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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
		2010
		Open to Public Inspection



A For the 2010 calendar year, or tax year beginning 01-01-2010 and ending 12-31-2010			
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ALLINA HEALTH SYSTEM Doing Business As Number and street (or P O box if mail is not delivered to street address) Room/suite PO BOX 43 MR 10890 City or town, state or country, and ZIP + 4 MINNEAPOLIS, MN 554400043		D Employer identification number 36-3261413
			E Telephone number (612) 262-0660
			G Gross receipts \$ 3,086,104,742
	F Name and address of principal officer KENNETH PAULUS PO BOX 43 MR 10890 MINNEAPOLIS, MN 554400043		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
			H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () <input type="checkbox"/> (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		H(c) Group exemption number ▶	
J Website: ▶ WWW.ALLINA.COM			
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			L Year of formation 1983
			M State of legal domicile MN

Part I	Summary
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Activities & Governance	1	Briefly describe the organization's mission or most significant activities ALLINA HEALTH SYSTEM (ALLINA) IS DEDICATED TO MEETING THE LIFELONG HEALTHCARE NEEDS OF COMMUNITIES THROUGHOUT MINNESOTA AND WESTERN WISCONSIN. THIS COMMITMENT IS EMBODIED IN OUR MISSION TO PROVIDE EXCEPTIONAL CARE, AS WE PREVENT ILLNESS, RESTORE HEALTH AND PROVIDE COMFORT TO ALL WHO ENTRUST US WITH THEIR CARE. ALLINA PROVIDES A FULL RANGE OF PRIMARY AND SPECIALTY HEALTH CARE SERVICES INCLUDING TECHNICALLY ADVANCED INPATIENT AND OUTPATIENT CARE, 24-HOUR EMERGENCY CARE, MEDICAL TRANSPORTATION, PHARMACY, LABORATORY, HOME CARE AND HOSPICE SERVICES. BECAUSE OF ITS CHARITABLE MISSION, ALLINA PROVIDES THESE HEALTH CARE SERVICES AS WELL AS EDUCATIONAL AND WELLNESS PROGRAMS TO COMMUNITY MEMBERS REGARDLESS OF THEIR ABILITY TO PAY FOR THE SERVICES. IN 2010, ALLINA PROVIDED \$394,884,324 IN DIRECT FINANCIAL SUPPORT, IN-KIND DONATIONS, FREE AND REDUCED-COST MEDICAL CARE AND SERVICES, AND FUNDING FOR PUBLIC HEALTH PROGRAMS TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3	Number of voting members of the governing body (Part VI, line 1a)	3	17
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	16
	5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	24,415
	6	Total number of volunteers (estimate if necessary)	6	3,593
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	28,372,149	
b	Net unrelated business taxable income from Form 990-T, line 34	7b	2,681,101	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	25,572,270	26,220,605
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	2,413,854,101	2,512,995,565
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	39,179,487	-1,372,592
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	40,967,334	42,159,946
			2,519,573,192	2,580,003,524
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	485,995	849,986
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,258,471,884	1,309,093,478
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	66,973	41,287
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶4,614,414		
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	989,057,155	1,049,920,522
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	2,248,082,007	2,359,905,273
	19	Revenue less expenses Subtract line 18 from line 12	271,491,185	220,098,251
Net Assets or Fund Balances		Beginning of Current Year	End of Year	
	20	Total assets (Part X, line 16)	3,054,603,300	3,237,509,549
	21	Total liabilities (Part X, line 26)	1,756,228,924	1,702,238,653
	22	Net assets or fund balances Subtract line 21 from line 20	1,298,374,376	1,535,270,896

Part II	Signature Block
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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		*****	2011-11-11
		Signature of officer	Date
Paid Preparer Use Only		LAURIE M LAFONTAINE VP, FINANCE AND TREASURY	
		Type or print name and title	
		Print/Type preparer's name	Preparer's signature
	Firm's name ▶	Check if self-employed <input type="checkbox"/>	
	Firm's address ▶	PTIN	
		Firm's EIN ▶	
		Phone no ▶	

May the IRS discuss this return with the preparer shown above? (see instructions)

☐ Yes ☐ No

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1

Briefly describe the organization’s mission

OUR MISSIONWE SERVE OUR COMMUNITIES BY PROVIDING EXCEPTIONAL CARE, AS WE PREVENT ILLNESS, RESTORE HEALTH AND PROVIDE COMFORT TO ALL WHO ENTRUST US WITH THEIR CARE OUR VISIONWE WILL PUT THE PATIENT FIRST, MAKE A DIFFERENCE IN PEOPLES LIVES BY PROVIDING EXCEPTIONAL CARE AND SERVICE, CREATE A HEALING ENVIORNMENT WHERE PASSIONATE PEOPLE THRIVE AND EXCEL, AND LEAD COLLABORATIVE EFFORTS THAT SOLVE OUR COMMUNITY’S HEALTH CARE CHALLENGES OUR VALUESINTEGRITY, RESPECT, TRUST, COMPASSION AND STEWARDSHIP

2

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

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?

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 \$ 1,596,695,491 including grants of \$ 849,986) (Revenue \$ 2,520,338,886)
	PROVIDING MEDICAL SERVICESHOSPITAL, MEDICAL AND OTHER HEALTH CARE SERVICESALLINA DELIVERS HIGH QUALITY HOSPITAL, MEDICAL AND OTHER HEALTH CARE SERVICES TO PATIENTS IN MINNESOTA AND WESTERN WISCONSIN AS A MISSION-DRIVEN ORGANIZATION, ALLINA IS COMMITTED TO IMPROVING THE LIFELONG HEALTHCARE OF THE COMMUNITIES IT SERVES ALLINA PROVIDES THESE SERVICES TO THE COMMUNITY THROUGH ITS FAMILY OF HOSPITALS WHICH INCLUDE ABBOTT NORTHWESTERN HOSPITAL - MINNEAPOLIS, MINNESOTALOCATED IN MINNEAPOLIS, ABBOTT NORTHWESTERN IS A NATIONALLY RECOGNIZED HOSPITAL PROVIDING COMPREHENSIVE HEALTH CARE FOR MORE PATIENTS AND THEIR FAMILIES THAN ANY OTHER NOT-FOR-PROFIT HOSPITAL IN MINNESOTA AMONG THE DISTINGUISHED SERVICES PROVIDED BY ABBOTT NORTHWESTERN ARE CARDIOVASCULAR CARE IN CONJUNCTION WITH THE MINNEAPOLIS HEART INSTITUTE, VIRGINIA PIPER CANCER INSTITUTE AND PIPER BREAST CENTER, MINNEAPOLIS NEUROSCIENCE INSTITUTE, ORTHOPEDIC INSTITUTE, SPINE INSTITUTE, AND WOMENCARE ABBOTT NORTHWESTERN CONSISTENTLY PLACES IN SOLUCIENT'S TOP 100 CARDIOVASCULAR HOSPITALS AND U S NEWS & WORLD REPORT BEST HOSPITALS UNITED HOSPITAL - ST PAUL, MINNESOTALOCATED IN DOWNTOWN ST PAUL, UNITED HOSPITAL IS THE LARGEST HOSPITAL IN THE TWIN CITIES EAST METRO AREA UNITED HAS A REPUTATION FOR EXCELLENCE IN PATIENT CARE AND STATE-OF-THE-ART FACILITIES, WITH INNOVATIVE PROGRAMS SUCH AS CARDIOVASCULAR SERVICES (INCLUDING NASSEFF HEART CENTER, WOMEN'S HEART CENTER AND VASCULAR CENTER), NASSEFF NEUROSCIENCE CENTER, AND PSYCHIATRY, WOMEN'S HEALTH, SURGICAL, REHABILITATION AND EMERGENCY SERVICES MERCY HOSPITAL - COON RAPIDS, MINNESOTALOCATED IN COON RAPIDS, MERCY HOSPITAL PROVIDES COMPREHENSIVE AND COMPASSIONATE HEALTH CARE SERVICES TO THE NORTH METRO COMMUNITIES AMONG THE SERVICES PROVIDING CUTTING-EDGE CARE ARE HEART & VASCULAR CENTER, WOMEN'S HEART CENTER, CANCER CENTER, WOMEN'S & CHILDREN'S SERVICES, EMERGENCY SERVICES, MENTAL HEALTH SERVICES, AND A WIDE RANGE OF HEALTH EDUCATION AND SUPPORT GROUPS MERCY ALSO SERVES THE COMMUNITY THROUGH ELK RIDGE HEALTH, A SURGERY CENTER AND CLINIC IN ELK RIVER UNITY HOSPITAL - FRIDLEY, MINNESOTALOCATED IN FRIDLEY, UNITY HOSPITAL PROVIDES A FULL RANGE OF HEALTH CARE SERVICES TO THE NORTH METRO AREA, INCLUDING A RENOWNED BARIATRIC [SURGICAL WEIGHT LOSS] CENTER OTHER SERVICES INCLUDE THE HEART & VASCULAR CENTER, WOMEN'S & CHILDREN'S SERVICES, EMERGENCY SERVICES AND MENTAL HEALTH SERVICES INCLUDING GERIATRIC MENTAL HEALTH UNITY ALSO OFFERS A COMPLETE ARRAY OF HEALTH EDUCATION AND SUPPORT GROUPS TO PATIENTS AND THE COMMUNITY BUFFALO HOSPITAL - BUFFALO, MINNESOTALOCATED IN THE WESTERN METROPOLITAN COMMUNITY OF BUFFALO, BUFFALO HOSPITAL IS AN EVER-EVOLVING REGIONAL MEDICAL CENTER THAT OFFERS STATE-OF-THE-ART FACILITIES, PERSONALIZED CARE IN PRIVATE ROOMS AND SERVICES THAT ARE CONTINUOUSLY BEING ADDED AND ENHANCED IT PROVIDES SPECIALTY SERVICES INCLUDING THE BIRTH CENTER, CARDIAC CENTER, EMERGENCY AND URGENT CARE SERVICES, SLEEP CENTER, PHILLIPS EYE INSTITUTE AND SISTER KENNY REHABILITATION INSTITUTE WITH PATIENT-CENTERED CARE THAT DRIVES ALL DECISIONS TO SUPPORT THE BEST INTERESTS OF ITS PATIENTS CAMBRIDGE MEDICAL CENTER - CAMBRIDGE, MINNESOTALOCATED IN THE COMMUNITY OF CAMBRIDGE, CAMBRIDGE MEDICAL CENTER (CMC) IS A REGIONAL HEALTH CARE FACILITY PROVIDING COMPREHENSIVE HEALTH CARE SERVICES TO RESIDENTS OF ISANTI COUNTY THE MEDICAL CENTER IS COMPRISED OF A LARGE MULTI-SPECIALTY CLINIC AND A HOSPITAL ON ONE LARGE CAMPUS DEDICATED TO MEETING THE NEEDS OF ITS PATIENTS, CMC PROVIDES AN ATMOSPHERE THAT PROMOTES HEALING AND COMFORT NEW ULM MEDICAL CENTER - NEW ULM, MINNESOTALOCATED IN SOUTH CENTRAL MINNESOTA, NEW ULM MEDICAL CENTER (NUMC) CONSISTS OF A HOSPITAL AND CLINIC THAT SERVES THE REGION IN AND AROUND BROWN COUNTY NUMC OFFERS AN EXTENSIVE RANGE OF HEALTH CARE OPTIONS, INCLUDING FAMILY PRACTICE, INTERNAL MEDICINE, GENERAL SURGERY, PEDIATRICS, ORTHOPEDICS, OBSTETRICS AND GYNECOLOGY, RADIOLOGY, EMERGENCY MEDICINE, PSYCHIATRY, ORAL AND MAXILLOFACIAL SURGERY, PODIATRY, MENTAL HEALTH AND SUBSTANCE ABUSE, HOME CARE AND HOSPICE AS A FULLY INVOLVED MEMBER OF ITS COMMUNITY, NUMC CONTINUALLY FOSTERS AN ATMOSPHERE OF WELL BEING OUTSIDE ITS FOUR WALLS THROUGH A VARIETY OF COMMUNITY-FOCUSED INITIATIVES OWATONNA HOSPITAL - OWATONNA, MINNESOTALOCATED SOUTH OF THE TWIN CITIES METROPOLITAN AREA, OWATONNA HOSPITAL PROVIDES COMPREHENSIVE CARE TO PATIENTS IN AND AROUND STEELE COUNTY THE HOSPITAL OFFERS A FULL RANGE OF INPATIENT, OUTPATIENT AND EMERGENCY CARE SERVICES, AS WELL AS HOME AND PALLIATIVE CARE AND HOSPICE OWATONNA HOSPITAL HAS HELPED TO MAKE A POSITIVE DIFFERENCE IN THE LIVES OF ITS PATIENTS AND THE COMMUNITY FOR MORE THAN 100 YEARS PHILLIPS EYE INSTITUTE - MINNEAPOLIS, MINNESOTALOCATED IN MINNEAPOLIS, PHILLIPS EYE INSTITUTE (PEI) IS THE THIRD LARGEST SPECIALTY HOSPITAL IN THE U S , SPECIALIZING IN THE DIAGNOSIS, TREATMENT AND CARE OF EYE DISORDERS AND DISEASES PEI DRAWS PATIENTS FROM A FIVE-STATE REGION WITH AN EXTENSIVE ARRAY OF SERVICES, RANGING FROM DIAGNOSTIC TESTS AND VISION REHABILITATION TO LASER EYE TREATMENTS AND SPECIALIZED EYE SURGERY RIVER FALLS AREA HOSPITAL - RIVER FALLS, WISCONSINLOCATED IN WESTERN WISCONSIN, RIVER FALLS AREA HOSPITAL IS PART OF A SHARED MEDICAL CAMPUS THAT PROVIDES EASY ACCESS TO HOSPITAL SERVICES AS WELL AS PRIMARY CARE AND SPECIALTY CLINICS, A LONG-TERM CARE FACILITY AND A WELLNESS AND FITNESS CENTER RIVER FALLS AREA HOSPITAL OFFERS CARDIOVASCULAR CARE, EMERGENCY AND SURGICAL SERVICES, BIRTH CENTER, HOME CARE AND HOSPICE SERVICES ALLINA ALSO OPERATES SERVICE LINES WHICH INCLUDE HOME CARE, HOSPICE AND PALLIATIVE CAREHOME OXYGEN AND MEDICAL EQUIPMENTMEDICAL LABORATORIESMEDICAL TRANSPORTATION PHARMACYPHYSICAL REHABILITATIONIN 2010, ALLINA EXPENDED ALMOST \$2 BILLION TO PROVIDE SERVICES TO PATIENTS THAT INCLUDED OVER 109,000 INPATIENT ADMISSIONS AND OVER 1,100,000 HOSPITAL OUTPATIENT VISITS THERE WERE NEARLY 250,000 EMERGENCY CARE VISITS, 193,000 HOME CARE AND HOSPICE VISITS, AND OVER 11,600 BIRTHS AT ALLINA HOSPITALS FOR MORE INFORMATION PLEASE VISIT HTTP //WWW.ALLINA.COM SUBSIDIZED HEALTH SERVICESALLINA SUBSIDIZES CERTAIN NECESSARY HEALTH CARE SERVICES, WHICH INCLUDE 24-HOUR EMERGENCY SERVICES TO THE COMMUNITY, ESPECIALLY THOSE LOCATED IN MEDICALLY UNDERSERVED OR HIGH-NEED AREAS, PERINATAL PROGRAMS, FREE CARE OR SLIDING FEE SCALE CLINICS, MEDICAL EDUCATION, AND SERVICES TO SPECIAL-NEEDS POPULATIONS OTHER SUBSIDIZED SERVICES INCLUDE HOSPICE, HOME CARE AND PALLIATIVE SERVICES, DURABLE MEDICAL EQUIPMENT SERVICES, AND MENTAL HEALTH SERVICES IN 2010, ALLINA EXPENDED \$2,507,648 TO MAKE AVAILABLE AND PROVIDE THESE SERVICES TO THE COMMUNITIES WE SERVE

4b	(Code) (Expenses \$ 234,622,445 including grants of \$) (Revenue \$)
	COST OF PARTICIPATING IN GOVERNMENT PROGRAMSALLINA IS COMMITTED TO SERVING ALL PERSONS IN NEED, REGARDLESS OF RACE, CREED, SEX, NATIONALITY, RELIGION, DISABILITY, AGE, OR ABILITY TO PAY TO PROMOTE ACCESS TO CARE FOR ALL INDIVIDUALS, ALLINA PARTICIPATES IN THE FOLLOWING PUBLIC HEALTH CARE PROGRAMS MEDICARE, MEDICAID, MINNESOTACARE, AND GENERAL ASSISTANCE PAYMENTS FROM THESE PROGRAMS FREQUENTLY DO NOT COVER THE COSTS ALLINA INCURS TO SERVE PROGRAM BENEFICIARIES IN 2010, ALLINA PROVIDED \$234,622,445 IN HEALTH CARE SERVICES IN EXCESS OF THE REIMBURSEMENT RECEIVED BY PUBLIC PROGRAMS AND SURCHARGES, TAXES AND FEES RELATED TO THESE PROGRAMS THE FOLLOWING IS A BREAKDOWN ON COSTS RELATED TO THESE PROGRAMS, SERVICES AND ADDITIONAL TAXES AND FEES COSTS IN EXCESS OF MEDICARE AND MEDICAID PAYMENTSALLINA PROVIDES SERVICES TO PUBLIC PROGRAM ENROLLEES SUCH PUBLIC PROGRAMS HAVE REIMBURSED AT AMOUNTS LESS THAN COST IN 2010, ALLINA EXPENDED \$143,968,645 BEYOND REIMBURSEMENTS TO PROVIDE CARE FOR MEDICARE PATIENTS AND AN ADDITIONAL \$43,320,002 BEYOND REIMBURSEMENTS FOR MEDICAID PATIENTS MEDICAID SURCHARGEALLINA IS A PARTICIPANT IN THE MEDICAID SURCHARGE PROGRAM THE CURRENT PROGRAM INCLUDES A 1 56% SURCHARGE ON A HOSPITAL'S NET PATIENT SERVICE REVENUE (EXCLUDING MEDICARE REVENUE) REPORTED AMOUNTS ARE NET OF ANY DISPROPORTIONATE SHARE ADJUSTMENTS IN 2010, ALLINA PAID \$19,486,809 FOR THE MEDICAID SURCHARGE TAXESALLINA ALSO PARTICIPATES IN THE FUNDING OF MEDICAL CARE FOR THE UNINSURED THROUGH A MINNESOTACARE TAX OF 2% ON CERTAIN NET REVENUE PATIENTS WHO ARE UNABLE TO GET INSURANCE THROUGH THEIR EMPLOYER ARE ELIGIBLE TO PARTICIPATE IN MINNESOTACARE ALLINA PAYS PROPERTY TAXES TO LOCAL AND STATE GOVERNMENT USED IN FUNDING CIVIL AND EDUCATION SERVICES TO THE COMMUNITY ALLINA PAID \$27,846,989 FOR THE MINNESOTACARE TAX AND OTHER TAXES IN 2010

4c	(Code) (Expenses \$ 120,658,550 including grants of \$) (Revenue \$)
	UNCOMPENSATED CARE CHARITY CAREALLINA PROVIDES MEDICAL CARE WITHOUT CHARGE OR AT REDUCED COST TO RESIDENTS OF THE COMMUNITIES THAT IT SERVES THROUGH THE PROVISION OF CHARITY CARE ALLINA'S COMMUNITY CARE PROGRAM WAS ESTABLISHED TO ASSIST PATIENTS WHO DO NOT QUALIFY FOR MEDICAL ASSISTANCE SUCH AS MEDICAID AND WHOSE ANNUAL INCOMES ARE AT OR BELOW 275% OF THE FEDERAL POVERTY LEVEL NOTABLY, ALLINA'S DEFINITION OF CHARITY CARE DOES NOT INCLUDE BAD DEBT (CHARGES WRITTEN OFF FOR PROVIDING SERVICES TO PERSONS ABLE, BUT UNWILLING, TO PAY FOR THESE SERVICES) THROUGH THIS PROGRAM, ALLINA STRIVES TO ENSURE THAT ALL MEMBERS OF THE COMMUNITY RECEIVE QUALITY MEDICAL CARE, REGARDLESS OF ABILITY TO PAY IN 2010, ALLINA PROVIDED \$28,624,922 IN CHARITY CARE UNINSURED DISCOUNT PROGRAMFOR UNINSURED PATIENTS WHO DO NOT QUALIFY FOR MEDICAID OR MEET THE FINANCIAL THRESHOLD FOR CHARITY CARE, BUT REQUIRE SOME FINANCIAL ASSISTANCE, ALLINA PROVIDES A SLIDING SCALE DISCOUNT ALL UNINSURED PATIENTS ARE ELIGIBLE FOR A MINIMUM OF A 20 PERCENT DISCOUNT ON BILLED CHARGES AND MAY QUALIFY FOR DISCOUNTS UP TO 57 PERCENT BASED ON ELIGIBILITY CRITERIA IN 2010, ALLINA PROVIDED \$39,501,289 IN SUCH DISCOUNTS TO LOW-INCOME, UNINSURED INDIVIDUALS BAD DEBTALLINA PROVIDES MEDICAL CARE TO ALL IN NEED THERE ARE TIMES WHEN PATIENT ACCOUNT BALANCES GO UNPAID, KNOWN AS BAD DEBT THESE BAD DEBT AMOUNTS IN 2010 TOTALED \$52,532,339

























4d	Other program services (Describe in Schedule O) See also Additional Data for Description
	(Expenses \$ 37,095,681 including grants of \$) (Revenue \$)

4e	Total program service expenses➤\$ 1,989,072,167
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Form 990 (2010)

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 (see instruction)? 	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, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4	Yes
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? 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	No
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	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI. 	11a	Yes
b	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. 	11b	Yes
c	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. 	11c	No
d	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. 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e	Yes
f	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 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b	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, Parts I and IV 	14b	Yes
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, Parts II and IV 	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, Parts III and IV 	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 (see instructions) 	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	Yes
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
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	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? <i>If "Yes," complete Schedule I, Parts I and II</i>	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? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
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? <i>If "Yes," complete Schedule J</i>	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? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part I</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? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	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? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	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? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	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					
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>					
			Yes	No	
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	1,691		
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	24,415		
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 (see instructions).	2b	Yes		
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	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	Yes		
b	If "Yes," enter the name of the foreign country: BR, CA, BE, MX See instructions for 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?	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	Yes		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes		
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 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	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	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?					
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b			
c	Enter the amount of reserves on hand.	13c			
14a Did the organization receive any payments for indoor tanning services during the tax year?					
14a					
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b			No

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.
Check if Schedule O contains a response to any question in this Part VI ☒

Section A. Governing Body and Management			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 17		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 16		
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 governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization’s assets?	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
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	Yes	
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	Yes	
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Does the organization have a written conflict of interest policy? <i>If “No,” go to line 13</i>	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	Yes	
b	Other officers or key employees of the organization	15b	Yes	
	If “Yes” to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	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	Yes	

Section C. Disclosure	
17	List the States with which a copy of this Form 990 is required to be filed ► MN , WI
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ► TAX SERVICES MAIL ROUTE 10890 2925 CHICAGO AVENUE MINNEAPOLIS, MN 554071321 (612) 262-0660

Check if Schedule O contains a response to any question in this Part VII ☐ ☒

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

Form **990** (2010)

Part VII

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(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 Additional Data Table											
1b Sub-Total											
c Total from continuation sheets to Part VII, Section A											
d Total (add lines 1b and 1c)									15,583,076	0	3,234,277

