Co	Board member is an officer of the entity	34,991,289	Construction		No

Additional Data

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

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SCHEDULE O
(Form 990)
Department of the Treasury
Internal Revenue Service

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

Name of the organization
Avera McKennan

Employer identification number
46-0224743

Identifier	Return Reference	Explanation
Form 990, Part III, line 2	New Program Services	In August of 2009 a surgicalist program was added In July of 2009 Avera McKennan added urogynecology In July of 2009 Avera Health, a related organization, received funds from the Helmsley Grant to provide eCARE Avera harnesses the latest interactive video and computer technology to extend specialty care to rural locations through eServices, also known as telemedicine This includes Avera eICU CARE, eConsult, eEmergency, ePharmacy and eStroke The start-up of these services were funded by grants and support from Avera Health, as these programs are not revenue producing at this time With the exception of eConsult in which patients can have a physician consult via telemedicine, participating hospitals pay a contract fee, and patients are not billed additionally for these services Patients benefit from having additional specialty care for their case eServices also allow patients to remain in their home community rather than travel to a larger city for care

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		Gene Jones, Jr and Fred Thurman - business relationship Dave Strand, MD and Brad Thaemert, MD - business relationship Tom Dempster, Fred Slunecka, and Fred Thurman - business relationship

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

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

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

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 11		Form 990 is reviewed by the CEO, CFO and Director of Financial Reporting After the initial review, a draft is provided to the finance committee for their review The return is provided to the full board prior to filing

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

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15b		The CEO is compensated by Avera Health System Annually the Compensation Committee of Avera Health, which is comprised of six (6) System Members appointed by the Religious Orders, meets with an independent consultant regarding fair market value of officers and key employees The Compensation Committee approves all salaries based on comparable data and documents the basis for their decision in meeting minutes The CFO and key employees are compensated by Avera McKennan Annually, the Compensation Committee of Avera McKennan, which is comprised of board members, meets to review compensation of executives and physicians Avera McKennan compares its compensation plan to other healthcare organizations similar in size and complexity to Avera McKennan on a national basis to ensure compensation is comparable Avera McKennan utilizes multiple salary surveys and an independent compensation consultant to provide a market analysis for each executive's suggested pay or pay range Individual salaries reflect related education and experience, as well as the scope of the duties to assure amounts paid are reasonable

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

Identifier	Return Reference	Explanation
Schedule G, Part I, Line 2b, Column (v)	Explanation of Fundraising Payments	Bentz Whaley Flessner assisted with a feasibility study, consulted for the cancer capital campaign and other foundation functions Theodore Muenster assisted in reorganizing the foundation department, developed job descriptions, policies and procedures and was involved in some specific in-person solicitations

Identifier	Return Reference	Explanation
Form 990, Part III		Continuation of Statement of Exempt Purpose Achievements - Line 4a Prenatal and delivery care Because early and regular prenatal care is important to prevent premature birth, Avera McKennan collaborates in a community effort to provide obstetrics care for women who do not qualify for Medicaid, but cannot afford health insurance The program offers prenatal care, and hospital labor and delivery for a low fee of $950 Women receive care whether they can cover any or all of the fee Care is provided primarily by first-year family practice residents, supervised by experienced physicians Through this program in 2010, Avera McKennan assisted with 79 births and provided 759 prenatal and post-partum visits Avera Family Wellness This program combines positive activities like violin lessons with family coaching at no charge for children in early childhood programs in the Sioux Falls School District The goal is to prevent or lessen the effects of behavioral health conditions on children and families by fostering a positive environment In the 2009-10 school year, 141 students were served, and 183 are being served in the 2010-11 school year The Walsh Family Village This hospitality house complex adjacent to the Avera McKennan campus provides a home away from home for patients and their families who come for care at Avera McKennan from outside of Sioux Falls The project was funded by donations and is operated by Avera McKennan Ten guest rooms are available Avera McKennan also donates use of a building in the complex for a Ronald McDonald House for families of pediatric patients If they can afford it, guests are charged a low fee of $46 50 per night If they cannot afford the expense, the cost of the room is waived Employees regularly donate non-perishable food items to stock a food pantry for guests In 2010, the Walsh Family Village served 7,378 guests, staying in 3,669 nightly rooms Support of Indian Reservations In 2010, Avera McKennan delivered three truckloads of excess medical equipment, furniture, clothing and supplies to Indian reservations in South Dakota With truck rental and fuel expense, each trip cost approximately $1,000 in addition to the donations Community Connections Avera McKennan reaches out to people and communities throughout eastern South Dakota, southwestern Minnesota and northwest Iowa through Home Town Connections Providing a critical feedback link to local referring doctors, this program completes the communications links necessary to keep local health care providers current on the treatment of their patients at Avera McKennan Community Benefits Avera McKennan provides additional community benefits including support of youth programs, homeless programs, community arts programming, health prevention, awareness and education about cancer, heart disease and other conditions, and support of the Sioux Empire United Way and other services in the region Donations toward these efforts totaled $1,766,000 in 2010 Preschool vision and hearing screening Avera McKennan provided free screening for 341 preschool children in fiscal year 2010