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 **1,380**

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
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? <i>If "Yes," complete Schedule J for such individual</i>	4 Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	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
METROPOLITAN CARDIOLOGY CONSULTANTS 4040 COON RAPIDS BLVD STE 120 COON RAPIDS, MN 55443	MEDICAL SERVICES	22,918,099
HEALTHPARTNERS 8170 33RD AVENUE SOUTH BLOOMINGTON, MN 55425	PROFESSIONAL SERVICES	8,491,029
PHYSICIANS GROUP OF NEW ULM 1324 5TH N ST PO BOX 577 NEW ULM, MN 56073	MEDICAL SERVICES	7,311,872
NURSEFINDERS INC PO BOX 910738 DALLAS, TX 753910738	TEMP HELP - NURSES	5,716,867
EPIC SYSTEMS CORPORATION 1979 MILKY WAY VERONA, MI 48393	PROFESSIONAL SERVICES - COMPUTER	5,401,419
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 252		

Part VIII

Statement of Revenue

			(A)	(B)	(C)	(D)	
			Total revenue	Related or exempt function revenue	Unrelated business revenue	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	179,996			
	d	Related organizations	1d	13,892,411			
	e	Government grants (contributions)	1e	8,988,892			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,159,306			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		26,220,605			
	Program Service Revenue	2a	PROG SERV REVENUE-RELA	Business Code 621990	2,512,995,565	2,512,995,565	
b							
c							
d							
e							
f		All other program service revenue					
g		Total. Add lines 2a-2f		2,512,995,565			
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		14,158,800		14,158,800
		4	Income from investment of tax-exempt bond proceeds . .				
	5	Royalties					
	6a	Gross Rents	(i) Real 7,130,849	(ii) Personal			
	b	Less rental expenses					
	c	Rental income or (loss)	7,130,849				
	d	Net rental income or (loss)		7,130,849		7,130,849	
	7a	Gross amount from sales of assets other than inventory	(i) Securities 482,869,616	(ii) Other 1,299,746			
	b	Less cost or other basis and sales expenses	497,687,886	2,012,868			
	c	Gain or (loss)	-14,818,270	-713,122			
	d	Net gain or (loss)		-15,531,392		-15,531,392	
	8a	Gross income from fundraising events (not including \$ 179,996 of contributions reported on line 1c) See Part IV, line 18	a 5,714,091				
	b	Less direct expenses	b 6,400,464				
	c	Net income or (loss) from fundraising events . .		-686,373		-686,373	
	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	RETAIL PHARMACY	446110	15,043,745		15,043,745		
b	HOME HEALTH CARE SERVI	621610	8,685,513		8,685,513		
c	ST FRANCIS MEDICAL CEN	621990	4,630,598	4,630,598			
d	All other revenue		7,355,614	2,712,723	4,642,891		
e	Total. Add lines 11a-11d		35,715,470				
12	Total revenue. See Instructions		2,580,003,524	2,520,338,886	28,372,149	5,071,884	

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	849,986	849,986		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
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	10,955,027		10,955,027	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	1,012,799,366	876,355,120	134,009,668	2,434,578
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	64,040,303	54,819,836	9,068,174	152,293
9	Other employee benefits	150,045,024	128,441,671	21,246,533	356,820
10	Payroll taxes	71,253,758	60,994,703	10,089,607	169,448
a	Fees for services (non-employees)				
	Management	13,715,805	2,785,227	10,927,303	3,275
b	Legal	20,868,564		20,868,564	
c	Accounting	609,855		609,855	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17	41,287			41,287
f	Investment management fees				
g	Other	244,145,327	175,507,682	67,989,015	648,630
12	Advertising and promotion	1,109,036	3,969	1,091,541	13,526
13	Office expenses	414,388,286	399,725,940	14,438,842	223,504
14	Information technology	25,558,543	16,317,762	9,240,781	
15	Royalties				
16	Occupancy	61,478,594	38,723,236	22,733,276	22,082
17	Travel	4,010,292	3,261,009	719,866	29,417
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	1,228,761	795,069	424,744	8,948
20	Interest	9,175,299	9,175,299		
21	Payments to affiliates	268,851	268,851		
22	Depreciation, depletion, and amortization	130,951,253	109,316,158	21,632,672	2,423
23	Insurance	2,379,230		2,379,230	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT	52,533,558	52,533,558		
b	MINNESOTA CARE TAX	29,115,463	29,115,463		
c	MEDICAID SURCHARGE	19,486,809	19,486,809		
d	DUES & MEMBERSHIPS	5,353,843	3,397,012	1,930,068	26,763
e	INCOME TAX - UBI	1,548,637		1,548,637	
f	All other expenses	11,994,516	7,197,807	4,315,289	481,420
25	Total functional expenses. Add lines 1 through 24f	2,359,905,273	1,989,072,167	366,218,692	4,614,414
26	Joint costs. Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			13,492,823	1	5,635,850
	2	Savings and temporary cash investments			3,908,703	2	4,394,891
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			1,173,166,330	4	1,204,054,352
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Schedule L				6	
	7	Notes and loans receivable, net			3,008,862	7	3,109,819
	8	Inventories for sale or use			41,998,965	8	42,720,744
	9	Prepaid expenses and deferred charges			8,275,595	9	7,330,471
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.	10a	2,084,133,104	702,254,210	10c	681,010,929
	b	Less: accumulated depreciation	10b	1,403,122,175			
	11	Investments—publicly traded securities				11	
	12	Investments—other securities. See Part IV, line 11			1,086,877,601	12	1,265,643,784
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets			3,317,621	14	2,679,846
	15	Other assets. See Part IV, line 11			18,302,590	15	20,928,863
16	Total assets. Add lines 1 through 15 (must equal line 34)			3,054,603,300	16	3,237,509,549	
Liabilities	17	Accounts payable and accrued expenses			736,256,534	17	749,178,376
	18	Grants payable			827,400	18	771,194
	19	Deferred revenue			11,758,539	19	18,175,565
	20	Tax-exempt bond liabilities			699,168,299	20	682,759,462
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties			966,721	23	894,000
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			307,251,431	25	250,460,056
	26	Total liabilities. Add lines 17 through 25			1,756,228,924	26	1,702,238,653
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			1,288,298,007	27	1,526,911,863
	28	Temporarily restricted net assets			8,450,452	28	6,568,008
	29	Permanently restricted net assets			1,625,917	29	1,791,025
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			1,298,374,376	33	1,535,270,896
34	Total liabilities and net assets/fund balances			3,054,603,300	34	3,237,509,549	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,580,003,524
2	Total expenses (must equal Part IX, column (A), line 25)	2	2,359,905,273
3	Revenue less expenses Subtract line 2 from line 1	3	220,098,251
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,298,374,376
5	Other changes in net assets or fund balances (explain in Schedule O)	5	16,798,269
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,535,270,896

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	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	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 separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> 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?	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	Yes	

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

2010

Open to Public Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

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 described in **section 170(b)(1)(A)(i).**

2

☐

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

3

☒

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

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 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **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?
(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?
(ii) a family member of a person described in (i) above?
(iii) a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	

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

▶

Section C. Computation of Public Support Percentage		
14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2009 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2010. 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—2009. 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—2010. 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—2009. 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 IIIPart III

Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(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) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here 						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. 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—2009. 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 explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

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

2010

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, 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, Part V, line 35a (Proxy Tax), then

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

Name of the organization ALLINA HEALTH SYSTEM	Employer identification number 36-3261413
--	--

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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments 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															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		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		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
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?		<input type="checkbox"/> Yes	<input type="checkbox"/> 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) 2007	(b) 2008	(c) 2009	(d) 2010	(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)		(b)
		Yes	No	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?	Yes		
	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?	Yes		60,420
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		316,003
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		
j Total lines 1c through 1i				376,423
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
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	ALLINA HEALTH SYSTEM EMPLOYS VARIOUS INDIVIDUALS, AS WELL AS CONTRACTS WITH VARIOUS LOBBYISTS, TO MONITOR LEGISLATIVE ACTS IMPORTANT TO ALL OF ALLINA ON BOTH A NATIONAL AND STATE LEVEL

SCHEDULE D
(Form 990)

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

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

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

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

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

1

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

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

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of 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
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

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

4

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

5

Does the organization have a written policy regarding the periodic monitoring, inspection, 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 ▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2010

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	
d Additions during the year	
e Distributions during the year	
f Ending balance	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds. Complete if 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	67,783,914	50,485,767	69,726,546		
b Contributions	693,723	9,065,901	4,082,055		
c Investment earnings or losses	4,980,609	10,653,658	-17,914,005		
d Grants or scholarships	39,033	62,576	4,000		
e Other expenditures for facilities and programs	1,831,119	2,358,836	5,404,829		
f Administrative expenses	0	0	0		
g End of year balance	71,588,094	67,783,914	50,485,767		

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 2 7 6 0 %

b

Permanent endowment ▶ 6 1 4 1 0 %

c

Term endowment ▶ 3 5 8 3 0 %

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		41,880,077		41,880,077
b Buildings		788,758,737	415,993,634	372,765,103
c Leasehold improvements		51,105,145	21,289,669	29,815,476
d Equipment		1,161,631,837	957,317,759	204,314,078
e Other		40,757,308	8,521,113	32,236,195
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				681,010,929

Schedule D (Form 990) 2010

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements			
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	
Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return			
1	Total revenue, gains, and other support per audited financial statements 	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments 	2a	
b	Donated services and use of facilities 	2b	
c	Recoveries of prior year grants 	2c	
d	Other (Describe in Part XIV) 	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b 	4a	
b	Other (Describe in Part XIV) 	4b	
c	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12) 	5	

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

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part 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
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	EDUCATION AND RESEARCH CHARITY AND INDIGENT CARE PURCHASE OF PLANT ASSETS BUILDINGS AND EQUIPMENT PATIENT CARE OTHER
		ALLINA HEALTH SYSTEM FIN 48 (ASC 740) FOOTNOTE (AMOUNTS IN THOUSANDS) (17) TAXES - THE SYSTEM HAS BEEN DETERMINED TO QUALIFY AS A TAX EXEMPT ORGANIZATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE SYSTEM HAS ALSO BEEN DETERMINED TO BE EXEMPT FROM FEDERAL AND STATE INCOME TAX ON RELATED INCOME UNDER SECTION 501 (A) OF THE INTERNAL REVENUE CODE AND MINNESOTA STATUTE SECTION 290.05, SUBDIVISION 2. CERTAIN OF THE SYSTEM'S SUBSIDIARIES AND AFFILIATES QUALIFY AS TAX EXEMPT ORGANIZATIONS, WHILE OTHERS ARE TAXABLE. THE SYSTEM AND ITS SUBSIDIARIES PAID TAXES OF \$1,279 AND \$1,078, IN 2010 AND 2009, RESPECTIVELY. AS OF DECEMBER 31, 2010 AND 2009, THE TAXABLE SUBSIDIARIES OF THE SYSTEM'S CONTINUING OPERATIONS HAD A GROSS DEFERRED TAX ASSET OF \$74,064 AND \$71,486, RESPECTIVELY, RESULTING FROM NET OPERATING LOSS CARRYFORWARDS, EMPLOYEE COMPENSATION AND BENEFITS ACCRUALS, PROVISION FOR BAD DEBTS, AND LIMITATION OF CHARITABLE CONTRIBUTIONS, OFFSET BY VALUATION ALLOWANCES OF \$73,766 AND \$71,189, RESPECTIVELY, AND A GROSS DEFERRED TAX LIABILITY OF \$298 AND \$298, RESPECTIVELY, PRIMARILY ATTRIBUTABLE TO DEPRECIATION AND A CHANGE IN ACCOUNTING METHOD OF A TAXABLE SUBSIDIARY. THE VALUATION ALLOWANCE INCREASED BY \$2,577 AND \$9,372 DURING 2010 AND 2009, RESPECTIVELY. AS OF DECEMBER 31, 2010, THE CONTINUING OPERATIONS OF THE SYSTEM AND ITS SUBSIDIARIES HAD NET OPERATING LOSS CARRYFORWARDS OF \$159,995 FOR INCOME TAX PURPOSES, WHICH EXPIRE IN VARIOUS YEARS THROUGH 2030. INCOME TAXES ARE ACCOUNTED FOR UNDER THE ASSET AND LIABILITY METHOD. DEFERRED TAX ASSETS AND LIABILITIES ARE RECOGNIZED FOR THE FUTURE TAX CONSEQUENCES ATTRIBUTABLE TO DIFFERENCES BETWEEN THE FINANCIAL STATEMENT AND TAX RETURN METHODS OF ACCOUNTING. DEFERRED TAX ASSETS AND LIABILITIES ARE MEASURED USING THE ENACTED TAX RATES EXPECTED TO APPLY TO TAXABLE INCOME IN THE YEARS IN WHICH THOSE TEMPORARY DIFFERENCES ARE EXPECTED TO BE RECOVERED OR SETTLED.

1

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶ _____

3 Enter total number of other organizations or entities ▶ _____

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
Use Part V if additional space is needed.

[illegible]

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)*

☐

Yes

☒

No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If " Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)*

☐

Yes

☒

No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)*

☒

Yes

☐

No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)*

☐

Yes

☒

No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)*

☐

Yes

☒

No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).*

☐

Yes

☒

No

Supplemental Information

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

[illegible]

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

2010

Open to Public
Inspection

Name of the organization ALLINA HEALTH SYSTEM	Employer identification number 36-3261413
--	--

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

- 1

Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a

☒ Mail solicitations

b

☒ 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 services?

☒ 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 and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(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
		Yes	No			
RUFFALOCODY 65 KIRKWOOD NORTH ROAD SW CEDAR RAPIDS, IA 52404	TELEFUNDRAISING		No	29,735	23,388	6,347
IDC LTD 2500 PASEO VERDE PARKWAY HENDERSON, NV 89074	TELEFUNDRAISING		No	29,480	17,899	11,581
Total ▶				59,215	41,287	17,928

- 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.

MN, WI

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.

Revenue			(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events	
			3M CHAMPIONSHIP GOLF TOURNAMENT	ANNUAL SPRING GALA	2	(Add col (a) through col (c))	
			(event type)	(event type)	(total number)		
	1	Gross receipts	5,714,091	142,736	37,260	5,894,087	
	2	Less Charitable contributions		142,736	37,260	179,996	
	3	Gross income (line 1 minus line 2)	5,714,091			5,714,091	
Direct Expenses	4	Cash prizes	1,740,993			1,740,993	
	5	Non-cash prizes					
	6	Rent/facility costs	132,000	5,182		137,182	
	7	Food and beverages		15,855		15,855	
	8	Entertainment					
	9	Other direct expenses	4,483,771	11,256	11,407	4,506,434	
	10	Direct expense summary Add lines 4 through 9 in column (d). ▶					6,400,464
	11	Net income summary Combine lines 3 and 10 in column (d). ▶					-686,373

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.

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

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? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11

Does the organization operate gaming activities with nonmembers?

☐ Yes ☐ No

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?

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

a	The organization's facility	13a
b	An outside facility	13b

14

Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☐ No

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?

☐ Yes ☐ No

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 \$

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation
EXPLANATION OF FUNDRAISING PAYMENTS	SCHEDULE G, PART I, LINE 2B, COLUMN (V)	TELEFUNDRAISING

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

2010

Open to Public
Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	Yes	
b	If "Yes," is it a written policy?	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospitals <input type="checkbox"/> Applied uniformly to most hospitals <input type="checkbox"/> Generally tailored to individual hospitals		
3	Answer the following based on the the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care to low income individuals? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>275.000000000000 %</u> b Does the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?		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 eligible for free or discounted care?		
6a	Does the organization prepare a community benefit report during the tax year?	Yes	
6b	If "Yes," did the organization make it available to the public?	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheets 1 and 2)	0	0	28,624,921	0	28,624,921	1 240 %
b Unreimbursed Medicaid (from Worksheet 3, column a)	0	0	43,320,002	0	43,320,002	1 880 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)	0	0	0	0		
d Total Financial Assistance and Means-Tested Government Programs			71,944,923		71,944,923	3 120 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	170	8,803,173	9,817,340	648,904	9,168,436	0 400 %
f Health professions education (from Worksheet 5)	57	6,297	18,444,872	81,266	18,363,606	0 800 %
g Subsidized health services (from Worksheet 6)	10	288	2,538,198	30,550	2,507,648	0 110 %
h Research (from Worksheet 7)	15	86,134	5,633,843	0	5,633,843	0 240 %
i Cash and in-kind contributions to community groups (from Worksheet 8)	77	1,117,319	3,546,952	470,860	3,076,092	0 130 %
j Total Other Benefits	329	10,013,211	39,981,205	1,231,580	38,749,625	1 680 %
k Total. Add lines 7d and 7j	329	10,013,211	111,926,128	1,231,580	110,694,548	4 800 %

Part II

Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(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	0	0	0	0		
2 Economic development	7	210	45,159	0	45,159	0 %
3 Community support	22	1,174,028	279,070	0	279,070	0 010 %
4 Environmental improvements	3	3,500	1,176	0	1,176	0 %
5 Leadership development and training for community members	2	195	18,929	0	18,929	0 %
6 Coalition building	23	26,426	111,605	0	111,605	0 %
7 Community health improvement advocacy	14	2,302	47,911	0	47,911	0 %
8 Workforce development	13	2,659	347,675	0	347,675	0 010 %
9 Other	0	0	0	0		
10 Total	84	1,209,320	851,525		851,525	0 020 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No	
1	Did 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	37,261,244	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance 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 a portion of bad debt amounts as community benefit.			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	507,976,173	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	523,237,492	
7	Subtract line 6 from line 5. This is the surplus or (shortfall).	7	-15,261,319	
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.			
<input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other				

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes	
b	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 1 METROPOLITAN INTEGRATED CANCER CENTER LLC	RADIATION THERAPY	80 000 %		20 000 %
2 2 MOBILE IMAGING SERVICES LLC	DIAGNOSTIC IMAGING	50 000 %		50 000 %
3 3 MAGNETO LEASING LLC	EQUIPMENT LEASING	50 000 %		50 000 %
4 4 SUBURBAN IMAGING LLC	OUTPATIENT RADIOLOGY SERVICES	50 000 %		50 000 %
5 5 SOUTHWEST SURGICAL CENTER LLC	AMBULATORY SURGERY PROCEDURES	83 330 %		16 670 %
6 6 APPLE VALLEY BUILDING ASSOCIATES LLC	BUILDING	50 000 %		45 000 %
7 7 CROSBY CARDIOVASCULAR SERVICES LLC	CARDIOLOGY DIAGNOSTIC SERVICES	33 330 %		33 330 %
8 8 PREMIER FMC LLC	REAL ESTATE	5 000 %		52 500 %
9 9 ALEXANDRIA IMAGING LLC	CARDIOLOGY DIAGNOSTIC SERVICES	50 000 %		50 000 %
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities
(list in order of size, measured by total revenue per facility, from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 10

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)
1	ABBOTT NORTHWESTERN HOSPITAL 800 E 28TH STREET MINNEAPOLIS, MN 55407	X			X		X	X		
2	UNITED HOSPITAL 333 NORTH SMITH AVENUE ST PAUL, MN 55102	X			X		X	X		
3	MERCY HOSPITAL 4050 COON RAPIDS BLVD COON RAPIDS, MN 55433	X			X		X	X		
4	UNITY HOSPITAL 550 OSBORNE ROAD FRIDLEY, MN 55432	X					X	X		
5	CAMBRIDGE MEDICAL CENTER 701 S DELLWOOD STREET CAMBRIDGE, MN 55008	X						X		
6	BUFFALO HOSPITAL 303 CATLIN STREET BUFFALO, MN 55313	X						X		
7	NEW ULM MEDICAL CENTER 1324 FIFTH NORTH STREET NEW ULM, MN 56073	X				X		X		
8	OWATONNA HOSPITAL 903 S OAK AVE OWATONNA, MN 55060	X						X		
9	RIVER FALLS AREA HOSPITAL 1629 EAST DIVISION STREET RIVER FALLS, WI 54022	X				X		X		
10	PHILLIPS EYE INSTITUTE 2215 PARK AVENUE MINNEAPOLIS, MN 55404	X					X			

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, measured by total revenue per facility, from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 5

Name and address		Type of Facility (Describe)
1	SISTER KENNY REHABILITATION INSTITUTE 800 E 28TH STREET MINNEAPOLIS,MN 55407	REHABILITATION CLINIC
2	SISTER KENNY REHABILITATION INSTITUTE 800 E 28TH STREET MINNEAPOLIS,MN 55407	REHABILITATION CLINIC
3	SISTER KENNY REHABILITATION INSTITUTE 800 E 28TH STREET MINNEAPOLIS,MN 55407	REHABILITATION CLINIC
4	SISTER KENNY REHABILITATION INSTITUTE 800 E 28TH STREET MINNEAPOLIS,MN 55407	REHABILITATION CLINIC
5	SISTER KENNY REHABILITATION INSTITUTE 800 E 28TH STREET MINNEAPOLIS,MN 55407	REHABILITATION CLINIC
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 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 financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities 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)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 3C CHARITY CARE PROGRAM- THE COMMUNITY (PARTNERS) CARE PROGRAM A KEY COMPONENT OF ALLINA'S MISSION IS TO DELIVER COMPASSIONATE, HIGH QUALITY, AFFORDABLE HEALTH CARE SERVICES AND TO ADVOCATE FOR THOSE WITH LIMITED FINANCIAL MEANS ALLINA STRIVES TO ENSURE THAT THE FINANCIAL CAPACITY OF PEOPLE WHO NEED HEALTH CARE SERVICES DOES NOT PREVENT THEM FROM SEEKING OR RECEIVING MEDICAL CARE THEREFORE, ALLINA HAS SEVERAL FINANCIAL ASSISTANCE PROGRAMS INCLUDING A ROBUST CHARITY CARE PROGRAM KNOWN AS THE COMMUNITY (PARTNERS) CARE PROGRAM WHICH PROVIDES FREE CARE TO ALL PERSONS AT OR BELOW 275 PERCENT OF THE FEDERAL POVERTY GUIDELINES AS PUBLISHED ANNUALLY IN THE FEDERAL REGISTRAR THE CHARITY CARE PROGRAM ALSO PROVIDES FOR THE CONSIDERATION OF SPECIAL CIRCUMSTANCES FOR THE "MEDICALLY INDIGENT" THE ORGANIZATION EXTENDS THE CHARITY CARE PROGRAM IN INSTANCES THE ORGANIZATION HAS DETERMINED THE PATIENT IS UNABLE TO PAY SOME OR ALL OF THEIR MEDICAL BILLS DUE TO CATASTROPHIC CIRCUMSTANCES EVEN THOUGH THEY HAVE INCOME OR ASSETS THAT OTHERWISE EXCEED THE GENERALLY APPLICABLE ELIGIBILITY CRITERIA FOR THE FREE CARE PROGRAM OR THE DISCOUNTED CARE PROGRAM (DESCRIBED BELOW) UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAM GUIDELINES DISCOUNTED CARE PROGRAM - UNINSURED DISCOUNT PROGRAM ALLINA ALSO HAS A FINANCIAL ASSISTANCE PROGRAM KNOWN AS THE UNINSURED DISCOUNT PROGRAM THAT PROVIDES A DISCOUNT ON BILLED CHARGES TO UNINSURED PATIENTS, AND INSURED PATIENTS WHO RECEIVE UNINSURED TREATMENT, FOR MEDICALLY NECESSARY CARE RECEIVED FROM ANY ALLINA HOSPITAL, HOSPITAL BASED CLINIC AND WHOLLY-OWNED AMBULATORY SURGERY CENTERS THE UNINSURED DISCOUNT PROGRAM DOES NOT USE FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY INSTEAD, UNINSURED PATIENTS AND INSURED PATIENTS WHO RECEIVE UNINSURED TREATMENT ARE ELIGIBLE FOR A DISCOUNT BASED UPON THEIR INCOME LEVEL AND THE LOCATION OF THE SERVICES PROVIDED ALL PATIENTS WITH AN ANNUAL INCOME AT OR BELOW \$125,000 ARE ELIGIBLE FOR A DISCOUNT THE DISCOUNT IS ALSO GENERALLY EXTENDED TO PATIENTS WITH AN ANNUAL INCOME ABOVE \$125,000 THERE ARE TWO DISCOUNTS LEVELS ESTABLISHED, ONE FOR METRO HOSPITALS AND THEIR HOSPITAL BASED CLINICS AND ONE FOR REGIONAL HOSPITALS AND THEIR HOSPITAL BASED CLINICS WITHIN THE ALLINA SYSTEM ALLINA'S UNINSURED DISCOUNT PROGRAM PROVIDES A DISCOUNT TO BILLED CHARGES FOR UNINSURED PATIENTS BASED ON ALLINA'S MOST FAVORED INSURER WHICH PROVIDES A SUBSTANTIAL DISCOUNT TO BILLED CHARGES

Additional Data

Software ID:

Software Version:

EIN: 36-3261413

Name: ALLINA HEALTH SYSTEM

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			
WILLIAM BEER DIRECTOR	2 00	X						0	0	0
GARY BHOJWANI DIRECTOR	2 00	X						2,500	0	0
NATE GARVIS DIRECTOR	2 00	X						12,000	0	0
JOSEPH GOSWITZ MD DIRECTOR	2 00	X						0	0	0
SUBBARAO INAMPUDI MD DIRECTOR	2 00	X						17,539	0	0
MARK JORDAHL DIRECTOR	2 00	X						4,500	0	0
CHRISTINE MORRISON DIRECTOR/VICE CHAIR	3 00	X						1,345	0	0
JEAN DELANEY NELSON DIRECTOR	2 00	X						0	0	0
HUGH NIERENGARTEN DIRECTOR	2 00	X						14,418	0	0
KENNETH PAULUS PRESIDENT & CEO	40 00	X		X				1,321,114	0	545,392
GLORIA PEREZ DIRECTOR	2 00	X						10,000	0	0
DEAN PHILLIPS DIRECTOR/CHAIRMAN	4 00	X						0	0	0
STEPHEN REMOLE MD DIRECTOR	2 00	X						7,156	0	0
REBECCA ROLOFF DIRECTOR	2 00	X						17,400	0	0
TERRY SAARIO PHD DIRECTOR	2 00	X						7,500	0	0
MARK SHEFFERT DIRECTOR	2 00	X						10,103	0	0
EDSON SPENCER JR DIRECTOR	2 00	X						7,250	0	0
MICHAEL TATTERSFIELD DIRECTOR	2 00	X						0	0	0
JOAN THOMPSON DIRECTOR	2 00	X						12,000	0	0
RODNEY YOUNG DIRECTOR	2 00	X						15,000	0	0
MARGARET BUTLER SVP, HUMAN RESOURCES	40 00			X				400,369	0	198,364
DUNCAN GALLAGHER TREASURER/EVP/CFO	40 00			X				629,166	0	179,893
MARGARET HASBROUCK VP PAYOR CONTRACT/REIMB	40 00			X				279,344	0	70,833
SUSAN HEICHERT SVP, CHIEF INFO OFFICER	40 00			X				359,194	0	41,464
CHRISTOPHER HUGHES VP, REVENUE CYCLE MGMT	40 00			X				172,136	0	36,092

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(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			
DEREK KANG SVP, CHIEF COMPLIANCE OFF	40 00			X				44,155	0	10,697
LAURIE LAFONTAINE VP, FINANCE & TREASURY	40 00			X				429,154	0	99,657
TOM O'CONNOR PRESIDENT MERCY HOSPITAL	40 00			X				609,374	0	230,873
JEFFEREY PETERSON PRESIDENT- ABBOTT NW HOSP	40 00			X				850,357	0	277,099
RICKIE RESSLER PRESIDENT UNITY HOSPITAL	40 00			X				282,664	0	34,118
TOMI RYBA PRESIDENT-UNITED HOSPITAL	40 00			X				657,474	0	198,926
SHANE SEYMOUR VP-PHILANTHROPY	40 00			X				361,248	0	13,535
ELIZABETH TRUESDELL SMITH SECRETARY/SVP GEN COUN	40 00			X				386,468	0	133,625
JOHN STOLTENBERG MD INTERIM PRES-UNITY HOSPITAL	40 00			X				495,650	0	86,083
PENNY WHEELER MD EVP, CHIEF CLINICAL OFFICER	40 00			X				742,217	0	250,326
ROBERT WIELAND MD EVP, AMBULATORY CARE	40 00			X				545,359	0	213,303
JOANN YOHN VP-REVENUE CYCLE MGMT	40 00			X				220,816	0	39,693
SANDRA SCHMITT EVP STRATEGY AND OPS	40 00				X			548,061	0	78,746
SURESHBABU AHANYA MD PHYSICIAN	40 00					X		995,527	0	84,295
DANIEL BUSS MD PHYSICIAN	40 00					X		1,250,342	0	104,040
MICHAEL FREEHILL MD PHYSICIAN	40 00					X		1,008,620	0	80,760
EMANUEL GAZIANO MD PHYSICIAN	40 00					X		1,016,419	0	58,935
WILLIAM WAGNER MD PHYSICIAN	40 00					X		923,874	0	93,714
ELAINE VOSS FORMER DIRECTOR							X	35,241	0	0
MARY FOARDE FORMER SEC/GENERAL COUN							X	182,819	0	0
RICHARD PETTINGILL FORMER PRESIDENT/CEO							X	210,344	0	0
ANDREW PUGH FORMER SECRETARY/VP LEGAL							X	283,133	0	73,217
GARY STRONG FORMER CHIEF ADMIN OFF							X	203,726	0	597

4d. Other program services			
(Code)	(Expenses \$ 37,095,681	including grants of \$)	(Revenue \$)
<p>COMMUNITY SERVICES ALLINA IS COMMITTED TO SUPPORTING PROGRAMS AND SERVICES THAT ADDRESS COMMUNITY NEEDS IN 2010, ALLINA CONTRIBUTED \$37,095,681 TO COMMUNITY PROGRAMS AND SERVICES TO ADVANCE THE HEALTH OF THE BROADER COMMUNITY. BELOW ARE EXAMPLES OF PROGRAMS AND SERVICES ALLINA PROVIDES WITHIN THE COMMUNITIES WE SERVE UNDER CATEGORIES PROVIDED BY THE CATHOLIC HEALTHCARE ASSOCIATION (CHA) AND VHA, INC. COMMUNITY HEALTH IMPROVEMENT SERVICES ACCORDING TO THE CHA/VHA GUIDELINES, COMMUNITY HEALTH IMPROVEMENT SERVICES INCLUDE ACTIVITIES TO IMPROVE COMMUNITY HEALTH THAT ARE SUBSIDIZED BY THE HEALTH CARE ORGANIZATION AND DO NOT GENERATE INPATIENT OR OUTPATIENT BILLS. ALLINA HOSPITALS & CLINICS PROVIDES MANY SERVICES THAT FALL UNDER THIS CATEGORY. A FEW EXAMPLES INCLUDE:</p> <p>DAAN PROGRAM - DAAN IS A COMMUNITY-BASED PROGRAM FOCUSED ON FOSTERING SUSTAINABLE CHANGE IN THE OVERALL WELLNESS OF ADULTS AND CHILDREN BY PROMOTING HEALTHY LIVING THROUGH INFORMED NUTRITIONAL CHOICES AND INCREASED PHYSICAL ACTIVITY. TO HELP ACHIEVE THIS GOAL, EDUCATION AND HEALTH CARE EXPERTS DEVELOPED A DAAN AT SCHOOL PROGRAM THAT OVERLAYS THE EXISTING HEALTH AND PHYSICAL EDUCATION CURRICULUM. IN 2010, THERE WERE 14 SCHOOLS IN THE BUFFALO HOSPITAL SERVICE AREA THAT WERE PARTNERING WITH THE HOSPITAL TO IMPLEMENT THIS CURRICULUM TO SERVE ROUGHLY 2,500 CHILDREN AND TEACHERS. IN ADDITION, DAAN ALSO PROVIDED OPPORTUNITIES FOR THE ADULTS IN THE COMMUNITY THROUGH THE DAAN AT HOME AND DAAN AT WORK CURRICULA. THE DAAN AT HOME PROGRAM BEGAN IN 2009 AND FOCUSES ON HEALTH COACHING TO LOWER BLOOD PRESSURE AMONG PATIENTS WITHIN THE CLINICAL HYPERTENSION PROGRAM BY FOCUSING ON PHYSICAL ACTIVITY UTILIZING Pedometers. IN 2010, DAAN AT HOME SERVED 18 PATIENTS. THE DAAN AT WORK PROGRAM SERVES EMPLOYEES WITHIN THE COMMUNITY BY PROVIDING WELLNESS PROGRAMMING IN THE FORM OF HEALTH COACHING, CLASS PRESENTATION, METABOLIC TESTING, CAMPAIGN MANAGEMENT, EXECUTIVE PHYSICALS AND EDUCATION. IN 2010, THERE WERE 1,850 PARTICIPANTS.</p> <p>POWER BY THE HOUR - THE POWER BY THE HOUR PROGRAM IS A NUTRITION EDUCATION AND PHYSICAL FITNESS PROGRAM DESIGNED TO INCREASE AWARENESS AND IMPROVE BEHAVIORS AROUND HEALTHY EATING AND EXERCISE IN ELEMENTARY AGED CHILDREN. IN 2010, THE PROGRAM CONTINUED TO REACH NUMEROUS YOUTH INCLUDING OFFERINGS AT 40 ADDITIONAL SCHOOLS AND COMMUNITY ORGANIZATIONS SPANNING THE ENTIRE ALLINA SERVICE AREA. THE YMCA CONTINUES TO INCORPORATE THE POWER BY THE HOUR PROGRAM IN 40 YMCAS THROUGHOUT THE TWIN CITIES AND WESTERN WISCONSIN. POWER BY THE HOUR WAS FEATURED IN LOCAL NEWSPAPERS AND TELEVISION SPOTLIGHTS AS A SUCCESSFUL PROGRAM TO ADDRESS OBESITY AND PROMOTE HEALTHIER LIFESTYLES. TO DATE, MORE THAN 4,000 YOUTH HAVE PARTICIPATED IN POWER BY THE HOUR.</p> <p>HEART SAFE COMMUNITIES - ALLINA'S HEART SAFE COMMUNITIES PROGRAM INCREASES SURVIVAL FROM SUDDEN CARDIAC ARREST, A LEADING CAUSE OF DEATH, BY PLACING AUTOMATED EXTERNAL DEFIBRILLATORS (AEDS) WHERE PEOPLE LIVE, LEARN, WORK AND PLAY AND TRAINING INDIVIDUALS IN THE COMMUNITY ON CPR AND AED USE. IN 2010, HEART SAFE COMMUNITIES PLACED 142 AEDS THROUGHOUT COMMUNITIES IN MINNESOTA AND TRAINED 2,066 COMMUNITY MEMBERS ON CPR AND THE USE OF AEDS. THOSE NUMBERS INCLUDED 18 AEDS GIVEN TO ALLINA'S COMMUNITY ENGAGEMENT GROUPS, WHO THEN DONATED TO THOSE COMMUNITIES IN THEIR AREA. WE WERE ALSO ABLE TO DESIGNATE 4 NEW COMMUNITIES AS HEART SAFE COMMUNITIES FOLLOWING THEIR WORK IN STRENGTHENING THE CHAIN OF SURVIVAL FOR THEIR CITIZENS AND ATTENDED OVER 40 COMMUNITY EVENTS EDUCATING PEOPLE ON THE IMPORTANCE OF EARLY CPR AND AED USE.</p> <p>MEDICATION ASSISTANCE PROGRAM - THE MEDICATION ASSISTANCE PROGRAM PROVIDES PRESCRIPTION MEDICATIONS AT NO-COST FOR INDIVIDUALS WITH MENTAL HEALTH PROBLEMS THAT ARE EXPERIENCING A CRISIS AND HAVE NO ACCESS TO PSYCHIATRIC MEDICATIONS FOR FINANCIAL REASONS. THE GOAL OF THE PROGRAM IS TO IMPROVE ACCESS TO, AND MANAGEMENT OF, PSYCHIATRIC MEDICATIONS FOR A DEFINED POPULATION THAT IS PRESENTLY ENCOUNTERING BARRIERS IN OBTAINING AND/OR MANAGING NEEDED MEDICATIONS. IN 2010, THE PROGRAM SERVED 173 PATIENTS.</p> <p>MEDIGLIGIBLE - MEDIGLIGIBLE SERVICES SUPPORTS PATIENTS WHO HAVE DIFFICULTY PAYING THEIR MEDICAL BILLS. THE STAFF HELPS PATIENTS APPLY TO FEDERAL, STATE, AND COUNTY AID PROGRAMS SUCH AS MEDICAID, MEDICARE, SOCIAL SECURITY, FOOD STAMPS, EMERGENCY FOOD AND SHELTER. MEDIGLIGIBLE SERVICES EDUCATES PATIENTS AND THEIR FAMILIES ABOUT THE ADVANTAGES OF THESE PROGRAMS AND WORKS WITH THEM TO GET THE HELP THEY NEED. IN 2010, MEDIGLIGIBLE SERVICES ASSISTED OVER 7,000 INDIVIDUALS.</p> <p>ALLINA COM - OTHER COMMUNITY PROGRAMS AND HEALTH INFORMATION IS AVAILABLE ON ALLINA'S WEBSITE. THIS WEBSITE OFFERS ACCESS TO THE LATEST HEALTH INFORMATION REGARDING NUMEROUS DISEASES AND CONDITIONS AND LINKS TO ALLINA'S FINANCIAL ASSISTANCE SERVICES AND MEDFORMATION INFORMATION. THE WEBSITE ADDRESS IS HTTP://WWW.ALLINA.COM/FREE-CLINICS.</p> <p>OWATONNA, MN AND RIVER FALLS, WI - TWO OF OUR HOSPITALS ARE INVOLVED IN THE DEVELOPMENT AND MAINTENANCE OF FREE CLINICS SERVING THEIR SURROUNDING COUNTIES. ALL SERVICES PROVIDED BY THE CLINICS ARE PROVIDED FREE OF CHARGE AND INCLUDE PREVENTABLE HEALTH CARE AND ACCESS TO PRESCRIPTION DRUGS FOR UNINSURED INDIVIDUALS AND FAMILIES. IN 2010, THE FREE CLINIC OF PIERCE AND ST. CROIX COUNTIES IN WISCONSIN PROVIDED CARE THROUGH A TOTAL OF 2,502 PATIENT VISITS, DISPENSING 5,667 PRESCRIPTIONS WITH A TOTAL RETAIL VALUE OF \$554,478.</p> <p>HEALTH PROFESSIONS EDUCATION ALLINA ACTIVELY SUPPORTS NUMEROUS MEDICAL EDUCATION ACTIVITIES FOR PROVIDERS, HEALTH CARE STUDENTS AND OTHER HEALTH PROFESSIONALS. IN 2009, ALLINA INVESTED OVER \$15 MILLION IN INTERNSHIP OPPORTUNITIES, MENTORING PARTNERSHIPS, AND GRADUATE MEDICAL EDUCATION PROGRAMMING. ALLINA'S COMMITMENT TO THE EDUCATION, TRAINING AND DEVELOPMENT OF FUTURE HEALTH CARE PROFESSIONALS ENSURES THE AVAILABILITY OF A HIGHLY TRAINED WORKFORCE TO MEET THE COMMUNITY'S HEALTH CARE NEEDS.</p> <p>RESEARCH ALLINA PARTICIPATES IN CLINICAL AND COMMUNITY HEALTH RESEARCH THAT IS FOCUSED ON IMPROVING COMMUNITY HEALTH. IN 2010, ALLINA CONTINUED TO SUPPORT TWO COMMUNITY HEALTH IMPROVEMENT RESEARCH PROJECTS: THE HEART OF NEW ULM AND THE BACKYARD INITIATIVE AS A MEANS TO UNDERSTAND HOW TO IMPACT BROADER COMMUNITY HEALTH THROUGH COMMUNITY-LEVEL INTERVENTIONS. ALLINA ALSO WRAPPED UP A PILOT PROJECT RELATED TO A NEW APPROACH TO PRIMARY CARE THROUGH THE USE OF CARE GUIDES AS A MEANS TO IMPACT HEALTH OUTCOMES FOR PATIENTS WITH CHRONIC DISEASES. THE PILOT THEN ENTERED INTO A LARGE, RANDOMIZED-CONTROL TRIAL WITH OVER 2,000 PATIENTS WITH CHRONIC CONDITIONS TO UNDERSTAND THE LONG-TERM HEALTH OUTCOMES RELATED TO THE USE OF CARE GUIDES. IN ADDITION TO RESEARCH PROJECTS, ALLINA OPERATES INSTITUTIONAL REVIEW BOARDS TO PROTECT COMMUNITY MEMBERS WHO PARTICIPATE IN CLINICAL AND COMMUNITY HEALTH RESEARCH. IN TOTAL, ALLINA INVESTED OVER \$5.6 MILLION TOWARD THIS RESEARCH IN 2010.</p> <p>FINANCIAL AND IN-KIND CONTRIBUTIONS ALLINA PROVIDES NUMEROUS IN-KIND AND MONETARY CONTRIBUTIONS TO INDIVIDUALS AND OTHER NOT-FOR-PROFIT ORGANIZATIONS TO SUPPORT COMMUNITY NEEDS. IN 2010, ALLINA FUNDED OVER \$3 MILLION FOR DONATIONS OF EQUIPMENT, SUPPLIES, FREE MEALS, STAFF TIME AND SPONSORSHIP OF VARIOUS CIVIC AWARDS, COMMUNITY PROGRAMS AND EVENTS. COMMUNITY-BUILDING ACTIVITIES ALLINA AND ITS EMPLOYEES ARE ACTIVE PARTICIPANTS IN VARIOUS COMMUNITY ACTIVITIES THAT TARGET THE ROOT CAUSES OF HEALTH PROBLEMS, SUCH AS POVERTY, HOMELESSNESS AND ENVIRONMENTAL ISSUES. EXAMPLES INCLUDE TAKING A LEADERSHIP ROLE IN PLANNING A LARGE-SCALE NATIONAL NIGHT OUT CELEBRATION IN A HIGHLY DIVERSE AND LOW-INCOME NEIGHBORHOOD IN MINNEAPOLIS, IMPLEMENTING HOSPITAL TRAIN-TO-WORK PROGRAMS, DISASTER PREPAREDNESS PLANNING, AND PARTICIPATING IN VARIOUS COMMUNITY COALITIONS.</p> <p>COMMUNITY BENEFIT OPERATIONS ALLINA USES DEDICATED STAFF FOR THE ASSESSMENT AND MANAGEMENT OF COMMUNITY BENEFIT PROGRAMS AND NEEDS.</p>			

Identifier	ReturnReference	Explanation
		PART I, LINE 6A ALLINA'S ANNUAL COMMUNITY BENEFIT REPORT IS AVAILABLE UPON REQUEST SEE CONTACT INFORMATION CONTAINED IN SCHEDULE O TO OBTAIN A COPY

Identifier	ReturnReference	Explanation
		PART I, LINE 7 WHERE APPROPRIATE, THE ORGANIZATION USES A RATIO OF PATIENT CARE COSTS TO CHARGES ("COST TO CHARGE RATIO") TO CALCULATE THE AMOUNTS REPORTED FOR PART I, LINE 7 (THE TABLE)

Identifier	ReturnReference	Explanation
		PART I, LINE 7G THE AMOUNT REPORTED AS SUBSIDIZED HEALTH SERVICES DOES NOT INCLUDE ANY COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE INCLUDED IN FORM 990, PART IX, LINE 25 HAS BEEN SUBTRACTED FOR THE PURPOSE OF CALCULATING THE AMOUNTS REPORTED IN COLUMN 7F

Identifier	ReturnReference	Explanation
		<p>PART II COMMUNITY-BUILDING ACTIVITIES</p> <p>UNDERSTANDING THAT GOOD HEALTH IS DEPENDENT ON SOCIETAL, COMMUNITY, AND FAMILY ENVIRONMENTS AS WELL AS INDIVIDUAL CHOICES, AND IS BIGGER THAN THE PROVISION OF HEALTH CARE, ALLINA HAS PURPOSEFULLY SET OUT TO ENGAGE IN COMMUNITY ACTIVITIES THAT ADDRESS THE ROOT CAUSES OF HEALTH PROBLEMS SUCH AS POVERTY, HOMELESSNESS AND ENVIRONMENTAL ISSUES</p> <p>RESEARCH SHOWS THAT MANY OF THESE ROOT CAUSES ARE DIRECTLY TIED TO POOR HEALTH IF GONE IGNORED, PARTICULARLY AMONG LOW-INCOME, MINORITY POPULATIONS BELOW ARE A FEW EXAMPLES OF WAYS THAT OUR TEN HOSPITALS PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES IN 2010</p> <p>NATIONAL NIGHT OUT ALLINA TOOK A LEADERSHIP ROLE IN PLANNING A LARGE-SCALE NATIONAL NIGHT OUT CELEBRATION IN A HIGHLY DIVERSE, LOW-INCOME NEIGHBORHOOD IN MINNEAPOLIS AS A MEANS TO ENGAGE IN PUBLIC SAFETY ISSUES AND CONCERNS WITH RESIDENTS WHO LIVE AROUND ABBOTT NORTHWESTERN HOSPITAL, PHILLIPS EYE INSTITUTE AND ALLINA'S CORPORATE HEADQUARTERS THE NEIGHBORHOODS SURROUNDING THESE HOSPITALS AND OFFICES ARE IMPACTED BY SOME OF THE HIGHEST CRIME RATES IN THE STATE OF MINNESOTA ALLINA HAS BEEN ENGAGED IN WORK RELATED TO SAFETY OF THE NEIGHBORHOODS FOR DECADES DUE TO POSITION IN THE COMMUNITY AND CONCERN FOR PATIENTS, EMPLOYEES AND COMMUNITY MEMBERS</p> <p>IN PARTNERING WITH COMMUNITY DURING NATIONAL NIGHT OUT, BUSINESSES AND RESIDENTS CAME TOGETHER TO GET TO KNOW AND PROTECT EACH OTHER AS A MEANS TO BUILD PRIDE AND SAFETY IN THE COMMUNITY AS A RESULT, THE COMMUNITY WILL HAVE SAFER STREETS AND PARKS TO USE, BUSINESSES WILL THRIVE, RESIDENTS AND BUSINESSES WILL BE CONNECTED TO ONE ANOTHER AND STRESS WILL BE REDUCED</p> <p>TRAIN-TO-WORKMANY OF ALLINA'S HOSPITALS HAVE TRAIN-TO-WORK PROGRAMS AS A MEANS TO BUILD A FUTURE WORKFORCE WITHIN AND OUTSIDE OF OUR ORGANIZATION BY FOCUSING ON BUILDING THE WORKFORCE, THE GOAL IS THAT THERE WILL BE AN INCREASE IN PERSONAL EMPLOYMENT AND ECONOMIC AND WORKFORCE STABILITY</p> <p>ABBOTT NORTHWESTERN HOSPITAL, BUFFALO HOSPITAL, UNITED HOSPITAL, AND UNITY HOSPITAL ALL PROVIDE TRAIN-TO-WORK PROGRAMS WITHIN THEIR FACILITIES AND HAVE DEVELOPED PARTNERSHIPS WITH LOCAL SCHOOLS AND COMMUNITY ORGANIZATIONS IN THE PROCESS</p> <p>COMMUNITY COALITIONSALL ALLINA HOSPITALS PARTICIPATE ON LOCAL COMMUNITY COALITIONS AS A WAY TO RESPOND TO COMMUNITY NEEDS THROUGH COLLABORATION AND PARTNERSHIP THESE COALITIONS PROVIDE THE HOSPITALS THE OPPORTUNITIES TO BUILD RELATIONSHIPS AND DETERMINE HOW BEST TO LEVERAGE LOCAL RESOURCES TO ADDRESS COMMUNITY NEEDS, NEEDS THAT EXIST OUTSIDE THE TRADITIONAL REALM OF HEALTH CARE ALLINA HOSPITALS ARE PRESENT AT THOSE DISCUSSIONS TO DETERMINE THE ROLE HEALTH CARE CAN PLAY AN EXAMPLE OF THIS IS ALLINA HOSPITALS' PARTICIPATION ON THE STATEWIDE HEALTH IMPROVEMENT PROGRAM (SHIP) COALITIONS THAT EXIST IN EACH COUNTY IN THE ALLINA SERVICE AREA</p> <p>IN ADDITION TO COMMUNITY-BUILDING ACTIVITIES THAT RELATED TO ROOT CAUSES OF HEALTH, ALLINA WAS ALSO ENGAGED IN ACTIVITIES THAT WERE RELATED TO DISASTER PREPAREDNESS</p> <p>DISASTER PREPAREDNESSALLINA HOSPITALS ENGAGED IN AND LED DISASTER PREPAREDNESS PLANNING TO ENSURE SAFETY, EFFICIENCY AND EXCELLENT HEALTH CARE DURING TIMES OF TRAGEDY AND/OR UPSET THIS INCLUDED PLANNING MEETINGS AND COMMUNITY MEETINGS/TRAININGS, AMONG OTHER THINGS THESE PROGRAMS AND SERVICES, AMONG OTHERS, PROVIDE THE HOSPITALS WITHIN OUR SYSTEM THE OPPORTUNITY TO IMPACT COMMUNITY HEALTH BEFORE IT BECOMES PROBLEMATIC AND EXPENSIVE</p> <p>IN ADDITION, THIS IMPORTANT WORK IS SUPPORTED BY THE MISSION OF OUR ORGANIZATION AND IS OUR RESPONSIBILITY AS A NOT-FOR-PROFIT HEALTH CARE ORGANIZATION WE WILL CONTINUE TO CONTRIBUTE TO IMPROVING THE HEALTH OF THE COMMUNITIES WE SERVE THROUGH THE PROMOTION OF COMMUNITY HEALTH</p>