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

Identifier	Return Reference	Explanation
Form 990, Schedule R, Part V, Line 2, Column c		The amounts reported in column c are reported based on a review of general ledger activity in intercompany accounts, and review of equity accounts for contributions and distributions

Identifier	Return Reference	Explanation
Form 990, Part X, Line 20		The issue price includes the filing organization's share of the entire bond issue, which was issued to Avera Health on behalf of the Avera Obligated Group The Avera Obligated Group consists of Avera McKennan, Avera St Luke's, Avera Queen of Peace, and Avera Sacred Heart In accordance with IRS Instructions, information related to the tax exempt bond reporting is being reported on Avera Health's tax return (EIN 46-0422673)

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

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

Name of the organization
Avera McKennan

Employer identification number
46-0224743

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
See Additional Data Table					

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No
See Additional Data Table											

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
Accounts Management Inc 5132 S Cliff Ave Suite 101 Sioux Falls, SD57108 46-0373021	collection agency	SD	N/A	C			
Avera Health Plans Inc 3900 West Avera Drive Suite 101 Sioux Falls, SD57108 46-0451539	health financing and health plan administration	SD	N/A	C			
Avera Property Insurance Inc 610 W 23rd St Ste 1 PO Box 38 Yankton, SD57078 46-0463155	insurance	SD	N/A	C			
Avera Pace Inc 3900 West Avera Drive Sioux Falls, SD57108 46-0341869	healthcare services	SD	N/A	C			
Valley Health Services 501 Summit Street Yankton, SD57078 46-0357149	Medical Equipment	SD	N/A	C			
Northern Dakota Health Company 305 S State Street Aberdeen, SD57401 46-0385179	Clinics	SD	N/A	C			

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

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	**1a** Yes	
b	Gift, grant, or capital contribution to other organization(s)	**1b** Yes	
c	Gift, grant, or capital contribution from other organization(s)	**1c** Yes	
d	Loans or loan guarantees to or for other organization(s)	**1d** Yes	
e	Loans or loan guarantees by other organization(s)	**1e**	No
f	Sale of assets to other organization(s)	**1f**	No
g	Purchase of assets from other organization(s)	**1g**	No
h	Exchange of assets	**1h**	No
i	Lease of facilities, equipment, or other assets to other organization(s)	**1i**	No
j	Lease of facilities, equipment, or other assets from other organization(s)	**1j**	No
k	Performance of services or membership or fundraising solicitations for other organization(s)	**1k** Yes	
l	Performance of services or membership or fundraising solicitations by other organization(s)	**1l** Yes	
m	Sharing of facilities, equipment, mailing lists, or other assets	**1m**	No
n	Sharing of paid employees	**1n**	No
o	Reimbursement paid to other organization for expenses	**1o**	No
p	Reimbursement paid by other organization for expenses	**1p**	No
q	Other transfer of cash or property to other organization(s)	**1q** Yes	
r	Other transfer of cash or property from other organization(s)	**1r** Yes	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved
(1)	See Additional Data Table		
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Additional Data

Return to Form

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

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity
Avera Health Foundation 3900 West Avera Drive STE 300 Sioux Falls, SD57108 46-0367530	grant making	SD	501(c)(3)	7	N/A
Avera St Anthony's Hospital 300 N 2nd Street ONeill, NE68763 47-0463911	healthcare services	NE	501(c)(3)	3	N/A
Avera Holy Family 826 North 8th Street Estherville, IA51334 42-0680370	healthcare services	IA	501(c)(3)	3	N/A
Avera Holy Family Foundation 826 North 8th Street Estherville, IA51334 42-1317452	fundraising	IA	501(c)(3)	9	N/A
St Benedict Hospital Inc 401 West Glynn Drive Parkston, SD57366 46-0226738	healthcare services	SD	501(c)(3)	3	N/A
St Benedict Health Center Foundation West Glynn Drive PO Box B Parkston, SD57366 46-0458725	support health related services	SD	501(c)(3)	11a	N/A
Avera Health 3900 West Avera Drive STE 300 Sioux Falls, SD57108 46-0422673	promotion of health	SD	501(c)(3)	9	N/A
Avera Queen of Peace Fifth and Foster Mitchell, SD57301 46-0224604	healthcare services	SD	501(c)(3)	3	N/A
Sacred Heart Health Services 501 Summit Street Yankton, SD57078 46-0225483	healthcare services	SD	501(c)(3)	3	N/A
Sacred Heart Rural Health Clinics 501 Summit Street Yankton, SD57078 46-0423930	clinic services	SD	501(c)(3)	3	N/A
Health Management Services 501 Summit Street Yankton, SD57078 46-0399291	adult daycare and homemaking services	SD	501(c)(3)	9	N/A
Avera Education and Staffing Solutions 1000 W 4th Street Suite 9 Yankton, SD57078 46-0337013	healthcare education	SD	501(c)(3)	9	N/A
Benedictine Health Foundation 1017 West Fifth Street Yankton, SD57078 46-0370373	support for organizations providing health care services	SD	501(c)(3)	11b	N/A
Avera St Luke's 305 South State Street Aberdeen, SD57401 46-0224598	healthcare services	SD	501(c)(3)	3	N/A
Avera Workers' Compensation Trust 3900 West Avera Drive Sioux Falls, SD57108 46-0407148	economical coverage of workers' compensation claims	SD	501(c)(3)	11b	N/A
Avera Marshall 300 S Bruce Street Marshall, MN56258 41-0919153	healthcare services	MN	501(c)(3)	3	N/A
Avera Marshall Foundation 300 South Bruce Street Marshall, MN56258 41-1784801	fundraising	MN	501(c)(3)	7	N/A

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?	
							Yes	No		Yes	No
Avera Home Medical Equipment LLC 1325 S Cliff Ave PO Box 5045 Sioux Falls, SD57117 46-0488198	medical services - home medical equipment	SD	N/A	related	378,675	4,613,420		No	78,164	Yes	
Midwest Regional Imaging Services LLC 1325 S Cliff Ave PO Box 5045 Sioux Falls, SD57117 47-0874983	health care - medical imaging	SD	N/A	related	863,778	5,324,816		No		Yes	
Mersco Medical of Pierre LLC 329 E Dakota Pierre, SD57501 46-0444002	medical services - home medical equipment	SD	N/A	related	71,414	242,582		No	20,194	Yes	
Avera Home Medical Equipment of Floyd Valley Hospital LLC 714 Lincoln St NE Lemars, IA51031 82-0582350	medical services - home medical equipment	IA	Avera Home Medical Equipment LLC	related	11,529	87,962		No	3,239	Yes	
Avera Home Medical Equipment of Estherville LLC PO Box 5045 Sioux Falls, SD57117 20-1686097	medical services - home medical equipment	SD	Avera Home Medical Equipment LLC	related	17,481	145,696		No	5,155	Yes	
Avera Home Medical Equipment of Sioux Center LLC 38 19th St SW Sioux Center, IA51250 75-3203100	medical services - home medical equipment	IA	Avera Home Medical Equipment LLC	related	30,262	103,239		No	9,821	Yes	
Avera Home Medical Equipment of Marshall LLC 1104 East College Drive Marshall, MN56258 20-5271924	medical services - home medical equipment	MN	Avera Home Medical Equipment LLC	related	81,204	293,619		No	24,796	Yes	
Q&M Properties LLC 525 North Foster Mitchell, SD57301 73-1652049	medical clinic building	SD	N/A								
Surgical Associates Endoscopy Clinic LLC 310 S Pennsylvania St Aberdeen, SD57401 46-0461429	surgical associates	SD	N/A								
Avera Home Medical Equipment of Spencer Hospital LLC 2400 S Minnesota Avenue 102 Sioux Falls, SD57117 80-0619999	medical services - home medical equipment	SD	Avera Home Medical Equipment LLC	related		30,502		No		Yes	
Marshall Medical Services LLC 300 S Bruce St Marshall, MN56258 20-8874448	Medical Services	MN	N/A								