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 THE ORGANIZATION HAS ADOPTED HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION [HFMA] STATEMENT NO 15, VALUATION AND FINANCIAL STATEMENT PRESENTATION OF CHARITY CARE A ND BAD DEBTS BY INSTITUTIONAL HEALTHCARE PROVIDERS (STATEMENT 15) AS DISCLOSED IN THE FOO TNOTES TO THE ORGANIZATION'S AUDITED FINANCIAL STATEMENTS (AS PROVIDED BELOW VERBATIM), TH E PROVISIONS FOR BAD DEBT AND CHARITY CARE ARE BASED UPON MANAGEMENT'S ASSESSMENT OF HISTO RICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL AND ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS THEREFORE, THE BAD DEBT AMOUNT ST ATED FOR FINANCIAL REPORTING PURPOSES IS REPORTED "NET" OF ANY ANTICIPATED PATIENT DISCOUN TS TO WHICH THE PATIENT MAY BE ELIGIBLE INCLUDING, BUT NOT LIMITED TO, THE UNINSURED DISCO UNT PROGRAM (DISCUSSED ABOVE) AND REFLECTS THE ESTIMATED AMOUNT REPORTED AS "NET PATIENT S ERVICE REVENUE" DURING THE CURRENT PERIOD OR ANY PREVIOUS PERIOD THIS DOES NOT NECESSARIL Y EQUAL THE "COST" TO PROVIDE THE MEDICAL SERVICES ALSO ,NOTE THAT AMOUNTS RELATED TO PAT IENTS WHO HAVE QUALIFIED UNDER THE CHARITY CARE PROGRAM ARE NOT INCLUDED IN EITHER NET PAT IENT REVENUE OR IN BAD DEBT EXPENSE IN OTHER WORDS, THE BAD DEBT EXPENSE AS REPORTED IN T HE EXPENSE SECTION OF THE FINANCIAL STATEMENTS AND FUNCTIONAL EXPENSE STATEMENT OF THE FOR M 990 DOES NOT INCLUDE AMOUNTS RELATED TO QUALIFIED CHARITY CARE PATIENTS AND IS STATED AT THE "NET" EXPECTED OR ANTICIPATED COLLECTION AMOUNT WHICH MAY BE SIGNIFICANTLY DIFFERENT THAN PATIENT CHARGES DUE TO THE APPLICATION OF DISCOUNTS SUCH AS THOSE PROVIDED UNDER THE UNINSURED DISCOUNT PROGRAM THIS AMOUNT ALSO CONSTITUTES A DIFFERENT AMOUNT THAN THE ORGAN IZATION'S ACTUAL COST TO PROVIDE THE MEDICAL SERVICES TO ARRIVE AT THE FORM 990, PART III , LINE 2 BAD DEBT "AT COST", THE ORGANIZATION HAS APPLIED A RATIO OF PATIENT CARE COST TO CHARGES (COST TO CHARGE RATIO)TO THE ESTIMATED PATIENT CHARGE AMOUNT INCLUDED IN BAD DEBT AFTER REMOVING THE ANTICIPATED DISCOUNTS THE COST TO CHARGE RATIO IS CALCULATED INDEPEND ENTLY FOR EACH HOSPITAL OR OPERATING UNIT THE RESULTING BAD DEBT (AT COST) AMOUNT FOR EAC H HOSPITAL AND OPERATING UNIT IS THEN AGGREGATED TO ARRIVE AT THE BAD DEBT (AT COST) REPORT ED ON LINE 2 THIS PROCESS PROVIDES A VERY CONSERVATIVE ESTIMATE OF THE ORGANIZATION'S BA D DEBT (AT COST) THE ORGANIZATION HAS A ROBUST PROCESS FOR ADMINISTERING THE ORGANIZATION 'S FINANCIAL ASSISTANCE PROGRAMS INCLUDING THE CHARITY CARE AND UNINSURED DISCOUNT PROGRAM DESCRIBED IN FURTHER DETAIL IN PART VI, LINE 3 EACH PATIENT IS PROVIDED NUMEROUS OPPORTU NITIES TO APPLY TO THE COMMUNITY CARE PROGRAM AND TO PARTICIPATE, IF QUALIFIED, TO RECEIVE FREE OR DISCOUNTED MEDICAL CARE OR BE ENROLLED IN A GOVERNMENT SPONSORED MEDICAL CARE PRO GRAM UNDER THE ORGANIZATIONS VARIOUS FINANCIAL ASSISTANCE PROGRAMS THE ADMINISTRATIVE PRO CESS INCLUDES IDENTIFYING ANY PATIENT WITH A FINANCIAL CONCERN, AS WELL AS INFORMING, COUN SELING, QUALIFYING AND ASSISTING PATIENTS TO APPLY FOR THE ORGANIZATION'S CHARITY CARE AND OTHER FINANCIAL ASSISTANCE PROGRAMS ALTHOUGH EACH PATIENT IS PROVIDED NUMEROUS OPPORTUNI TIES TO RECEIVE FINANCIAL ASSISTANCE AND INFORMED MULTIPLE TIMES OF THE CHARITY CARE PROGR AM PRIOR TO OUR CLASSIFYING THE AMOUNTS AS BAD DEBT, IT IS POSSIBLE THAT PATIENTS WHO WOULD QUALIFY FOR CHARITY CARE DO NOT COMPLETE THE APPLICATION THIS AMOUNT IS NOT REASONABLY ESTIMABLE AS A TAX-EXEMPT HOSPITAL ORGANIZATION WE ARE REQUIRED TO PROVIDE NECESSARY MEDI CAL CARE REGARDLESS OF THE PATIENT'S ABILITY TO PAY FOR THE SERVICES PROVIDED DUE TO CIRC UMSTANCES BEYOND OUR CONTROL, A PERSON WHO WOULD OTHERWISE QUALIFY UNDER THE CHARITY CARE PROGRAM MAY NOT PROVIDE US THE NECESSARY INFORMATION, QUALIFY FOR THE PROGRAM, AND RECEIVE FREE CARE ALLOWING US TO CLASSIFY AND QUANTIFY IT ACCORDINGLY AND AS SUCH ULTIMATELY, TH OSE AMOUNTS ARE WRITTEN-OFF AND REPORTED AS BAD DEBT EXPENSE ANY METHODOLOGY WE COULD USE TO QUANTIFY AND PROVIDE AN ESTIMATE OF HOW MUCH BAD DEBT (AT COST AND IF ANY) REPORTED ON LINE 2 REASONABLY COULD BE ATTRIBUTABLE TO PERSONS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE POLICY AND FOR US TO PROVIDE AN ESTIMATE OF WHAT PORTION OF BAD DEBT, IF ANY, THE ORGANIZATION BELIEVES SHOULD CONSTITUTE COMMUNIT Y BENEFIT WOULD BE PURELY SPECULATIVE, IMPRECISE AND SUBJECT TO INHERENT METHODOLOGY FLAWS WHILE WE FIRMLY BELIEVE, FOR THE REASONS STATED ABOVE, THAT SOME COMPONENT OF OUR REPORT ED BAD DEBT EXPENSE (AT COST) ON LINE 2 CONSTITUTES AMOUNTS RELATED TO PERSONS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE PROGRAM, WE C ANNOT REASONABLY QUANTIFY THE AMOUNT AND RESPECTFULLY DECLINE THE OPPORTUNITY TO PROVIDE A N AMOUNT THEREFORE, WE HAVE REPORTED ZERO OR NONE FOR FORM 990, SCHEDULE H, PART III, LIN E 3 FOOTNOTES TO AUDITED FINANCIAL STATEMENT THAT DESCRIBE BAD DEBT EXPENSE ARE AS FOLLOWS 2N SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES/N</p>

Identifier	ReturnReference	Explanation
		ET PATIENT SERVICE REVENUE NET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS AND THIRD-PARTY PAYERS FOR SERVICES PROVIDED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS DUE TO AUDITS, REVIEWS, AND INVESTIGATIONS. RETROACTIVE ADJUSTMENTS ARE CONSIDERED IN THE RECOGNITION OF REVENUE ON AN ESTIMATED BASIS IN THE PERIOD THE RELATED SERVICES ARE RENDERED, AND SUCH AMOUNTS ARE ADJUSTED IN FUTURE PERIODS AS ADJUSTMENTS BECOME KNOWN OR AS SUCH REVENUE IS NO LONGER SUBJECT TO SUCH AUDITS, REVIEWS, AND INVESTIGATIONS. THE PROVISIONS FOR BAD DEBTS AND CHARITY CARE ARE BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS. AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, THE SYSTEM FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST-DUE PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY THE SYSTEM.

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 8 THE ORGANIZATION HAS MORE THAN ONE MEDICARE PROVIDER NUMBER AND THEREFORE AGGREGATED THE AMOUNTS REPORTED IN THE MEDICARE COST REPORTS AS THE SOURCE FOR THE AMOUNTS REPORTED ON PART III, LINES 5 & 6 AS OUTLINED IN THE FORM 990, SCHEDULE H INSTRUCTIONS FOR MEDICARE COST REPORTS, ALLINA USES A RATIO OF PATIENT CARE COSTS TO CHARGES (COST TO CHARGE RATIO) TO DETERMINE MEDICARE ALLOWABLE COSTS. GENERALLY, THE RATIO IS CALCULATED AS THE TOTAL MEDICARE ALLOWABLE PATIENT COSTS OVER THE TOTAL PATIENT CHARGES. MEDICARE CHARGES MULTIPLIED BY THIS RATIO EQUALS THE MEDICARE ALLOWABLE COSTS REPORTED IN THE MEDICARE COST REPORTS. THE COST TO CHARGE RATIO IS CALCULATED INDEPENDENTLY FOR EACH MEDICARE COST REPORT/PROVIDER NUMBER. ALLINA BELIEVES THAT AT LEAST SOME PORTION OF THE COSTS WE INCUR IN EXCESS OF PAYMENTS RECEIVED FROM THE FEDERAL GOVERNMENT FOR PROVIDING MEDICAL SERVICES TO MEDICARE ENROLLEES AND BENEFICIARIES UNDER THE FEDERAL MEDICARE PROGRAM (SHORTFALL OR MEDICARE SHORTFALL) CONSTITUTES A COMMUNITY BENEFIT. ALLINA'S PROVIDING OF THESE SERVICES CLEARLY LESSENS THE BURDENS OF GOVERNMENT BY ALLEVIATING THE FEDERAL GOVERNMENT FROM HAVING TO DIRECTLY PROVIDE THESE MEDICAL SERVICES. AS DEMONSTRATED AND CALCULATED ON FORM 990, SCHEDULE H, PART III, LINE 7, OUR MEDICARE "ALLOWABLE COSTS" CLEARLY EXCEED THE PAYMENTS WE RECEIVE FOR PROVIDING THESE MEDICAL SERVICES UNDER THE MEDICARE PROGRAM. THE TRUE COMMUNITY BENEFIT FOR OUR PARTICIPATION IN THE CURRENT MEDICARE PROGRAM IS DEPENDENT ON HOW EFFICIENTLY AND COST EFFECTIVELY THE FEDERAL GOVERNMENT COULD OPERATE A DIRECT MEDICAL CARE MEDICARE PROGRAM OR ALTERNATIVELY THE COST TO THE GOVERNMENT TO CONTRACT OUT SUCH SERVICES THOUGH A COMPETITIVE BIDDING PROCESS IN THE OPEN MARKETS FOR THE SAME OR SIMILAR SERVICES. FACTORING IN ITEMS SUCH AS QUALITY OF CARE, OUTCOMES AND SIMILAR IMPORTANT FACTORS AS COMPARED TO ALLINA'S ACTUAL COSTS OF PROVIDING THE MEDICAL CARE, THE MEDICARE SHORTFALL CALCULATION ON THE FORM 990, SCHEDULE H, PART III, LINE 7 SIGNIFICANTLY UNDERSTATES ALLINA'S ACTUAL MEDICARE SHORTFALL FOR TWO REASONS. FIRST, ALLINA INCURS SIGNIFICANT COSTS IN EXCESS OF PAYMENTS UNDER THE MEDICARE PROGRAM FOR PROVIDING CERTAIN SERVICES THAT ARE NOT SUBJECT TO MEDICARE COST REPORTING AND THEREFORE NOT REFLECTED IN OUR COST AMOUNTS ON LINE 6. SECOND, THE LINE 6 LIMITS OUR REPORTED COSTS TO ONLY MEDICARE "ALLOWABLE COSTS" AS SOLELY DETERMINED BY THE FEDERAL GOVERNMENT MEDICARE PROGRAM. FOR THESE TWO REASONS, THE MEDICARE SHORTFALL REPORTED ON LINE 7 SIGNIFICANTLY UNDERSTATES ALLINA'S ACTUAL MEDICARE SHORTFALL AND THE ACTUAL COST OF PROVIDING MEDICAL CARE TO MEDICARE PROGRAM PARTICIPANTS. WE ESTIMATE THESE TWO ITEMS UNDERSTATE ALLINA'S REPORTED MEDICARE SHORTFALL BY OVER \$128 MILLION. WE BELIEVE A DIRECT MEDICAL SERVICE MEDICARE PROGRAM OPERATED BY THE FEDERAL GOVERNMENT AND THE COST TO THE GOVERNMENT TO CONTRACT OUT THE SERVICES UNDER A COMPETITIVE BIDDING PROCESS MAY EVEN PROVE TO BE MORE EXPENSIVE TO THE FEDERAL GOVERNMENT THAN ALLINA'S REPORTED MEDICARE "ALLOWABLE COSTS" ON LINE 6. GIVEN OUR QUALITY OF CARE, SUCCESSFUL OUTCOMES AND THE SIGNIFICANT DIFFERENCE BETWEEN ACTUAL COSTS WE INCUR AND MEDICARE "ALLOWABLE COSTS" IN PROVIDING CARE UNDER THE MEDICARE PROGRAM, THEREFORE, WE FIRMLY BELIEVE THAT THERE IS A TRUE COMMUNITY BENEFIT COMPONENT TO OUR PARTICIPATION IN THE FEDERAL MEDICARE PROGRAM.</p>

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 9B THE ORGANIZATION'S WRITTEN DEBT COLLECTION POLICY AND COLLECTION PRACTICES APPLY UNIFORMLY TO ALL PATIENTS AND INCLUDE PROVISIONS RELATED TO THE ORGANIZATIONS CHARITY CARE PROGRAM AND OTHER FINANCIAL ASSISTANCE PROGRAMS IF A PATIENT IS KNOWN TO QUALIFY FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE AUTOMATICALLY AFFORDED THE PROGRAM BENEFITS FOR UP TO ONE YEAR AS THEY WOULD HAVE ALREADY PROVIDED INFORMATION NECESSARY FOR US TO MAKE SUCH A DETERMINATION FOR EXAMPLE, A PATIENT THAT QUALIFIED FOR THE ORGANIZATION'S CHARITY CARE PROGRAM BEFORE RECEIVING SERVICES WOULD NOT RECEIVE A BILLING STATEMENT FOR THE MEDICAL SERVICES PROVIDED IN THE CASE OF A PATIENT QUALIFYING FOR THE CHARITY CARE PROGRAM AFTER RECEIVING SERVICES AND THE COMMENCEMENT OF CERTAIN COLLECTION ACTIVITIES, THE AMOUNTS ARE DISCHARGED AS CHARITY CARE AND ALL COLLECTION ACTIVITIES CEASE AS DISCUSSED IN THE RESPONSE TO PART VI, LINE 3, PATIENTS ARE INFORMED AND EDUCATED ON THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAMS INCLUDING THE ORGANIZATION'S CHARITY CARE PROGRAM AS PART OF THE ROUTINE REGISTRATION, ADMISSION, INTAKE, BILLING AND COLLECTION PROCESSES IF A PATIENT DESIRES TO APPLY FOR THE CHARITY CARE PROGRAM, PERSONNEL WILL SEND AN APPLICATION TO THE PATIENT IF COLLECTION ACTIVITIES HAVE COMMENCED, THOSE ACTIVITIES WILL BE SUSPENDED FOR THIRTY (30) DAYS TO ALLOW TIME FOR THE APPLICATION PROCESS COLLECTION ACTIVITY MAY RESUME IF, AFTER 30 DAYS, A COMPLETED APPLICATION HAS NOT BEEN RECEIVED IN THE CASE OF AN INCOMPLETE APPLICATION, THE ORGANIZATION MAY RESUME COLLECTION ACTIVITIES IF REQUESTS FOR ADDITIONAL INFORMATION ARE NOT MET WITH A TIMELY RESPONSE IF AN APPLICANT DOES NOT MEET THE ELIGIBILITY CRITERIA AND THE APPLICATION IS DENIED, COLLECTION ACTIVITY MAY RESUME UPON DENIAL HOWEVER, THE PATIENT MAY STILL BE ELIGIBLE FOR OTHER FINANCIAL ASSISTANCE PROGRAMS WHICH ARE APPLIED AS WARRANTED BASED UPON THE INFORMATION PROVIDED SUCH ACTIVITIES ARE FULLY EXPLAINED TO THE PATIENT DURING THE COLLECTION PROCESS</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 2 ALLINA HEALTH SYSTEM (ALLINA) TOGETHER WITH ITS SUBSIDIARIES AND AFFILIATES AS DESCRIBED IN PART VI, LINE 6 COORDINATE COMMUNITY BENEFIT ACTIVITIES AND IDENTIFIES COMMUNITY NEEDS AS A SYSTEM TO PROMOTE THE HEALTH OF THE COMMUNITIES SERVED BY THE ORGANIZATION ALLINA HEALTH SYSTEM (ALLINA) CONDUCTED A SYSTEM-LEVEL NEEDS ASSESSMENT IN 2004 THROUGH THE USE OF SECONDARY DATA SOURCES SUCH AS STATE AND FEDERAL DATASETS AND PEER-REVIEWED JOURNAL ARTICLES TO DETERMINE LEADING HEALTH ISSUES WITHIN ALLINA'S SERVICE AREA THAT PROCESS LED TO THE DEVELOPMENT OF THREE SYSTEM-WIDE INITIATIVES HEART HEALTH LIVING, CHILDHOOD OBESITY AND ACCESS TO HEALTH CARE ALLINA COMMITTED TO WORKING ON THESE ISSUES FOR FIVE YEARS, THROUGH THE YEAR 2009 THEREFORE, IN 2010, ALLINA DEVELOPED AND IMPLEMENTED A NEW PROCESS AS A MEANS TO ASSESS COMMUNITY NEEDS AND BUILD PLANS TO CONTINUE TO RESPOND TO THOSE NEEDS FOR FISCAL YEARS 2010-2012 SECONDARY DATA ANALYSIS</p> <p>THE ASSESSMENT BEGAN WITH A REVIEW OF EXISTING NATIONAL, STATE AND LOCAL DATA TO IDENTIFY ISSUES AFFECTING ALL ALLINA SERVICE AREAS ONCE A LIST OF HEALTH ISSUES WAS DEVELOPED, COMMUNITY ENGAGEMENT STAFF AND ALLINA LEADERS FROM THROUGHOUT THE SYSTEM IDENTIFIED BROAD SYSTEM-LEVEL PRIORITY AREAS THROUGH THE USE OF A PRIORITY-SETTING PROCESS AND HEALTH ISSUES SCORING TOOL FROM THIS PROCESS, THREE PRIORITY ISSUES WERE IDENTIFIED - HEALTHFUL EATING- ACTIVE LIVING- STRESS REDUCTION/LIFE BALANCE THESE INTERRELATED ISSUES WERE IDENTIFIED AS PRIORITIES BECAUSE THEY AFFECT MULTIPLE HEALTH OUTCOMES AND GREATLY IMPACT COMMUNITY HEALTH COMMUNITY HEALTH DIALOGUES</p> <p>WITH PRIORITY ISSUES IDENTIFIED, THE NEXT STEP IN THE ASSESSMENT WAS HOSTING COMMUNITY HEALTH DIALOGUES IN EACH OF THE NINE REGIONS SERVED BY ALLINA THESE DIALOGUES WERE FACILITATED BY AN OUTSIDE FACILITATOR AND ENGAGED 260 COMMUNITY MEMBERS IN CONVERSATION ABOUT ASSETS AND BARRIERS TO HEALTHFUL EATING, ACTIVE LIVING AND LIFE BALANCE IN THEIR COMMUNITIES COMMUNITY MEMBERS WERE ALSO ASKED WHAT THEY THINK ALLINA SHOULD DO TO IMPROVE HEALTH IN THEIR COMMUNITIES RELATED TO THESE ISSUES THE TOP SIX RECOMMENDATIONS FOR ALLINA WERE AS FOLLOWS</p> <p>1 OFFER HEALTH EDUCATION IN COMMUNITY SETTINGS2 INCREASE COLLABORATION AND PARTNERSHIP WITH AND COMMUNICATION ABOUT EXISTING RESOURCES3 SHIFT MEDICAL PRACTICES TOWARD ILLNESS PREVENTION AND PATIENT WELLNESS4 MODEL HEALTH AND WELLNESS PROMOTION WITHIN ALLINA FACILITIES5 FOSTER BEHAVIOR CHANGE THROUGH SPONSORSHIP OF COMMUNITY ACTIVITIES THAT PROMOTE HEALTH6 ADVOCATE FOR PUBLIC POLICY CHANGES</p> <p>ALLINA EMPLOYEE SURVEY</p> <p>FOLLOWING THE DIALOGUES, A SURVEY WAS CONDUCTED WITH ALLINA EMPLOYEES TO GAIN PERSPECTIVES AND IDEAS RELATED TO THE INFORMATION RECEIVED THROUGH THE COMMUNITY HEALTH DIALOGUES THE SURVEY ASKED RESPONDENTS TO</p> <p>1) PROVIDE INFORMATION ABOUT EFFORTS ALREADY UNDERWAY THROUGHOUT THE ALLINA SYSTEM THAT RELATED TO THE COMMUNITY INPUT RECEIVED AT THE DIALOGUES AND</p> <p>2) SELECT THEIR TOP CHOICES FROM AND PROVIDE SPECIFIC IDEAS ABOUT THE SIX COMMUNITY SUGGESTIONS THERE WERE 136 TOTAL RESPONDENTS TO THE SURVEY THAT SPANNED ALLINA'S SERVICES AND SERVICE AREAS SURVEY RESULTS SHOWED THAT OF THE SIX COMMUNITY SUGGESTIONS, THE TOP THREE THAT EMPLOYEES THOUGHT ALLINA SHOULD WORK ON INCLUDED</p> <p>1 SHIFT MEDICAL PRACTICES TOWARD ILLNESS PREVENTION AND PATIENT WELLNESS (28 7%)2 MODEL HEALTH AND WELLNESS PROMOTION WITHIN ALLINA FACILITIES (21 3%)3 INCREASE COLLABORATION, PARTNERSHIP AND COMMUNICATION ABOUT EXISTING RESOURCES (21 3%)</p> <p>THE NEXT STEP IN THE PROCESS WAS TO USE THE ASSESSMENT INFORMATION TO DEVELOP A 2011 SYSTEM-WIDE STRATEGY RELATED TO THE THREE PRIORITY AREAS TO DO SO, ALLINA CONVENED KEY STAKEHOLDERS FROM ACROSS THE ALLINA SYSTEM TO REVIEW ASSESSMENT INFORMATION, DETERMINE THE INTERSECTION BETWEEN COMMUNITY INTERESTS AND SUGGESTIONS AND ALLINA STRENGTHS AND INTERESTS, AND BEGIN DEVELOPING THE STRATEGY TO IMPROVE HEALTHFUL EATING, ACTIVE LIVING AND STRESS REDUCTION/LIFE BALANCE IN ADDITION, REGIONAL COMMUNITY ENGAGEMENT LEADS WORKED WITH COMMUNITY MEMBERS AND INTERNAL STAKEHOLDERS IN THEIR REGIONS TO REVIEW ASSESSMENT INFORMATION AND DEVELOP 2011 REGIONAL WORK</p> <p>PLANS TO MEET THE NEEDS OF THE LOCAL COMMUNITIES AS IT RELATES TO THE THREE SYSTEM-LEVEL PRIORITIES</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 3 A KEY COMPONENT OF ALLINA'S MISSION IS TO DELIVER COMPASSIONATE, HIGH QUALITY, AFFORDABLE HEALTH CARE SERVICES AND TO ADVOCATE FOR THOSE WITH LIMITED FINANCIAL MEANS ALLINA STRIVES TO ENSURE THAT THE FINANCIAL CAPACITY OF PEOPLE WHO NEED HEALTH CARE SERVICES DOES NOT PREVENT THEM FROM SEEKING OR RECEIVING MEDICAL CARE PROVIDING CONVENIENT ACCESS TO NECESSARY MEDICAL CARE REGARDLESS OF ONE'S ABILITY TO PAY FOR THOSE SERVICES IS IMPORTANT TO US ALLINA HAS ESTABLISHED THE FOLLOWING FINANCIAL ASSISTANCE PROGRAMS - COMMUNITY (PARTNERS) CARE PROGRAM (CHARITY CARE)- UNINSURED DISCOUNT PROGRAM- SPECIAL CIRCUMSTANCES- MEDELIGIBLE SERVICES- MEDCREDIT FINANCIAL SERVICESOUR CARE GOES BEYOND MEDICAL CARE ASSISTANCE WE ALSO HELP PEOPLE GET FOOD STAMPS, WIC (WOMEN, INFANTS AND CHILDREN, A FEDERAL PROGRAM THAT SUPPLIES NUTRITIOUS FOODS) OR HEATING ASSISTANCE - ALL OF WHICH ARE VITALLY IMPORTANT TO A PATIENT'S RECOVERY, HEALTH AND WELL-BEING FOR MORE INFORMATION ON ANY OF THE ALLINA FINANCIAL ASSISTANCE PROGRAMS CALL 612-262-9000 OR 1-800-859-5077 YOU MAY ALSO VISIT WWW.ALLINA.COM AND CLICK ON THE FINANCIAL ASSISTANCE LINK CHARITY CARE PROGRAM - THE COMMUNITY (PARTNERS) CARE PROGRAM THE COMMUNITY (PARTNERS) CARE PROGRAM PROVIDES FREE MEDICALLY NECESSARY CARE TO ALL PERSONS AT OR BELOW 275 PERCENT OF THE FEDERAL POVERTY GUIDELINES AS PUBLISHED ANNUALLY IN THE FEDERAL REGISTRAR THE PROGRAM WAS ESTABLISHED TO ASSIST PATIENTS WHO DO NOT QUALIFY FOR MEDICAL ASSISTANCE OR MINNESOTA CARE AND WHOSE ANNUAL INCOMES ARE AT OR BELOW 275 PERCENT OF THE FEDERAL POVERTY LEVEL THE APPLICATION IS BRIEF AND ASKS FOR INFORMATION ON FAMILY SIZE, EMPLOYMENT, INCOME, BANKING AND INSURANCE IF PATIENTS MEET THE PROGRAM ELIGIBILITY GUIDELINES, THEIR TOTAL ALLINA BALANCE WILL BE ZERO THEY WILL RECEIVE FREE MEDICAL CARE AN ELIGIBLE INDIVIDUAL WILL BE COVERED BY THE PROGRAM FOR UP TO ONE YEAR BARRING ANY SIGNIFICANT CHANGE IN INCOME PATIENTS MAY BE ASKED TO APPLY FOR MEDICAL ASSISTANCE AND MINNESOTA CARE AND BE FOUND INELIGIBLE FOR THOSE PROGRAMS BEFORE THEY QUALIFY FOR THE COMMUNITY (PARTNERS) CARE UNINSURED DISCOUNT PROGRAM - THE UNINSURED DISCOUNT PROGRAM PROVIDES A DISCOUNT ON BILLED CHARGES TO UNINSURED PATIENTS, AND INSURED PATIENTS WHO RECEIVE UNINSURED TREATMENT, FOR MEDICALLY NECESSARY CARE RECEIVED FROM ANY ALLINA HOSPITAL, HOSPITAL BASED CLINIC AND WHOLLY-OWNED AMBULATORY SURGERY CENTERS UNINSURED PATIENTS AND INSURED PATIENTS WHO RECEIVE UNINSURED TREATMENT ARE ELIGIBLE FOR A DISCOUNT BASED UPON THEIR INCOME LEVEL AND THE LOCATION OF THE SERVICES PROVIDED ALL PATIENTS WITH AN ANNUAL INCOME AT OR BELOW \$125,000 ARE ELIGIBLE FOR A DISCOUNT THE DISCOUNT IS ALSO GENERALLY EXTENDED TO PATIENTS WITH AN ANNUAL INCOME ABOVE \$125,000 THERE ARE TWO DISCOUNTS LEVELS ESTABLISHED, ONE FOR METRO HOSPITALS AND THEIR HOSPITAL BASED CLINICS AND ONE FOR REGIONAL HOSPITALS AND THEIR HOSPITAL BASED CLINICS WITHIN THE ALLINA SYSTEM SPECIAL CIRCUMSTANCES ASSISTANCE (ON INDIVIDUAL CASE BY CASE BASIS) - THE ORGANIZATION PROVIDES FOR THE CONSIDERATION OF SPECIAL CIRCUMSTANCES FOR THE "MEDICALLY INDIGENT" THE ORGANIZATION EXTENDS THE CHARITY CARE PROGRAM IN INSTANCES THE ORGANIZATION HAS DETERMINED THE PATIENT IS UNABLE TO PAY SOME OR ALL OF THEIR MEDICAL BILLS DUE TO CATASTROPHIC CIRCUMSTANCES EVEN THOUGH THEY HAVE INCOME OR ASSETS THAT OTHERWISE EXCEED THE GENERALLY APPLICABLE ELIGIBILITY CRITERIA FOR THE FREE CARE PROGRAM OR THE DISCOUNTED CARE PROGRAM (DESCRIBED BELOW) UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAM GUIDELINES FINANCIAL ASSISTANCE SERVICES WILL PROVIDE AN EVALUATION OF PATIENTS WITH SPECIAL CIRCUMSTANCES THERE MAY BE A CIRCUMSTANCE WHERE PATIENTS EXPERIENCE A CATASTROPHIC EVENT THAT PUTS THEM IN A DEVASTATING FINANCIAL POSITION WHEREBY THE PROGRAM REPRESENTATIVES WILL DETERMINE HOW TO BEST SUPPORT THEM FINANCIALLY MEDELIGIBLE SERVICES - MEDELIGIBLE SERVICES PROVIDES ADVOCACY SUPPORT TO PATIENTS WHO HAVE DIFFICULTY PAYING THEIR MEDICAL BILLS THEY CAN ASSIST PATIENTS WITH APPLYING FOR FEDERAL, STATE AND COUNTY BENEFIT PROGRAMS THE MEDELIGIBLE SERVICES PERSONNEL ARE ADVOCATES WHO EDUCATE PATIENTS AND FAMILIES ABOUT THE ADVANTAGE OF PROGRAMS AND ASSIST THEM WITH GETTING HELP PERSONNEL CAN PROVIDE ASSISTANCE WITH MEDICAID AND MEDICARE, SOCIAL SECURITY, VETERAN'S ADMINISTRATION, FOOD STAMPS, EMERGENCY FOOD, AND SHELTER MEDCREDIT FINANCIAL SERVICES - MEDCREDIT FINANCIAL SERVICES PROVIDES FINANCIAL LOANS TO PATIENTS WHO CANNOT AFFORD TO PAY THEIR MEDICAL BILLS THE PATIENT CAN CONSOLIDATE ALL MEDICAL EXPENSES FROM PARTICIPATING PROVIDERS SUCH THAT THE PATIENT HAS ONLY ONE MONTHLY PAYMENT THERE IS NO CREDIT APPLICATION REQUIRED AND NO ANNUAL FEES OR DUES THE ANNUAL PERCENTAGE INTEREST RATE IS 8 PERCENT ONCE A PATIENT HAS ESTABLISHED A MEDCREDIT ACCOUNT, AMOUNTS CAN BE ADDED ON ANY ADDITIONAL MEDICAL EXPENSES FOR THEMSELVES AND THEIR FAMILY THE FINANCIAL ASSISTANCE SERVICES INFORMATION AND EDUCATION ME</p>

Identifier	ReturnReference	Explanation
		<p>THODS - ALLINA HAS ROBUST METHODS TO INFORM AND EDUCATE PATIENTS AND PERSONS WHO ARE BILLE D FOR PATIENT CARE ABOUT THEIR ELIGIBILITY FOR ASSISTANCE UNDER THE ORGANIZATIONS FINANCIA L ASSISTANCE PROGRAMS INCLUDING ITS CHARITY CARE PROGRAM AND ALSO ABOUT GOVERNMENT PROGRAM S FOR WHICH THEY MAY BE ELIGIBLE TO RECEIVE BENEFITS EACH PATIENT BILLING STATEMENT CONTA INS INFORMATION ABOUT THE FINANCIAL ASSISTANCE PROGRAMS AND INCLUDES CONTACT INFORMATION THE ALLINA WEBSITE HOMEPAGE AT WWW.ALLINA.COM PROMINENTLY CONTAINS A LINK TO THE FINANCIAL ASSISTANCE SERVICES PAGE WHICH DESCRIBES THE ORGANIZATIONS FINANCIAL ASSISTANCE PROGRAMS AND INCLUDES CONTACT INFORMATION THE ORGANIZATION POSTS SUMMARIES OF ITS FINANCIAL ASSISTA NCE PROGRAMS IN BROCHURES IN ADMISSIONS AREAS, EMERGENCY ROOMS, AND OTHER AREAS OF THE ORG ANIZATIONS FACILITIES WHERE ELIGIBLE PATIENTS ARE LIKELY TO BE PRESENT THE BROCHURES CONT AIN SUMMARIES OF THE FINANCIAL ASSISTANCE PROGRAMS AND INCLUDE CONTACT INFORMATION FOR THE PROGRAMS THIS INFORMATION IS AVAILABLE IN VARIOUS LANGUAGES SUCH AS HMONG, SOMALI, AND S PANISH REGISTRATION, ADMISSIONS AND INTAKE PERSONNEL ARE TRAINED TO PROVIDE FINANCIAL ASS ISTANCE PROGRAM INFORMATION TO ANYONE EXPRESSING A CONCERN ABOUT THEIR ABILITY TO PAY FOR SERVICES ALL "SELF-PAY" PATIENTS (THE PATIENT IS NOT COVERED BY INSURANCE OR A GOVERNMENT PROGRAM) THAT COMES TO ONE OF THE ORGANIZATION'S EMERGENCY ROOMS RECEIVES A PACKET OF INFORMATION CONTAINING EVERYTHING NECESSARY TO APPLY FOR THE ORGANIZATIONS FINANCIAL ASSISTAN CE PROGRAMS AND CERTAIN GOVERNMENT PROGRAMS THERE IS CONTACT INFORMATION AND TELEPHONE NU MBERS THEY CAN CALL WITH ANY QUESTIONS OR TO RECEIVE ASSISTANCE IN COMPLETING APPLICATIONS FINANCIAL ASSISTANCE PROGRAM PERSONNEL ALSO MEET DIRECTLY WITH ANY SELF-PAY PATIENT ADMIT TED TO THE HOSPITAL PERSONNEL WILL MEET WITH PATIENTS WHEREVER IT IS MOST CONVENIENT FOR THE PATIENT SUCH AS THE HOSPITAL, A CLINIC, THE ORGANIZATION'S OFFICES OR THE PATIENT'S H OME ALLINA HAS A SYSTEM WIDE INTERPRETER SERVICES TEAM THAT PROVIDES INTERPRETERS TO PATIE NTS, COMPANIONS AND FAMILIES WHO HAVE LIMITED ENGLISH PROFICIENCY (LEP) OR ARE DEAF OR HAR D OF HEARING (DHH) THIS SERVICE IS PROVIDED AT NO COST TO THE PATIENT LDP AND DHH PERSON NEL ARE TRAINED TO INFORM AND EDUCATE PATIENTS ABOUT THE FINANCIAL ASSISTANCE PROGRAMS AL L PERSONNEL RESPONSIBLE FOR THE ORGANIZATIONS COLLECTION ACTIVITIES ARE EXTENSIVELY TRaine D ON THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAMS ANY TIME A PATIENT EXPRESSES A CONC ERN REGARDING THEIR ABILITY TO PAY FOR SERVICES, THE PERSONNEL EXPLAIN THE FINANCIAL ASSIS TANCE PROGRAMS, ASK CERTAIN QUESTIONS TO OBTAIN INFORMATION AND TO DETERMINE WHICH FINANCI AL ASSISTANCE PROGRAMS THE PATIENT MAY QUALIFY AND BEST FITS THE PATIENTS' NEEDS</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 4 ALLINA HEALTH SYSTEM (ALLINA) TOGETHER WITH ITS SUBSIDIARIES AND AFFILIATES AS DESCRIBED IN PART VI, LINE 6 COORDINATE COMMUNITY BENEFIT ACTIVITIES AND IDENTIFIES COMMUNITY NEEDS AS A SYSTEM TO PROMOTE THE HEALTH OF THE COMMUNITIES SERVED BY THE ORGANIZATION ALLINA HOSPITALS & CLINICS IS A NOT-FOR-PROFIT SYSTEM OF HOSPITALS, CLINICS AND OTHER HEALTH CARE SERVICES ALLINA OWNS AND OPERATES 10 HOSPITALS, MORE THAN 90 CLINICS, AND HEALTH CARE SERVICES, INCLUDING HOME CARE, HOSPICE CARE, PALLIATIVE CARE, OXYGEN AND MEDICAL EQUIPMENT, PHARMACIES AND EMERGENCY MEDICAL TRANSPORTATION IN OPERATION WITHIN MINNESOTA AND WESTERN WISCONSIN IN 2010, OVER 95 PERCENT OF ALLINA HOSPITAL PATIENTS CAME FROM MINNESOTA AND WISCONSIN, THE MAJORITY OF WHICH CAME FROM COUNTIES IN AND SURROUNDING THE METROPOLITAN AREAS OF MINNEAPOLIS AND ST PAUL IN 2010, ALLINA DEVELOPED A NEW COMMUNITY ENGAGEMENT STRATEGY TO WORK MORE EFFECTIVELY WITH COMMUNITIES SERVED BY ALLINA HOSPITALS & CLINICS THIS ENGAGEMENT STRATEGY INCLUDED THE DEVELOPMENT OF NINE REGIONS MADE UP OF THE COMMUNITIES SERVED BY ALLINA HOSPITALS & CLINICS EACH REGION INCLUDES AT LEAST ONE HOSPITAL WITHIN OUR SYSTEM WEST METRO THE WEST METRO REGION INCLUDES ABBOTT NORTHWESTERN HOSPITAL AND PHILLIPS EYE INSTITUTE AND SERVES MOST COMMUNITIES WITHIN HENNEPIN COUNTY, THE LARGEST COUNTY IN MINNESOTA THE CITY OF MINNEAPOLIS IS ITS LARGEST CITY AND THE COUNTY SEAT THE WEST METRO REGION SERVES BOTH URBAN AND SUBURBAN COMMUNITIES AND INCLUDES A RANGE OF SOCIOECONOMIC STATUSES AS WELL AS A BROAD REPRESENTATION OF RACES AND ETHNICITIES EAST METRO THE EAST METRO REGION INCLUDES UNITED HOSPITAL AND SERVES RAMSEY, WASHINGTON AND DAKOTA COUNTIES THIS REGION SPANS THE EASTERN EDGE OF MINNESOTA INTO THE METRO AREA SURROUNDING THE CITY OF ST PAUL, THE CAPITAL AND SECOND-MOST POPULOUS CITY IN THE STATE THE EAST METRO REGION IS HIGHLY DIVERSE, GEOGRAPHICALLY, SOCIOECONOMICALLY AND RACIALLY NORTHWEST METRO THE NORTHWEST METRO REGION INCLUDES BOTH MERCY AND UNITY HOSPITALS AND PRIMARILY SERVES COMMUNITIES WITHIN ANOKA COUNTY, BUT ALSO INCLUDES AREAS WITHIN SHERBURNE AND HENNEPIN COUNTIES ANOKA COUNTY IS THE FOURTH-MOST POPULOUS COUNTY IN THE STATE OF MINNESOTA AND INCLUDES THE NORTHWEST METROPOLITAN AREA THAT IS PREDOMINANTLY SUBURBAN IN NATURE SOUTH METRO THE SOUTH METRO REGION INCLUDES ST FRANCIS MEDICAL CENTER, A JOINTLY-OWNED HOSPITAL WITHIN THE ALLINA SYSTEM, AND PRIMARILY SERVES SCOTT AND CARVER COUNTIES, BUT ALSO INCLUDES COMMUNITIES IN SIBLEY, LE SUEUR, DAKOTA AND HENNEPIN COUNTIES THIS REGION INCLUDES BOTH SUBURBAN AND SMALL COMMUNITIES IN THE SOUTHWEST AREA OF THE MINNEAPOLIS-ST PAUL METROPOLITAN AREA NORTHWEST REGIONAL THE NORTHWEST REGIONAL AREA INCLUDES BUFFALO HOSPITAL AND IS LOCATED WEST OF THE METROPOLITAN AREA OF MINNEAPOLIS AND ST PAUL THIS REGION PRIMARILY SERVES WRIGHT COUNTY, BUT ALSO SERVES COMMUNITIES WITHIN STEARNS, MEEKER AND HENNEPIN COUNTIES THIS REGION IS MADE UP OF BOTH SMALL AND RURAL COMMUNITIES NORTH REGIONALTHE NORTH REGIONAL AREA INCLUDES CAMBRIDGE MEDICAL CENTER AND SERVES SMALL AND RURAL COMMUNITIES WITHIN ISANTI, CHISAGO, KANABEC AND PINE COUNTIES NORTH OF THE METROPOLITAN AREA OF MINNEAPOLIS AND ST PAUL SOUTHWEST REGIONALTHE SOUTHWEST REGIONAL AREA IS LOCATED IN SOUTH CENTRAL MINNESOTA AND INCLUDES NEW ULM MEDICAL CENTER THE REGION SERVES COMMUNITIES AND RURAL AREAS IN AND AROUND BROWN COUNTY AND COMMUNITIES WITHIN SIBLEY AND NICOLLET COUNTIES SOUTH REGIONALLOCATED SOUTH OF THE TWIN CITIES METROPOLITAN AREA, THE SOUTH REGIONAL REGION SERVES SMALL AND RURAL COMMUNITIES IN AND AROUND STEELE, RICE, WASECA, DODGE, AND GOODHUE COUNTIES OWATONNA HOSPITAL SERVES THESE AREAS FROM THE COUNTY SEAT OF OWATONNA, MINNESOTA WESTERN WISCONSINLOCATED IN WESTERN WISCONSIN, THIS REGION INCLUDES SMALL AND RURAL COMMUNITIES WITHIN PIERCE AND ST CROIX COUNTIES RIVER FALLS AREA HOSPITAL (RFAH) IS LOCATED WITHIN AND SERVES THIS REGION</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 6 GOVERNING BODYTO ENSURE THAT THE BOARD OF DIRECTORS REPRESENTS THE COMMUNITIES SERVED BY ALLINA, THE BY-LAWS STATE THAT A MAJORITY OF THE VOTING MEMBERS OF THE BOARD OF DIRECTORS SHALL AT ALL TIMES BE INDEPENDENT CIVIC LEADERS IN FURTHERANCE OF THIS REQUIREMENT, AND SUBJECT TO VACANCIES THAT MAY OCCUR FROM TIME TO TIME, NO MORE THAN ONE-THIRD (1/3) OF THE DIRECTORS (INCLUDING ANY EX-OFFICIO DIRECTORS WITH VOTE) MAY BE INTERESTED DIRECTORS INTERESTED DIRECTORS SHALL INCLUDE PERSONS WHO ARE NOT ON THE BOARD OF DIRECTORS BUT SERVE ON COMMITTEES OR OTHERWISE PARTICIPATE IN THE AFFAIRS OF THE CORPORATION AND WOULD BE DEEMED INTERESTED DIRECTORS IF THEY WERE ON THE BOARD OF DIRECTORS "INTERESTED DIRECTORS" ARE (1) ANY MEMBERS OF THE CORPORATION'S MANAGEMENT WHO SERVE AS DIRECTORS, AND (2) ANY PHYSICIAN DIRECTORS WHO PROVIDE SERVICES IN CONJUNCTION WITH THE CORPORATION OR ANY OF ITS HOSPITALS OR CLINICS, INCLUDING WITHOUT LIMITATION SERVICES UNDER A CONTRACT WITH ANY OF THE CORPORATION'S HOSPITALS OR CLINICS, AS A PHYSICIAN EMPLOYEE OF ONE OF THE CORPORATION'S CLINICS OR AS A MEDICAL STAFF MEMBER OF ONE OF THE CORPORATION'S HOSPITALS FUNDING FOR IMPROVEMENTS IN PATIENT CARE AND RESEARCH AS DESCRIBED IN THE COMMUNITY HEALTH IMPROVEMENT SECTION OF THE STATEMENT FOR PROGRAM SERVICES, ALLINA IS ENGAGED IN A TREMENDOUS AMOUNT OF WORK RELATED TO PROMOTING COMMUNITY HEALTH ONE LARGE INVESTMENT ALLINA MAINTAINED IN 2010 WAS TO THE CENTER FOR HEALTHCARE INNOVATION AT ALLINA THE CENTER RESEARCHES NEW CARE MODELS AND TREATMENTS TO TRANSFORM HEALTH AND HEALTH CARE AND ADVANCE ALLINA'S STRATEGIC VISION TO IMPROVE PATIENT CARE AND SERVE AS A CATALYST FOR CHANGE IN HEALTH CARE LOCALLY AND NATIONALLY THREE MAIN INITIATIVES OF THE CENTER IN 2010 WERE - ROBINA CARE GUIDE PROJECT - A PILOT PROJECT USING CARE GUIDES TO HELP PATIENTS WITH CHRONIC DISEASES LIKE DIABETES, HIGH BLOOD PRESSURE AND HEART FAILURE MANAGE THEIR HEALTH - BACKYARD INITIATIVE - THIS INITIATIVE IS WORKING TO IMPROVE HEALTH AND HEALTH CARE THROUGH ACTIVE ENGAGEMENT WITH COMMUNITY, ADDRESSING SOCIAL DETERMINANTS OF HEALTH, AND FACILITATING PARTNERSHIPS BETWEEN COMMUNITY CARE SYSTEMS - HEART OF NEW ULM PROJECT (HONU) - HONU IS A 10-YEAR INITIATIVE DESIGNED TO REDUCE, AND EVENTUALLY ELIMINATE, HEART ATTACKS IN NEW ULM, MINNESOTA BY HELPING RESIDENTS IMPROVE THEIR HEALTH RISKS, SUCH AS PHYSICAL ACTIVITY, NUTRITION, OBESITY, OR TOBACCO USE, AMONG OTHERS THE CENTER IS ALSO INVOLVED IN - OVERSEEING THE ALLINA INSTITUTIONAL REVIEW BOARD OFFICE - DEVELOPING A POSITIVE DEVIANCE INITIATIVE TO IMPROVE BOTH EMPLOYEE ENGAGEMENT AND PATIENT PAIN MANAGEMENT EXPERIENCE AT UNITED HOSPITAL - PARTNERING WITH THE CLINICS TO DO CUTTING EDGE WORK ON PHYSICIAN JOB SATISFACTION AND BURNOUT - DEVELOPING A FIRST-EVER SOCIAL NETWORK ANALYSIS PROJECT BY A CARE DELIVERY ORGANIZATION- RESEARCHING CARE DELIVERY RE-DESIGN IN EMERGENCY SERVICES AND PRIMARY CARE</p>