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)
(1)	Avera Home Medical Equipment LLC	A	290,746
(2)	Midwest Regional Imaging Services LLC	K	115,324
(3)	Avera Home Medical Equipment LLC	K	131,301
(4)	Midwest Regional Imaging Services LLC	Q	262,677
(5)	Avera Home Medical Equipment LLC	Q	4,237,214
(6)	Midwest Regional Imaging Services LLC	R	497,286
(7)	Avera Home Medical Equipment LLC	R	4,395,473
(8)	Midwest Regional Imaging Services LLC	B	3,039,942
(9)	Midwest Regional Imaging Services LLC	C	385,560
(10)	Avera Home Medical Equipment LLC	C	1,305,285

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
Kelly McCaul MD Physician	40 00					X		1,136,264	0	24,990
Brian Knutson MD Physician	40 00					X		1,301,709	0	37,698
Daniel Tynan MD Physician	40 00					X		1,326,914	0	35,449
Leonard Gutnik MD Physician	40 00					X		1,073,487	0	30,471

Additional Data

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

Form 990, Part III - 4 Program Service Accomplishments (See the Instructions)

4d. Other program services

(Code) (Expenses $ 26,803,654 including grants of $ 978) (Revenue $ 24,712,103)

Avera McKennan also provides Long-term care, Home Medical Equipment & Other Retail, Home Infusion, Research, Fitness Center, Regional Lab, and Mobile Services

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
Rob Everist Chairman	2 00	X		X				0	0	0
Tom Dempster Vice Chair	2 00	X		X				0	0	0
James Wiederrich Board Trustee	2 00	X						0	0	0
Sister Candyce Chrystal Board Trustee	2 00	X						0	0	0
Cathy Clark Board Trustee	2 00	X						0	0	0
Michael Bender Board Trustee	2 00	X						0	0	0
Sister Janice Klein Board Trustee	2 00	X						0	0	0
Gene Jones Jr Board Trustee	2 00	X						0	0	0
Mitchell Johnson DO Board Trustee	2 00	X						0	0	0
John Griffin MD Board Trustee	2 00	X						0	0	0
Sister Kathryn Easley Board Trustee	2 00	X						0	0	0
Kim Pederson MD Board Trustee	40 00	X						306,360	0	33,003
Sister Joan Reichelt Board Trustee	2 00	X						0	0	0
Dave Rozenboom Board Trustee	2 00	X						0	0	0
Dave Strand MD Board Trustee	2 00	X						0	0	0
Brad Thaemert MD Board Trustee	2 00	X						0	0	0
Fred Thurman Board Trustee	2 00	X						0	0	0
David Fleck Board Trustee	2 00	X						0	0	0
Fredrick W Slunecka President & CEO	40 00	X		X				0	608,919	26,966
Julie N Norton Sec/Treas & SrVP Finance	40 00			X				348,892	0	39,639
Judy Blauwet Sr Vice President	40 00				X			478,016	0	31,220
David Flicek Sr Vice President	40 00				X			420,486	0	34,798
Steve Petersen Director-Pharmacy	40 00				X			166,229	0	30,050
Patricia Jagoe AVP-Surgery	40 00				X			173,648	0	28,068
Michael Puumala MD Physician	40 00					X		1,109,146	0	34,698

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

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Net Patient Service Re	622,110	558,747,862	558,747,862		
Other patient and clin	621,500	28,980,560	23,853,369	5,127,191	
Interest in Foundation	900,099	1,873,936	1,873,936		
Program rent	900,099	1,549,099	1,549,099		
Income from subsidiari	423,000	1,241,562	1,120,387	121,175	

Form 990, Part IX - Statement of Functional Expenses - 24a - 24e Other Expenses

Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Medical supplies	88,793,343	88,330,613	457,040	5,690
Bad debt	19,440,529	19,423,813	16,716	
Equipment lease and ren	4,898,360	4,275,346	623,014	
Licenses and permits	1,176,909	1,078,297	98,612	
UBI tax	142,663	142,663		