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 7 ALLINA HEALTH SYSTEM ("ALLINA") IS A MINNESOTA NONPROFIT CORPORATION WHICH, TOGETHER WITH ITS SUBSIDIARIES AND AFFILIATES, DELIVERS HIGHLY INTEGRATED HEALTH CARE SERVICES TO PATIENTS IN MINNESOTA AND WESTERN WISCONSIN WITH APPROXIMATELY 23,000 FULL AND PART-TIME EMPLOYEES, ALLINA IS ONE OF THE LARGEST EMPLOYERS IN MINNESOTA AS A MISSION-DRIVEN ORGANIZATION, ALLINA IS COMMITTED TO IMPROVING THE HEALTH OF THE COMMUNITIES IT SERVES AS AN INTEGRATED HEALTH SYSTEM THAT INCLUDES TERTIARY AND REGIONAL REFERRAL HOSPITALS, EMERGENCY, AMBULATORY, HOMECARE AND HOSPICE SERVICES, AN AUTOMATED ELECTRONIC MEDICAL RECORD SYSTEM, AND APPROXIMATELY 1,200 EMPLOYED PHYSICIANS, ALLINA IS UNIQUELY POSITIONED AS A LEADER IN HEALTHCARE IN THE MINNEAPOLIS/ST PAUL AREA ALLINA IS THE MOST COMPREHENSIVE HEALTH CARE SYSTEM AND HAS THE LARGEST PHYSICIAN NETWORK IN MINNESOTA ALLINA CONTROLS AND OPERATES TEN HOSPITALS AND JOINTLY OWNS AND OPERATES ONE OTHER HOSPITAL THESE INCLUDE URBAN TERTIARY CARE, SUBURBAN COMMUNITY AND RURAL HOSPITALS ALLINA ALSO MANAGES ONE RURAL HOSPITAL UNDER A MANAGEMENT AGREEMENT WITH THE HOSPITAL'S OWNER ALLINA HOSPITAL HEALTH CARE SERVICES INCLUDED NEARLY 109,000 INPATIENT AND NEARLY 1,100,000 OUTPATIENT ADMISSIONS DURING THE YEAR ENDED DECEMBER 31, 2010 AS OF DECEMBER 31, 2010, ALLINA HOSPITALS HAD LICENSED BED CAPACITY OF 2,379 ACUTE CARE BEDS, 1,706 OF WHICH WERE STAFFED FOR INPATIENT SERVICES ALLINA PROVIDES OUTPATIENT SERVICES THROUGH SEVERAL WHOLLY CONTROLLED CLINIC GROUPS THAT GENERATED MORE THAN 5,850,000 WORK RVU'S DURING THE YEAR ENDED DECEMBER 31, 2010 ALLINA'S WHOLLY-OWNED SUBSIDIARY, THE ALLINA MEDICAL CLINIC ("AMC"), CONTROLS AND OPERATES 62 PHYSICIAN CLINICS AND THREE HOSPITALIST PROGRAMS ON THE ABBOTT NORTHWESTERN, UNITED, AND UNITY HOSPITAL CAMPUSES THE AMC EMPLOYS APPROXIMATELY 790 PHYSICIANS AND IS ONE OF THE LARGEST PHYSICIAN GROUPS IN THE MINNEAPOLIS/SAINT PAUL METROPOLITAN AREA ALLINA SPECIALTY ASSOCIATES ("ASA"), ALSO KNOWN AS MINNEAPOLIS CARDIOLOGY ASSOCIATES ("MCA"), EMPLOYS APPROXIMATELY 65 PHYSICIANS, CONSISTING OF CARDIOLOGISTS, CARDIOTHORACIC AND VASCULAR SURGEONS ASPEN MEDICAL GROUP ("ASPEN"), A MULTI-SPECIALTY GROUP THAT OPERATES 12 MEDICAL CLINICS, EMPLOYS APPROXIMATELY 130 PHYSICIANS AND QUELLO CLINIC LTD ("QUELLO"), WHICH OPERATES FIVE PRIMARY CARE MEDICAL CLINICS, EMPLOYS APPROXIMATELY 30 PHYSICIANS IN ADDITION TO THE AMC, ASA, ASPEN, AND QUELLO, ALLINA HOSPITALS DIRECTLY EMPLOY MORE THAN 350 SPECIALTY PHYSICIANS INCLUDING INTENSIVISTS/HOSPITALISTS, PERINATOLOGISTS, AND PSYCHIATRISTS ALLINA'S HOME & COMMUNITY SERVICES DIVISION PROVIDES CARE NAVIGATION AND MANAGEMENT SERVICES, HOME CARE, HOSPICE, PALLIATIVE CARE, HOME OXYGEN & MEDICAL EQUIPMENT, ADVANCE CARE PLANNING AND SENIORCARE TRANSITIONS, A GERIATRIC CARE PRACTICE PROVIDING CARE AT MORE THAN 50 NURSING HOMES ALLINA MEDICAL TRANSPORTATION (AMT) DIVISION IS ONE OF THE REGION'S LARGEST AMBULANCE AND MEDICAL TRANSPORT SERVICES AMT SERVES MORE THAN 80 MINNESOTA COMMUNITIES, WHERE ABOUT 1 MILLION PEOPLE LIVE AMT EMPLOYS AROUND 400 PARAMEDICS, EMERGENCY MEDICAL TECHNICIANS, DISPATCHERS, MAINTENANCE AND ADMINISTRATION AND SUPPORT PERSONNEL AMT SERVICES INCLUDE PRIORITY MEDICAL (911) DISPATCH, 911 PRE-ARRIVAL INSTRUCTIONS, EMERGENCY AND NON-EMERGENCY AMBULANCE RESPONSE, THE GREATER MINNESOTA RIDE PROGRAM, WHEELCHAIR TRANSPORT, AND FLIGHT CARE PROGRAM (IN-FLIGHT MEDICAL KITS) IN ADDITION TO THE CHARITY CARE DISCLOSED ON THIS SCHEDULE H, ALLINA AFFILIATED ORGANIZATIONS PROVIDED \$8,615,616 OF CHARITY CARE (AT COST) WHICH IS NOT DISCLOSED ON A SCHEDULE H ELSEWHERE AS MANY OF THE AFFILIATED ORGANIZATIONS ARE NOT REQUIRED AND DO NOT FILE A FORM 990, SCHEDULE H IN ADDITION TO THE AMOUNTS DISCLOSED ON THIS SCHEDULE H, ALLINA AND AFFILIATED ORGANIZATIONS INCURRED COSTS FOR PARTICIPATION IN GOVERNMENT MEDICAL CARE PROGRAMS IN EXCESS OF GOVERNMENT REIMBURSEMENTS IN THE AMOUNT OF \$119,060,833 ALLINA PARTNERS WITH THE UNIVERSITY OF MINNESOTA MEDICAL SCHOOL TO PROVIDE PHYSICIAN RESIDENCY PROGRAMS FOR FAMILY PRACTICE AND INTERNAL MEDICINE RESIDENT PHYSICIANS ALLINA CONTROLS AND OPERATES SEVEN (7) AFFILIATED FOUNDATIONS THAT PROVIDE PHILANTHROPIC FUNDING SUPPORT FOR ALLINA PROGRAMS AND NUMEROUS COMMUNITY PROGRAMS AND INITIATIVES INCLUDING A FEDERALLY QUALIFIED HEALTH CENTER SEE SCHEDULE R AND SCHEDULE H, PART IV FOR A LIST OF RELATED ORGANIZATIONS AND JOINT VENTURES INCLUDING THE PRIMARY ACTIVITY OF THE AFFILIATED ORGANIZATION ALLINA AND ITS AFFILIATES ALSO ROUTINELY COOPERATE AND INNOVATE WITH OTHER ORGANIZATIONS INCLUDING HEALTH CARE AND SOCIAL WELFARE ORGANIZATIONS, COMMUNITY GROUPS, GOVERNMENT AGENCIES AND HEALTH CARE PROVIDERS TO PREVENT ILLNESS, PROMOTE AND RESTORE HEALTH TO THE COMMUNITIES WE SERVE AND BEYOND</p>

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	MN,WI

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - |

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ALLINA HEALTH SYSTEM

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

DLN: 93493315031081

OMB No 1545-0047

2010

Open to Public
Inspection

Employer identification number
36-3261413

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. Part II can be duplicated if additional space is needed. ▶

1 (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
(1) MINNEAPOLIS HEART INSTITUTE FOUNDATION 920 EAST 28TH STREET SUITE 100 MINNEAPOLIS, MN 55407	41-1426406	501C3	50,000				"SPIRIT OF HEALTH GALA" SPONSORSHIP
(2) UNIVERSITY OF MINNESOTA FOUNDATION 420 DELAWARE ST SE MMC 505 MINNEAPOLIS, MN 55455	41-6042488	501C3	15,000				SPONSORSHIP OF DALAI LAMA EVENT
(3) AMERICAN HEART ASSOCIATION4701 W 77TH STREET EDINA, MN 55435	13-5613797	501C3	13,800				SPONSORSHIP OF GO RED CAMPAIGN
(4) ACHIEVEMPLS111 3RD AVE S STE 5 MINNEAPOLIS, MN 55401	41-1425264	501C3	25,000				2010 STEP-UP PROGRAM
(5) RANDY SHAVER GOLF CLASSIC294 E GROVE LANE SUITE 200F WAYZATA, MN 55391	27-0476510	501C3	5,500				SPONSORSHIP FOR 2010 RANDY SHAVER GOLF CLASSIC
(6) PORTICO HEALTHNET 2610 UNIVERSITY AVENUE WEST SUITE 550 ST PAUL, MN 55114	41-1814659	501C3	277,194				GENERAL SUPPORT
(7) ASSOCIATED ANESTHESIOLOGISTS PA 8681 EAGLE POINT BLVD LAKE ELMO, MN 55042	41-0995496	501C3	7,500				GENERAL SUPPORT
(8) MINNEAPOLIS SCHOOL OF ANESTHESIA333 NORTH SMITH AVENUE ST PAUL, MN 55102	41-6059072	501C3	6,057				GENERAL SUPPORT
(9) UNITED WAY OF STEELE COUNTY144 W MAIN STREET BOX 32 OWATONNA, MN 55060	23-7366680	501C3	15,000				GENERAL SUPPORT AND FLOOD ASSISTANCE IN STEELE COUNTY
(10) PROJECT FOR PRIDE IN LIVING1035 E FRANKLIN AVENUE MINNEAPOLIS, MN 55404	23-7232208	501C3	51,500				SUPPORT FOR PHILLIPS PARTNERSHIP PROGRAM
(11) STEELE COUNTY COMMUNITIES FOR A LIFETIME1409 SOUTH CEDAR AVENUE OWATONNA, MN 55060	27-0705237	501C3	16,037				SUPPORT FOR CONSTRUCTION OF LONG TERM CARE FACILITY

2

Enter total number of section 501(c)(3) and government organizations

11

3

Enter total number of other organizations

0

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

Cat No 50055P

Schedule I (Form 990) 2010

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

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
OTHER INFORMATION	PART IV	ALLINA HEALTH SYSTEM STRICTLY MONITORS GRANT FUNDS TO ENSURE THAT SUCH GRANTS ARE USED FOR PROPER AND INTENDED PURPOSES AND ARE NOT OTHERWISE DIVERTED FROM THE INTENDED USE THE ORGANIZATION HAS A PROCESS WHICH INCLUDES A WRITTEN APPLICATION WHICH REQUIRES SUPPORTING DOCUMENTATION AND SUBSTANTIATION PRIOR TO A GRANT BEING APPROVED AND DISBURSED IN ADDITION AND DEPENDING ON THE FACTS AND CIRCUMSTANCE OF THE GRANT, THE ORGANIZATION EMPLOYS VARIOUS METHODS TO ENSURE PROPER AND INTENDED USE SUCH AS, PERIODIC REPORTING TO THE ORGANIZATION, FIELD INVESTIGATIONS, CONTRACTS WITH REPAYMENT CLAUSES, REQUIRING ADDITIONAL SUBSTANTIATION AND DOCUMENTATION NOT AVAILABLE AT THE TIME OF THE GRANT, PAYING THIRD PARTIES DIRECTLY ON BEHALF OF THE GRANTEE ORGANIZATION, AND OTHER METHODS AS APPROPRIATE AND WARRANTED

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2010

Open to Public Inspection

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.

Name of the organization ALLINA HEALTH SYSTEM	Employer identification number 36-3261413
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Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
<input type="checkbox"/> First-class or charter travel		
<input checked="" type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Travel for companions		
<input type="checkbox"/> Payments for business use of personal residence		
<input checked="" type="checkbox"/> Tax idemnification and gross-up payments		
<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> 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 or provision of all the expenses described above? If "No," complete Part III to explain	1b Yes	
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 Yes	
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		
<input checked="" type="checkbox"/> Compensation committee		
<input checked="" type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Independent compensation consultant		
<input checked="" type="checkbox"/> Compensation survey or study		
<input type="checkbox"/> Form 990 of other organizations		
<input checked="" type="checkbox"/> 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 from the organization or a related organization?	4a Yes	
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b Yes	
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c	No
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
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 Yes	
b Any related organization?	6b Yes	
If "Yes," to line 6a or 6b, describe in Part III		
7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7	No
8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III	8 Yes	
9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9 Yes	

Part II **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								
(2)								
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	TAX INDEMNIFICATION AND GROSS-UP PAYMENTS. ALLINA HEALTH SYSTEM PROVIDES THIS TYPE OF PAYMENT AS IT RELATES TO TAXABLE MOVING EXPENSE REIMBURSEMENTS ON CERTAIN EXECUTIVES: DUNCAN GALLAGHER, \$34,427; TOMI RYBA, \$7,856; SHANE SEYMOUR, \$59,055. HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE. ALLINA HEALTH SYSTEM PROVIDES THIS TYPE OF PAYMENT AS IT RELATES TO TEMPORARY HOUSING FOR CERTAIN EXECUTIVES WHO ARE RELOCATING DUE TO EMPLOYMENT WITH ALLINA AND DO NOT INITIALLY HAVE A PERMANENT RESIDENCE.
	PART I, LINES 4A-B	SHANE SEYMOUR, \$103,853; MARY FOARDE, \$122,558; GARY STRONG, \$159,828. PART I, LINE 4B: MARGARET BUTLER, \$33,585; MARGARET HASBROUCK, \$27,253; SUSAN HEICHERT - \$46,279; LAURIE LAFONTAINE, \$24,853; TOM O'CONNOR, \$40,450; JEFFREY PETERSON, \$42,937; SANDRA SCHMITT, \$149,619; SHANE SEYMOUR, \$14,662; ELIZABETH T. SMITH, \$20,318; ROBERT WIELAND, MD, \$8,546; JOANN YOHN, \$22,034; SURESHBABU N. AHANYA, MD, \$19,204; EMANUEL P. GAZIANO, MD, \$300,873; ANDREW PUGH, \$17,555; MARY FOARDE, \$17,794; GARY STRONG, \$24,667; ELAINE V. VOSS, \$35,241.
	PART I, LINE 6	DEFERRED COMPENSATION PLANS: TERMS AND CONDITIONS. MANAGEMENT INCENTIVE PLAN (MIP): ALLINA PROVIDES AN ANNUAL INCENTIVE COMPENSATION OPPORTUNITY TO MOST MANAGERS, SOME HIGH-LEVEL INDIVIDUAL CONTRIBUTORS AND EXECUTIVES. UNDER THIS PLAN, THE TARGET AWARD IS EXPRESSED AS A FUNCTION OF THE PARTICIPANT'S SALARY PAID DURING THE CALENDAR YEAR AND REQUIRES AT LEAST FOUR MONTHS OF SERVICE IN AN ELIGIBLE POSITION DURING THE YEAR. ACTUAL AWARDS CAN RANGE FROM 0% TO 150% OF THE TARGET AWARD, BASED ON ALLINA'S PERFORMANCE OVER THE CALENDAR YEAR. PERFORMANCE MEASURES INCLUDE FINANCIAL PERFORMANCE, SERVICE QUALITY, PATIENT SATISFACTION, PATIENT SAFETY AND COMMUNITY SERVICE. NO AWARDS ARE PROVIDED UNLESS THRESHOLD FINANCIAL PERFORMANCE IS ACHIEVED. PARTICIPANTS WHO HAVE LEFT EMPLOYMENT PRIOR TO THE END OF THE YEAR AS THE RESULT OF VOLUNTARY TERMINATION OR TERMINATION FOR POOR PERFORMANCE ARE NOT ELIGIBLE FOR AN AWARD. LONG-TERM INCENTIVE PLAN (LTIP): ALLINA HAS A LONG-TERM INCENTIVE PLAN THAT PROVIDES A CASH AWARD OPPORTUNITY TO A SMALL NUMBER OF TOP EXECUTIVES APPROVED FOR PARTICIPATION BY THE COMPENSATION COMMITTEE OF THE BOARD. THE AWARD OPPORTUNITY IS BASED ON ALLINA PERFORMANCE DURING OVERLAPPING THREE-YEAR CYCLES. PERFORMANCE MEASURES AND TARGETS ARE DEFINED BY THE COMMITTEE FOR EACH THREE-YEAR PERIOD AND CAN VARY FROM ONE PERIOD TO ANOTHER DEPENDING ON THE COMMITTEE'S JUDGMENT OF THE MOST IMPORTANT MEASURES OF SUCCESS. AWARDS CAN RANGE FROM 0% TO 150% OF TARGET AWARDS.
	PART I, LINE 8	CERTAIN AMOUNTS REPORTED ON FORM 990, PART VII WERE PAID OR ACCRUED PURSUANT TO A CONTRACT THAT WAS SUBJECT TO THE INITIAL CONTRACT EXCEPTION DESCRIBED IN REGULATION SECTION 53.4958-4(A)(3). FROM TIME TO TIME, ALLINA HEALTH SYSTEM ENTERS INTO CONTRACTUAL ARRANGEMENTS THAT MAY QUALIFY FOR THE INITIAL CONTRACT EXCEPTION BASED ON THE TERMS AND UNDERSTANDINGS OF THE CONTRACTUAL AGREEMENTS.
SUPPLEMENTAL INFORMATION	PART III	THE FOLLOWING INDIVIDUALS' COMPENSATION REPRESENTS A PARTIAL YEAR OF EMPLOYMENT OR A SELECT PERIOD OF TIME IN THE POSITION FOR WHICH COMPENSATION DISCLOSURES ARE REQUIRED: SUSAN HEICHERT, CHRISTOPHER HUGHES, DEREK KANG, RICKIE RESSLER, SHANE SEYMOUR, JOHN STOLTENBERG, MD, JOANN YOHN. ADDITIONAL COMPENSATION DISCLOSURES: MARY FOARDE AND GARY STRONG. OTHER REPORTABLE COMPENSATION INCLUDED: PAYMENT OF SEVERANCE (IF APPLICABLE) AND OTHER DEFERRED COMPENSATION FOLLOWING SEPARATION FROM EMPLOYMENT. DEFERRED COMPENSATION PLANS - TERMS AND CONDITIONS: ALLINA SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP). THIS PLAN WAS AMENDED EFFECTIVE DECEMBER 31, 2008, SUCH THAT NO FUTURE BENEFITS ACCRUE FOR SERVICE AFTER THAT DATE. ELIGIBLE ALLINA EXECUTIVES PARTICIPATED IN A DEFINED CONTRIBUTION SERP. EMPLOYER CREDITS WERE MADE EACH YEAR TO THEIR SERP BALANCE ACCORDING TO THE FOLLOWING SCHEDULE: EXECUTIVE YEARS OF SERVICE: CONTRIBUTION AS A % OF PENSIONABLE EARNINGS: 0-5: 2.75%; 6-10: 3.50%; 11+: 4.75%. EXECUTIVES WERE ALSO CREDITED AN AMOUNT EQUAL TO THE EXCESS AMOUNT THAT WOULD HAVE BEEN CREDITED TO THE PENSION ACCOUNT PLAN WERE IT NOT FOR THE QUALIFIED PLAN COMPENSATION LIMITS. DEPOSITS EARN THE INVESTMENT RATE OF RETURN EQUAL TO THE PENSION ACCOUNT PLAN CREDITING RATE AS DECLARED BY ALLINA. THE CURRENT RATE IS 4%. THE PARTICIPANT VESTS AFTER THREE YEARS OF EXECUTIVE SERVICE PROVIDED THAT IF THE PARTICIPANT TERMINATES EMPLOYMENT WITH ALLINA PRIOR TO AGE 65 FOR ANY REASON OTHER THAN ELIMINATION OF POSITION, THE PARTICIPANT MUST FULFILL THE TERMS OF A COVENANT NOT TO COMPETE. BENEFITS ARE PAID AS A SINGLE LUMP-SUM AMOUNT UPON AGE 65 RETIREMENT OR JOB POSITION ELIMINATION. IN THE CASE OF OTHER VOLUNTARY TERMINATIONS, PAYMENT IS DELAYED UNTIL COMPLETION OF THE TWO-YEAR NON-COMPETE PERIOD. THE SERP IS PAYABLE FROM ALLINA'S GENERAL ASSETS. IF ALLINA BECOMES INSOLVENT, THE PARTICIPANT WILL BE AN UNSECURED CREDITOR AND WILL HAVE NO PREFERRED CLAIM TO ANY ASSETS. ALLINA EXECUTIVE RETIREMENT BENEFIT RESTORATION PLAN: ELIGIBLE ALLINA EXECUTIVES PARTICIPATE IN A DEFERRED COMPENSATION RETIREMENT PLAN. EXECUTIVES ARE CREDITED AN AMOUNT EQUAL TO THE EXCESS AMOUNT THAT WOULD HAVE BEEN CREDITED TO THE ALLINA RETIREMENT SAVINGS PLAN WERE IT NOT FOR THE QUALIFIED PLAN COMPENSATION LIMITS. EMPLOYER CREDITS ARE MADE EACH YEAR TO THEIR ACCOUNT BALANCE ACCORDING TO THE FOLLOWING SCHEDULE AS OF THE END OF THE PLAN YEAR: PARTICIPANT'S YEARS OF VESTING SERVICE: APPLICABLE PERCENTAGE: LESS THAN 1: 0%; 1-5: 5.0%; 6-10: 5.5%; 11-15: 6.0%; 16 OR MORE: 6.5%. DEPOSITS EARN THE INVESTMENT RATE OF RETURN EQUAL TO THE INVESTMENT OPTIONS SELECTED BY THE PARTICIPANT, WHICH ARE THE SAME OPTIONS AVAILABLE UNDER THE QUALIFIED PLAN. A PARTICIPANT WHO HAS COMPLETED AT LEAST TWO YEARS OF SERVICE BECOMES VESTED IN THE PORTION OF HIS OR HER ACCOUNT ATTRIBUTABLE TO THE ANNUAL CREDIT FOR A PARTICULAR YEAR AS OF JANUARY 15 OF THE YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE ANNUAL CREDIT IS EARNED. IN THE EVENT OF TERMINATION (OTHER THAN BECAUSE OF DEATH) PRIOR TO AGE 67, THE DISTRIBUTION DATE SHALL BE AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER TERMINATION IN THE FORM OF A LUMP-SUM PAYMENT. THE PLAN IS PAYABLE FROM ALLINA'S GENERAL ASSETS. IF ALLINA BECOMES INSOLVENT, THE PARTICIPANT WILL BE AN UNSECURED CREDITOR AND WILL HAVE NO PREFERRED CLAIM TO ANY ASSETS. THIS PLAN WAS EFFECTIVE JANUARY 1, 2009. ALLINA HOSPITALS AND CLINICS EXECUTIVE BENEFIT PLAN: ALLINA HOSPITALS AND CLINICS PHYSICIAN BENEFIT PLAN: MUTUAL FUND ACCOUNT. THESE ACCOUNTS GIVE THE PARTICIPANT THE OPPORTUNITY FOR CAPITAL ACCUMULATION NOT FULLY AVAILABLE TO THEM THROUGH SOCIAL SECURITY OR THE GENERAL EMPLOYEE RETIREMENT PLANS BECAUSE OF MAXIMUMS PLACED ON COMPENSATION THAT CAN BE RECOGNIZED UNDER FEDERAL LAW FOR PURPOSES OF CONTRIBUTIONS. THEY ALSO SERVE AS AN IMPORTANT NON-COMPETE INCENTIVE TO PARTICIPANTS. PRIOR TO THE YEAR IN WHICH CONTRIBUTIONS ARE MADE, THE PARTICIPANT MUST DESIGNATE A VESTING/PAYOUT DATE CONSISTENT WITH THE CONSTRAINTS OF THE PLANS AND FEDERAL DEFERRED COMPENSATION REGULATIONS. AFTER THE CONTRIBUTIONS ARE MADE, THE PARTICIPANT HAS A ONE-TIME LIMITED OPPORTUNITY TO EXTEND THE ELECTED PAYMENT DATE FOR AT LEAST FIVE YEARS. ONCE THE VESTING/PAYOUT DATE HAS BEEN REACHED, ALLINA WILL WITHHOLD THE APPROPRIATE TAXES AND THE BALANCE WILL BE PAID TO THE PARTICIPANT ON THEIR PAYCHECK AS SOON AS ADMINISTRATIVELY FEASIBLE. IF THE PARTICIPANT TERMINATES EMPLOYMENT VOLUNTARILY BEFORE AN AMOUNT IS PAID, PAYMENT WILL BE SUBJECT TO THE PARTICIPANT'S COMPLIANCE WITH A NON-COMPETE AGREEMENT WITH ALLINA FOR TWO YEARS AFTER TERMINATION. THE PARTICIPANT MAY ELECT FROM AMONG INVESTMENT ALTERNATIVES THAT ARE SIMILAR TO THOSE AVAILABLE IN THE RETIREMENT SAVINGS PLAN. UNLIKE THE RETIREMENT SAVINGS PLAN, THE PARTICIPANT HAS THE STATUS OF AN UNSECURED CREDITOR OF ALLINA AND WILL NOT HAVE A PREFERRED CLAIM TO PAYMENT IN THE CASE OF THE COMPANY'S INABILITY TO PAY. HOWEVER, THE COMPANY DOES SET ASIDE ASSETS FOR ITS OBLIGATIONS BY ACTUALLY INVESTING THE PROMISED ASSETS CONSISTENT WITH PARTICIPANT ELECTIONS. EXECUTIVE SEVERANCE PLAN: ALLINA PROVIDES SALARY CONTINUATION FOR EXECUTIVES WHOSE EMPLOYMENT HAS BEEN INVOLUNTARILY TERMINATED FOR REASONS OTHER THAN CAUSE OR POOR PERFORMANCE. THE LENGTH OF THE SEVERANCE PAY PERIOD IS DEFINED BY THE PLAN AND DEPENDS ON THE LEVEL OF THE EXECUTIVE POSITION. UNDER THE PLAN, THE SEVERED EXECUTIVE ALSO COULD CONTINUE CERTAIN BENEFITS FOR A LIMITED PERIOD OF TIME. IN 2009, THE PLAN WAS AMENDED TO FURTHER RESTRICT SEVERANCE BENEFITS IN THE CASE THAT THE EXECUTIVE OBTAINS OTHER EMPLOYMENT DURING THE SEVERANCE PERIOD.

Software ID:

Software Version:

EIN: 36-3261413

Name: ALLINA HEALTH SYSTEM

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
KENNETH PAULUS	(i) (ii)	686,549 0	590,428 0	44,137 0	517,123 0	28,269 0	1,866,506 0	336,189 0
MARGARET BUTLER	(i) (ii)	268,014 0	86,545 0	45,810 0	170,784 0	27,580 0	598,733 0	6,538 0
DUNCAN GALLAGHER	(i) (ii)	527,748 0	57,714 0	43,704 0	153,865 0	26,028 0	809,059 0	0 0
MARGARET HASBROUCK	(i) (ii)	199,309 0	48,664 0	31,371 0	47,276 0	23,557 0	350,177 0	19,745 0
SUSAN HEICHERT	(i) (ii)	158,132 0	103,810 0	97,252 0	35,889 0	5,574 0	400,657 0	0 0
CHRISTOPHER HUGHES	(i) (ii)	153,577 0	16,696 0	1,863 0	20,900 0	15,192 0	208,228 0	0 0
LAURIE LAFONTAINE	(i) (ii)	305,174 0	84,290 0	39,690 0	72,611 0	27,046 0	528,811 0	34,216 0
TOM O'CONNOR	(i) (ii)	358,797 0	195,728 0	54,849 0	203,236 0	27,637 0	840,247 0	142,827 0
JEFFEREY PETERSON	(i) (ii)	492,646 0	280,532 0	77,179 0	240,136 0	36,963 0	1,127,456 0	190,817 0
RICKIE RESSLER	(i) (ii)	68,160 0	198,589 0	15,915 0	32,570 0	1,548 0	316,782 0	106,156 0
TOMI RYBA	(i) (ii)	476,380 0	168,032 0	13,062 0	171,863 0	27,063 0	856,400 0	0 0
SHANE SEYMOUR	(i) (ii)	140,432 0	28,000 0	192,816 0	2,266 0	11,269 0	374,783 0	0 0
ELIZABETH TRUESDELL SMITH	(i) (ii)	290,736 0	69,543 0	26,189 0	111,235 0	22,390 0	520,093 0	1,983 0
JOHN STOLTENBERG MD	(i) (ii)	410,463 0	74,210 0	10,977 0	70,879 0	15,204 0	581,733 0	0 0
PENNY WHEELER MD	(i) (ii)	427,020 0	295,638 0	19,559 0	230,828 0	19,498 0	992,543 0	179,902 0
ROBERT WIELAND MD	(i) (ii)	395,390 0	122,410 0	27,559 0	182,286 0	14,138 0	741,783 0	0 0
JOANN YOHN	(i) (ii)	135,480 0	57,879 0	27,457 0	26,122 0	13,572 0	260,510 0	23,224 0
SANDRA SCHMITT	(i) (ii)	286,824 0	80,713 0	180,524 0	52,181 0	26,565 0	626,807 0	62,275 0
SURESHBABU AHANYA MD	(i) (ii)	972,258 0	0 0	23,269 0	60,495 0	23,800 0	1,079,822 0	0 0
DANIEL BUSS MD	(i) (ii)	1,232,665 0	12,966 0	4,711 0	77,423 0	26,617 0	1,354,382 0	0 0
MICHAEL FREEHILL MD	(i) (ii)	993,546 0	11,840 0	3,234 0	59,256 0	21,504 0	1,089,380 0	0 0
EMANUEL GAZIANO MD	(i) (ii)	649,062 0	0 0	367,357 0	32,431 0	26,504 0	1,075,354 0	94,963 0
WILLIAM WAGNER MD	(i) (ii)	916,520 0	0 0	7,354 0	66,164 0	27,550 0	1,017,588 0	0 0
ELAINE VOSS	(i) (ii)	0 0	0 0	35,241 0	0 0	0 0	35,241 0	0 0
MARY FOARDE	(i) (ii)	42,467 0	0 0	140,352 0	0 0	0 0	182,819 0	0 0
RICHARD PETTINGILL	(i) (ii)	0 0	210,344 0	0 0	0 0	0 0	210,344 0	0 0
ANDREW PUGH	(i) (ii)	210,426 0	52,377 0	20,330 0	42,000 0	31,217 0	356,350 0	17,678 0
GARY STRONG	(i) (ii)	13,880 0	0 0	189,846 0	0 0	597 0	204,323 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

Part I

Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CITY OF MINNEAPOLIS	41-6005375	792909BJ1	11-10-2009	348,409,221	REFUNDING OF 2007B & A PORTION OF 1998A,CONSTRUCTION,REMODELLING,RENOVATION		X		X		X
B CITY OF MINNEAPOLIS	41-6005375	792909BH5	10-17-2007	482,877,203	REFUNDING OF 1993A AND ADVANCED REFUNDING OF 2002A BONDS,REMODELING&RENOVATE		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	1,270,000		3,925,000					
2	Amount of bonds legally defeased	217,520,000		217,520,000					
3	Total proceeds of issue	348,750,261		487,127,003					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow	205,279,635		205,279,635					
7	Issuance costs from proceeds	3,332,390		2,717,494					
8	Credit enhancement from proceeds	6,787,000		6,787,000					
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	27,870,509		126,922,772					
11	Other spent proceeds	295,092,023		138,047,162					
12	Other unspent proceeds	22,098,576							
13	Year of substantial completion	2011		2010		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X	X					
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part IIIPrivate Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X					
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?	X		X					
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 700 %		2 300 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 %					
6	Total of lines 4 and 5	0 700 %		2 300 %					
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IVArbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X				
2	Is the bond issue a variable rate issue?	X		X					
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X		X					
b	Name of provider	JP MORGANWELLS FARGO		UBS					
c	Term of hedge	25 8000000000000		24 8000000000000					
d	Was the hedge superintegrated?	X		X					
e	Was a hedge terminated?		X		X				
4a	Were gross proceeds invested in a GIC?		X	X					
b	Name of provider	MBIA		MBIA					
c	Term of GIC	0 8000000000000		0 8000000000000					
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X					
5	Were any gross proceeds invested beyond an available temporary period?		X		X				
6	Did the bond issue qualify for an exception to rebate?		X		X				

Part VSupplemental Information

Complete this part to provide additional information for responses to questions on Schedule K (see instructions)

Identifier	Return Reference	Explanation

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization ALLINA HEALTH SYSTEM	Employer identification number 36-3261413
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Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		RODNEY A YOUNG AND MARK SHEFFERT - BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		<p>THE ALLINA HEALTH SYSTEM FORM 990 WAS PREPARED BY THE TAX SERVICES FUNCTION OF ALLINA HEALTH SYSTEM. THE FORM 990 FILING WAS SUBJECTED TO A RIGOROUS REVIEW PROCESS BY ALLINA'S TAX MANAGER AND TAX DIRECTOR. ALLINA'S VICE PRESIDENT OF FINANCE & TREASURY ALSO PERFORMED AN EXECUTIVE REVIEW OF THE FORM 990. AFTER THE MANAGEMENT REVIEW PROCESS DESCRIBED ABOVE WAS COMPLETED, THE FINAL FORM 990, AS ULTIMATELY FILED WITH THE INTERNAL REVENUE SERVICE [IRS], WAS PROVIDED TO EACH VOTING MEMBER OF THE ALLINA HEALTH SYSTEM BOARD OF DIRECTORS. AN ALLINA HEALTH SYSTEM BOARD OF DIRECTORS MEETING WAS HELD ON NOVEMBER 1, 2011 TO REVIEW AND DISCUSS THE FORM 990 FILING. THE ALLINA HEALTH SYSTEM BOARD OF DIRECTORS VOTED ON AND APPROVED A RESOLUTION APPROVING THE FORM 990, THE MINNESOTA CHARITABLE ORGANIZATION ANNUAL REPORT TO BE FILED WITH THE MINNESOTA ATTORNEY GENERAL AND THE WISCONSIN CHARITABLE ORGANIZATION ANNUAL REPORT TO BE FILED WITH THE WISCONSIN DEPARTMENT OF REGULATION AND LICENSING. THE BOARD OF DIRECTORS RESOLUTION ALSO DIRECTED OFFICERS TO FILE THE FORM 990 WITH THE IRS, THE CHARITABLE ANNUAL REPORT WITH THE CHARITIES DIVISION OF THE OFFICE OF THE MINNESOTA ATTORNEY GENERAL AND THE WISCONSIN CHARITABLE ORGANIZATION ANNUAL REPORT WITH THE WISCONSIN DEPARTMENT OF REGULATION AND LICENSING. THE ABOVE STATED REVIEW AND APPROVAL PROCESS OCCURRED PRIOR TO FILING THE ALLINA HEALTH SYSTEM FORM 990 WITH THE IRS, THE MINNESOTA CHARITABLE ORGANIZATION ANNUAL REPORT WITH THE MINNESOTA ATTORNEY GENERAL AND THE WISCONSIN CHARITABLE ANNUAL REPORT WITH THE WISCONSIN DEPARTMENT OF REGULATION AND LICENSING.</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE ORGANIZATION HAS SEVERAL METHODS OF MONITORING AND ENFORCING COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY FIRST, THE ORGANIZATION REGULARLY DISTRIBUTES CONFLICT OF INTEREST DISCLOSURE QUESTIONNAIRES TO ITS OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES THESE INDIVIDUALS ARE REQUIRED TO DISCLOSE ANNUALLY ANY INTEREST THAT COULD GIVE RISE TO CONFLICTS, INCLUDING ANY FAMILY OR BUSINESS RELATIONSHIP SECOND, THE GENERAL COUNSEL'S OFFICE ANNUALLY DELIVERS A REPORT TO ALLINA'S BOARD OF DIRECTORS WHICH INCLUDES, AMONG OTHER THINGS, THE RESULTS OF THE CONFLICT OF INTEREST QUESTIONNAIRE, AN ANALYSIS OF POTENTIAL CONFLICTS, AND GUIDANCE FOR SATISFACTORILY RESOLVING CONFLICTS THIRD, THE ORGANIZATION UNDERTAKES MANDATORY COMPLIANCE TRAINING OF ALL ITS EMPLOYEES WHICH INCLUDES TRAINING ON CONFLICTS OF INTEREST FOURTH, ALL EMPLOYEES RECEIVE, AND ARE EXPECTED TO CONDUCT THEMSELVES IN ACCORDANCE WITH ALLINA'S CODE OF CONDUCT THE CODE OF CONDUCT CONTAINS EDUCATIONAL MATERIALS AND GUIDANCE TO RESOLVE POTENTIAL CONFLICTS OF INTEREST FIFTH, ALLINA MAINTAINS A CORPORATE INTEGRITY HOTLINE, A CONFIDENTIAL 24 HOUR EXTERNAL RESOURCE TO HELP ANSWER QUESTIONS RELATED TO ETHICAL BUSINESS CONDUCT ALL CALLS TO THE INTEGRITY LINE ARE KEPT CONFIDENTIAL

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION COMMITTEE OF THE ALLINA HEALTH SYSTEM BOARD OF DIRECTORS IS RESPONSIBLE FOR ALL COMPENSATION AND BENEFITS PROGRAM ELEMENTS FOR NON-COLLECTIVELY BARGAINED ALLINA HEALTH SYSTEM EMPLOYEES. ALLINA HEALTH SYSTEM USES A PROCESS FOR DETERMINING COMPENSATION FOR THE CEO AND CERTAIN OTHER OFFICERS AND KEY EMPLOYEES THAT INCLUDED ALL OF THE FOLLOWING ELEMENTS: REVIEW AND APPROVAL BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS, THE MEMBERS OF WHICH ARE INDEPENDENT AND WITHOUT A CONFLICT OF INTEREST AS DEFINED IN REGULATION SECTION 53.4958-6(c)(1)(iii); ENGAGEMENT OF AN INDEPENDENT COMPENSATION CONSULTANT SPECIALIZING IN EXECUTIVE COMPENSATION; USE OF DATA AS TO COMPARABLE COMPENSATION FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS; CONTEMPORANEOUS DOCUMENTATION, SUBSTANTIATION AND RECORDKEEPING WITH RESPECT TO DELIBERATIONS AND DECISIONS REGARDING THE COMPENSATION ARRANGEMENT. THE ABOVE DESCRIBED PROCESS AND AN ASSESSMENT IS PERFORMED AT LEAST ANNUALLY FOR THE FOLLOWING POSITIONS: CHIEF EXECUTIVE OFFICER/PRESIDENT, CHIEF FINANCIAL OFFICER, CHIEF CLINICAL OFFICER, SENIOR VICE PRESIDENT - CHIEF COMPLIANCE OFFICER, PRESIDENT - CENTER FOR HEALTHCARE INNOVATION, PRESIDENT - ABBOTT NORTHWESTERN HOSPITAL, PRESIDENT - UNITED HOSPITAL, PRESIDENT - MERCY HOSPITAL, PRESIDENT - UNITY HOSPITAL, PRESIDENT - ALLINA MEDICAL CLINIC, SENIOR VICE PRESIDENT - GENERAL COUNSEL, EXECUTIVE VICE PRESIDENT - PHILANTHROPY, EXECUTIVE VICE PRESIDENT - STRATEGY AND DEVELOPMENT, EXECUTIVE VICE PRESIDENT - AMBULATORY CARE. IN ADDITION, THE COMPENSATION COMMITTEE REVIEWS AND APPROVES ALL COMPENSATION CHANGES OF THE CHIEF EXECUTIVE OFFICER AND THE OTHER FOREMENTIONED POSITIONS LISTED IN ADVANCE OF THE CHANGE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	ALLINA HEALTH SYSTEM MAKES ITS FORM 990, FORM 1023, GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST TO ARRANGE AN INSPECTION OR RECEIVE A COPY , PLEASE CONTACT THE FOLLOWING ALLINA HEALTH SYSTEM TAX SERVICES MAIL ROUTE 10890 P O BOX 43 MINNEAPOLIS, MN 55407-0043 TELEPHONE 612-262-0660 PHYSICAL ADDRESS 2925 CHICAGO AVENUE MINNEAPOLIS, MN 55407-1321 THE FORM 990 AND FORM 1023 ARE ALSO AVAILABLE DIRECTLY FROM THE INTERNAL REVENUE SERVICE THE FORM 990 AND FINANCIAL STATEMENTS ARE ALSO AVAILABLE FROM THE CHARITIES DIVISION OF THE OFFICE OF THE MINNESOTA ATTORNEY GENERAL THE FINANCIAL STATEMENTS ARE ALSO AVAILABLE FROM DIGITAL ASSURANCE CERTIFICATION (DAC) AND ON THEIR WEBSITE AT DACBOND.COM DAC CLIENTS MEET THE IRS SECTION 6104(D) REQUIREMENTS ON ALLOWING "PUBLIC INSPECTION OF CERTAIN ANNUAL RETURNS, REPORTS, AND APPLICATIONS FOR EXEMPTION AND NOTICES OF STATUS" VIA THE DAC WEBSITE DAC ENSURES THE RELIABILITY AND ACCURACY OF THE POSTED DOCUMENTS AND TAKES REASONABLE PRECAUTIONS TO PREVENT ALTERATION, DESTRUCTION OR ACCIDENTAL LOSS OF THE POSTED DOCUMENTS WHERE REQUESTED, A USER MAY DOWNLOAD A DOCUMENT, PRINT A DOCUMENT, EMAIL A DOCUMENT OR, GIVEN REASONABLE WRITTEN NOTICE, DAC WILL MAIL A NOTIFICATION INDICATING WHERE SUCH DOCUMENTS ARE AVAILABLE WITHIN 7 DAYS OF THE WRITTEN REQUEST, PER IRS TREA REG SECTION 301.6104(D)-2(D)

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 40,784,582 PENSION LIABILITY ADJUSTMENTS - 19,441,658 PLEDGED CONTRIBUTIONS WRITTEN OFF -65,128 CUR YR CONTRIB TO TAX EXEMPT SUB -4,479,527 TOTAL TO FORM 990, PART XI, LINE 5 16,798,269

Identifier	Return Reference	Explanation
	PART XII, LINE 2C	THIS PROCESS REMAINS UNCHANGED FROM PRIOR YEAR

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

2010

Open to Public Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

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
(1) ACCOUNTS RECEIVABLE SERVICES LLC PO BOX 43 MINNEAPOLIS, MN 55440 55-0811834	DEBT COLLECTION	MN	3,723,990	12,978,226	N/A

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	(g) Section 512(b)(13) controlled organization	
						Yes	No
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?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) APPLE VALLEY BUILDING ASSOCIATES LLC 14655 GALAXIE AVENUE S APPLE VALLEY, MN55124 41-1677072	RENTAL REAL ESTATE	MN	N/A	RELATED	-422,616	4,494,892		No		Yes		
(2) METROPOLITAN INTEGRATED CANCER CARE LLC 16825 NORTHCHASE DRIVE SUITE 1300 HOUSTON, TX77060 20-5068485	RADIOLOGY	TX	N/A	RELATED	2,369,907	3,194,822		No			No	
(3) SOUTHWEST SURGICAL CENTER LLC 920 EAST 28TH STREET SUITE 500 MINNEAPOLIS, MN55407 41-2013700	SURGICAL SERVICES	MN	N/A	RELATED	2,344,775	1,521,961		No		Yes		
(4) MAGNETO LEASING LLC 225 SMITH AVE N SUITE 201 ST PAUL, MN55102 20-1582501	RENTAL EQUIPMENT	MN	N/A	RELATED	168,461	41,482		No		Yes		
(5) ALEXANDRIA IMAGING LLC 920 EAST 28TH STREET SUITE 500 MINNEAPOLIS, MN55407 41-2000887	RADIOLOGY	MN	N/A	RELATED	445			No		Yes		
(6) WEST SUBURBAN HEALTH CAMPUS 2855 CAMPUS DRIVE PLYMOUTH, MN55441 41-1730888	RENTAL REAL ESTATE	MN	N/A	RELATED	-58,464	1,084,424		No		Yes		
(7) ASPEN SLEEP CENTER LLC 1010 BANDANA BOULEVARD WEST ST PAUL, MN55108 26-1850227	HEALTHCARE SERVICES	MN	ASPEN MEDICAL GROUP	RELATED	489,265	279,944		No			No	

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
(1) HEALTHSPAN SERVICES CORPORATION PO BOX 43 MINNEAPOLIS, MN55440 41-1716415	DEBT COLLECTION	MN		C			100 000 %
(2) ALLINA SPECIALTY ASSOCIATES PO BOX 43 MINNEAPOLIS, MN55440 41-1802815	HEALTHCARE SERVICES	MN		C		28,632,485	100 000 %
(3) ALLINA CLINIC HOLDINGS LTD PO BOX 43 MINNEAPOLIS, MN55440 26-3954371	HOLDING COMPANY	MN		C	-19,352	4,528,624	100 000 %
(4) QUELLO CLINIC LIMITED PO BOX 43 MINNEAPOLIS, MN55440 41-0874754	HEALTHCARE SERVICES	MN	ALLINA CLINIC HOLDINGS LTD	C	-7,919,652	4,514,223	100 000 %
(5) ALLINA HEALTH SYSTEM TRUST 500 GRANT STREET SUITE 0625 PITTSBURGH, PA15258 27-6712988	TRUST	PA		T			100 000 %

Part V

Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

No

No

No

Yes

No

Yes

No

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	(d) Method of determining amount involved
(1) See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

Part VII **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation
------------	------------------	-------------

Software ID:

Software Version:

EIN: 36-3261413

Name: ALLINA HEALTH SYSTEM

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 section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
ALLINA MEDICAL CLINIC PO BOX 43 MINNEAPOLIS, MN554400043 41-1781624	HEALTHCARE SERVICES	MN	501(C)(3)	LINE 3	ALLINA HEALTH SYSTEM		No
ABBOTT NORTHWESTERN HOSPITAL FOUNDATION PO BOX 43 MINNEAPOLIS, MN554400043 04-3643816	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
MERCY & UNITY HOSPITALS FOUNDATION PO BOX 43 MINNEAPOLIS, MN554400043 30-0086426	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
PHILLIPS EYE INSTITUTE FOUNDATION PO BOX 43 MINNEAPOLIS, MN554400043 41-1613017	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
SISTER KENNY FOUNDATION PO BOX 43 MINNEAPOLIS, MN554400043 41-1952989	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
UNITED HOSPITAL FOUNDATION PO BOX 43 MINNEAPOLIS, MN554400043 23-7420998	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
CENTER FOR HEALTHCARE INNOVATION FOUNDATION PO BOX 43 MINNEAPOLIS, MN554400043 26-3553868	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
ALLINA ASSOCIATED FOUNDATION PO BOX 43 MINNEAPOLIS, MN554400043 27-4116873	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
ASPEN ASSET CORPORATION PO BOX 43 MINNEAPOLIS, MN554400043 41-1788674	HOLDING TITLE TO PROPERTY	MN	501(C)(2)		ALLINA HEALTH SYSTEM		No
ASPEN MEDICAL GROUP PO BOX 43 MINNEAPOLIS, MN554400043 41-1452624	HEALTHCARE SERVICES	MN	501(C)(4)		ALLINA HEALTH SYSTEM		No
ALLINA INTEGRATED MEDICAL NETWORK PO BOX 43 MINNEAPOLIS, MN554400043 27-5129095	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
UNITED AND CHILDRENS AMBULATORY SURGERY CENTER ASSOCIATION 310 NORTH SMITH AVENUE ST PAUL, MN55102 41-1694626	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No

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) Dispropportionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 (\$)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
APPLE VALLEY BUILDING ASSOCIATES LLC 14655 GALAXIE AVENUE S APPLE VALLEY, MN55124 41-1677072	RENTAL REAL ESTATE	MN	N/A	RELATED	-422,616	4,494,892		No		Yes		
METROPOLITAN INTEGRATED CANCER CARE LLC 16825 NORTHCHASE DRIVE SUITE 1300 HOUSTON, TX77060 20-5068485	RADIOLOGY	TX	N/A	RELATED	2,369,907	3,194,822		No			No	
SOUTHWEST SURGICAL CENTER LLC 920 EAST 28TH STREET SUITE 500 MINNEAPOLIS, MN55407 41-2013700	SURGICAL SERVICES	MN	N/A	RELATED	2,344,775	1,521,961		No		Yes		
MAGNETO LEASING LLC 225 SMITH AVE N SUITE 201 ST PAUL, MN55102 20-1582501	RENTAL EQUIPMENT	MN	N/A	RELATED	168,461	41,482		No		Yes		
ALEXANDRIA IMAGING LLC 920 EAST 28TH STREET SUITE 500 MINNEAPOLIS, MN55407 41-2000887	RADIOLOGY	MN	N/A	RELATED	445			No		Yes		
WEST SUBURBAN HEALTH CAMPUS 2855 CAMPUS DRIVE PLYMOUTH, MN55441 41-1730888	RENTAL REAL ESTATE	MN	N/A	RELATED	-58,464	1,084,424		No		Yes		
ASPEN SLEEP CENTER LLC 1010 BANDANA BOULEVARD WEST ST PAUL, MN55108 26-1850227	HEALTHCARE SERVICES	MN	ASPEN MEDICAL GROUP	RELATED	489,265	279,944		No			No	

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

(a) Name of other organization		(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1)	ABBOTT NORTHWESTERN HOSPITAL FOUNDATION	C	6,561,779	CASH
(2)	ABBOTT NORTHWESTERN HOSPITAL FOUNDATION	B	2,040,781	COST
(3)	ABBOTT NORTHWESTERN HOSPITAL FOUNDATION	Q	1,100,000	COST
(4)	MERCY & UNITY HOSPITALS FOUNDATION	C	814,205	CASH
(5)	MERCY & UNITY HOSPITALS FOUNDATION	B	1,076,167	COST
(6)	PHILLIPS EYE INSTITUTE FOUNDATION	C	678,853	CASH
(7)	PHILLIPS EYE INSTITUTE FOUNDATION	B	131,799	COST
(8)	SISTER KENNY FOUNDATION	C	442,770	CASH
(9)	SISTER KENNY FOUNDATION	B	368,550	COST
(10)	UNITED HOSPITAL FOUNDATION	C	5,306,034	CASH
(11)	UNITED HOSPITAL FOUNDATION	B	1,346,887	COST
(12)	CENTER FOR HEALTHCARE INNOVATION FOUNDATION	B	36,433	COST
(13)	ASPEN MEDICAL GROUP	O	52,357,236	COST
(14)	ALLINA SPECIALTY ASSOCIATES INC	B	4,272,313	COST
(15)	ALLINA MEDICAL CLINIC	B	4,479,527	COST
(16)	METROPOLITAN INTEGRATED CANCER CARE LLC	C	2,521,682	CASH
(17)	APPLE VALLEY BUILDING ASSOCIATES LLC	C	150,000	CASH
(18)	SOUTHWEST SURGICAL CENTER LLC	C	2,378,833	CASH
(19)	MAGNETO LEASING LLC	C	184,398	CASH
(20)	ASPEN SLEEP CENTER LLC	C	481,000	CASH
(21)	ALLINA CLINIC HOLDINGS LTD	B	4,542,979	COST
(22)	QUELLO CLINIC LTD	O	3,899,170	COST
(23)	ALEXANDRIA IMAGING LLC	B	5,351	COST
(24)	ALLINA CLINIC HOLDINGS LTD	O	1,087,854	COST
(25)	SOUTHWEST SURGICAL CENTER LLC	B	618,660	COST
(26)	ALLINA INTEGRATED MEDICAL NETWORK	O	756,789	COST



ALLINA HEALTH SYSTEM

Consolidated Financial Statements

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

ALLINA HEALTH SYSTEM

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KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Board of Directors
Allina Health System

We have audited the accompanying consolidated balance sheets of Allina Health System (the System) as of December 31, 2010 and 2009 and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2010 and 2009 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Allina Health System as of December 31, 2010 and 2009 and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

March 15, 2011

ALLINA HEALTH SYSTEM

Consolidated Balance Sheets

December 31, 2010 and 2009

(Dollars in thousands)

Assets	2010	2009
Current assets		
Cash and cash equivalents	\$ 69,266	191,416
Short-term investments	316,361	306,198
Patient accounts receivable, less allowances for uncollectible accounts of \$65,324 in 2010 and \$64,555 in 2009	364,813	353,269
Inventories	43,364	42,631
Other current assets	43,588	46,989
	<u>837,392</u>	<u>940,503</u>
Investments	836,674	513,264
Investments with limited uses	136,708	156,439
Land, buildings, and equipment, net	800,899	827,236
Other assets	145,898	142,852
	<u>2,757,571</u>	<u>2,580,294</u>
Total assets	\$	
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 336,405	306,074
Other current liabilities	106,607	107,930
	<u>443,012</u>	<u>414,004</u>
Long-term debt	673,155	690,142
Other liabilities	339,765	390,976
	<u>1,455,932</u>	<u>1,495,122</u>
Total liabilities		
Net assets		
Unrestricted	1,181,876	962,930
Temporarily restricted	73,904	77,359
Permanently restricted	45,859	44,883
	<u>1,301,639</u>	<u>1,085,172</u>
Total net assets		
Total liabilities and net assets	\$	
	<u>2,757,571</u>	<u>2,580,294</u>

See accompanying notes to consolidated financial statements

ALLINA HEALTH SYSTEM

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2010 and 2009

(Dollars in thousands)

	<u>2010</u>	<u>2009</u>
Revenue		
Net patient service revenue	\$ 2,925,810	2,823,856
Other operating revenue	153,675	155,070
	<u>3,079,485</u>	<u>2,978,926</u>
Expenses		
Salaries and benefits	1,748,887	1,684,746
Supplies and services	681,641	661,945
Depreciation and amortization	147,075	158,131
Financing costs	25,650	18,295
State assessments and taxes	62,376	64,018
Provision for bad debts	65,927	60,121
Utilities and maintenance	58,813	58,098
Rent	40,917	42,770
Other operating expenses	45,583	53,423
	<u>2,876,869</u>	<u>2,801,547</u>
Operating income before strike expenses	202,616	177,379
Strike expenses	<u>(14,106)</u>	<u>—</u>
Operating income	188,510	177,379
Nonoperating gains (losses)		
Investment return	66,140	87,125
Unrealized (losses) gains on interest rate swap agreements	(26,587)	30,266
Gain on restructuring of debt	—	956
Other	<u>(1,662)</u>	<u>(3,833)</u>
Excess of revenues over expenses	<u>226,401</u>	<u>291,893</u>

ALLINA HEALTH SYSTEM

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2010 and 2009

(Dollars in thousands)

	<u>2010</u>	<u>2009</u>
Unrestricted net assets		
Excess of revenues over expenses	\$ 226,401	291,893
Net assets released from restrictions for capital purposes	11,323	7,652
Unrealized loss on investments with limited uses	(156)	(505)
Unrealized gain on interest rate swap agreement	874	642
Increase in liability relating to defined benefit plans	(17,022)	(32,652)
Other	(2,474)	(2,438)
	<u>218,946</u>	<u>264,592</u>
Temporarily restricted net assets		
Contributions	9,617	12,199
Investment return	6,515	12,313
Net assets released from restrictions	(19,882)	(16,866)
Other	295	(259)
	<u>(3,455)</u>	<u>7,387</u>
(Decrease) increase in temporarily restricted net assets		
Permanently restricted net assets		
Contributions for endowment funds	666	9,092
Investment return	180	364
Other	130	(24)
	<u>976</u>	<u>9,432</u>
Increase in permanently restricted net assets		
Increase in net assets	216,467	281,411
Net assets at beginning of year	<u>1,085,172</u>	<u>803,761</u>
Net assets at end of year	<u>\$ 1,301,639</u>	<u>1,085,172</u>

See accompanying notes to consolidated financial statements

ALLINA HEALTH SYSTEM

Consolidated Statements of Cash Flows

Years ended December 31, 2010 and 2009

(Dollars in thousands)

	<u>2010</u>	<u>2009</u>
Operating activities		
Increase in net assets	\$ 216,467	281,411
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities		
Increase in liability related to benefit plans	17,022	32,652
Depreciation and amortization	147,075	158,131
Provision for bad debts	65,927	60,121
Loss (gain) on sale of properties	3,422	(48)
Unrealized loss (gain) on interest rate swaps	12,674	(58,183)
Realized and unrealized (gains) losses on investments, net	(59,053)	(87,690)
Gain on restructuring of debt	—	(956)
Restricted contributions	(10,283)	(21,291)
Contributions of cash for long-lived assets	(1,958)	(1,584)
Earnings on joint ventures	(11,459)	(10,861)
Distributions received from joint ventures	11,339	7,505
Contributions to joint ventures	(4,850)	(1,849)
Change in accounts receivable and other current assets	(80,293)	(48,510)
Change in accounts payable and other current liabilities	34,693	41,983
Change in other assets and liabilities	(82,347)	(68,215)
Net cash and cash equivalents provided by operating activities	<u>258,376</u>	<u>282,616</u>
Investing activities		
Proceeds from sales of properties	2,155	1,686
Purchases of land, buildings, and equipment	(122,656)	(104,646)
Contributions of cash for long-lived assets	1,958	1,584
Purchases of investments classified as trading	(1,725,950)	(1,558,759)
Sales of investments classified as trading	1,439,511	1,403,017
Sales (purchases) of investments with limited uses, net	472	(50,131)
Draws on construction funds	31,178	43,042
Net cash and cash equivalents used in investing activities	<u>(373,332)</u>	<u>(264,207)</u>
Financing activities		
Restricted contributions	10,283	21,291
Proceeds from issuance of long-term debt	—	348,659
Retirements of long-term debt	—	(282,922)
Principal payments of long-term debt	(17,476)	(19,068)
Deferred debt acquisition costs	—	(3,699)
Net cash and cash equivalents (used in) provided by financing activities	<u>(7,193)</u>	<u>64,261</u>
(Decrease) increase in cash and cash equivalents	(122,149)	82,670
Cash and cash equivalents at beginning of year	191,416	108,746
Cash and cash equivalents at end of year	<u>\$ 69,267</u>	<u>191,416</u>
Schedule of noncash financing activities		
Capitalized lease	\$ 832	1,738

See accompanying notes to consolidated financial statements

ALLINA HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in thousands)

(1) Organization and Basis of Presentation

Allina Health System (the System) is a not-for-profit corporation whose consolidated financial statements include the accounts of its owned subsidiaries and controlled affiliates

The System consists of five hospitals located in the Minneapolis and Saint Paul metropolitan area, five hospitals located outside the metropolitan area, physician clinics employing approximately 1,200 providers, various other health care-related entities, and six foundations supporting health-related services

All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements

(2) Summary of Significant Accounting Policies

(a) *Use of Estimates*

The preparation of consolidated financial statements in conformity with U S generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates.

(b) *Cash and Cash Equivalents*

Cash and cash equivalents include bank deposits and short-term investments with an original maturity of three months or less from the date of purchase that have not otherwise been classified as long-term assets due to a designation for long-term purposes.

(c) *Pledges Receivable*

Pledges are recorded in the period that the pledges are made and represent unconditional promises to give. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. A discount on each pledge is computed using the risk-free interest rate available at the time the pledge was made for the duration of the pledge. An allowance for uncollectible pledges receivable is determined based on a review of estimated collectibility and historical experience.

(d) *Derivative Financial Instruments*

The System uses interest rate swaps as part of its risk-management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. Interest rate swaps are used to hedge identified and approved exposures. Interest rate swaps are recognized as either assets or liabilities in accordance with the netting provisions in the counterparty agreement and are measured at fair value.

The System accounts for its interest rate swaps in accordance with Accounting Standards Codification (ASC) Topic 815, *Derivatives and Hedging*, which requires entities to recognize all derivative instruments as either assets or liabilities in the balance sheet at their respective fair values.

ALLINA HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in thousands)

For interest rate swaps that are designated and qualify as cash flow hedges, the effective portion of the gains or losses resulting from changes in the fair value is reported as a component of unrestricted net assets. The ineffective portion, if any, is reported in excess of revenues over expense in the current period. If hedging relationships were to cease to be highly effective, gains or losses on the interest rate swaps would be reported in excess of revenues over expenses and accumulated losses would be amortized into excess of revenues over expenses over the remaining life of the debt. Any differences between interest received and paid under the interest rate swap designated as a cash flow hedge is recorded as a component of interest expense.

For interest rate swaps that are not designated as cash flow hedges, gains or losses resulting from changes in the fair values of the interest rate swaps are reported as nonoperating gains or losses. Any differences between interest received and paid under nonhedged swap agreements are reported with the change in fair value of the swaps as nonoperating gains or losses.

(e) *Inventories*

Inventories include drugs and supplies and are recorded at the lower of cost or market on a first-in, first-out (FIFO) basis.

(f) *Bond Issue Costs*

Costs of bond issuance are deferred and amortized on a straight-line basis over the shorter of the term of the related indebtedness or related liquidity facility.

(g) *Investments in Unconsolidated Entities*

Investments in entities in which the System has the ability to exercise significant influence over operating and financial policies but does not have operational control are recorded under the equity method of accounting and included in other assets in the consolidated balance sheets. The System's share of net earnings or losses of the entities is included in other operating revenue (note 8).

(h) *Investments with Limited Uses*

Investments with limited uses are reported at fair value and include assets held by trustees for repayment of long-term debt, assets in escrow for capital projects, assets held for self-insured professional and general liability claims, and donor-restricted funds.

(i) *Land, Buildings, and Equipment*

Land, buildings, and equipment are carried at cost and depreciated using the straight-line method over their estimated useful lives. Interest cost, net of related interest income, incurred during the period for construction of capital assets is capitalized as a component of the cost of acquiring those assets and totaled \$1.535 and \$1.579 for 2010 and 2009, respectively.

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The following useful lives are used in computing depreciation

Land improvements	5 – 25 years
Buildings	25 – 40 years
Building additions and improvements	10 – 20 years
Equipment	2 – 15 years

(j) *Deferred Income Taxes*

The System's taxable subsidiaries record deferred income taxes due to temporary differences between financial reporting and tax reporting for certain assets and liabilities. The System accounts for income taxes under the asset-and-liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(k) *Professional and General Liability Claims*

The System is insured for professional and general liability claims in excess of self-insured retention limits with an external insurance carrier. The System offsets amounts due from the insurance carrier against the corresponding claims liability.

(l) *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors and are required to be maintained in perpetuity.

(m) *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets to the System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the consolidated statements of operations and changes in net assets. In the absence of a donor specification that restricts income and gains on temporarily restricted gifts, such income and gains are reported as income of unrestricted net assets. In order to protect permanently restricted gifts from a loss of purchasing power, the System uses a spending-rate policy to determine the portion of investment return that can be used to support operations of the current period.

The System reports gifts of equipment or other long-lived assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets

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that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the System reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(n) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients and third-party payers for services provided, including estimated retroactive adjustments due to audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as such revenue is no longer subject to such audits, reviews, and investigations.

The provisions for bad debts and charity care are based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage, and other collection indicators. After satisfaction of amounts due from insurance, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System.

(o) Operating Income Before Strike Expenses

Revenue, gains, expenses, and losses (except for those items identified as strike expenses) are included in operating income before strike expenses.

In 2010, costs associated with a Minnesota Nurses Association (MNA) one-day strike and contingency planning for a potential second MNA open-ended strike resulted in expenses of \$14,106.

(p) Excess of Revenues over Expenses

Excess of revenues over expenses includes operating income, nonoperating gains and losses, and gain (loss) on restructuring of debt (note 11). Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments not classified as trading securities and interest rate swaps designated as cash flow hedges, and changes in liability relating to defined benefit plans.

(q) Adoption of New Accounting Standards

On January 1, 2009, the System adopted the provisions under the ASC Topic 820, *Fair Value Measurements and Disclosures*, for nonfinancial assets and liabilities that are recognized and disclosed at fair value in the consolidated financial statements on a nonrecurring basis. On January 1, 2010, the System adopted the provisions of the guidance enhancing the disclosures on fair value assets by asset class and significant transfers in and out of Level 1 and Level 2 of the fair value measurement hierarchy. The adoption of the guidance did not have a material impact on the System's consolidated financial statements as of January 1, 2010.

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(r) Investment Securities

The System classifies its investments as trading or available-for-sale. The available-for-sale investments include those held whose uses are limited. All other investments are classified as trading. Trading and available-for-sale investments, including bond funds and construction funds, are recorded at fair value. Investments in alternative investments are recorded at net asset value as a practical expedient to fair value. Unrealized gains and losses on trading securities are included in excess of revenues over expenses. Unrealized gains and losses on available-for-sale investments are excluded from excess of revenues over expenses and are reported as a separate component of other changes in unrestricted net assets.

(s) Reclassifications

Certain reclassifications have been made to the 2009 consolidated financial statements to conform to the 2010 presentation. The reclassifications had no effect on the change in net assets or on total net assets as previously reported.

(3) Net Patient Service Revenue

The System has agreements with third-party payers who provide payments for health care services at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges, and per diem payments.

The System utilizes a process to identify and appeal certain settlements by Medicare and other third-party payers. Additional reimbursement is recorded in the year the appeal is successful. During 2010 and 2009, successful appeals, cost report settlements, and other adjustments to prior year estimates resulted in a (decrease) and increase in net patient service revenue of \$(3.211) and \$3.275, respectively.

Net patient service revenue by payer is as follows:

	2010	2009
Medicare and Medicaid	37%	37%
Managed care	58	59
Commercial and other	5	4
	<u>100%</u>	<u>100%</u>

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The System grants credit without collateral to its patients, most of whom are residents in the communities that it serves and are insured under third-party payer agreements. The mix of net patient accounts receivable as of December 31 consists of the following:

	2010	2009
Medicare and Medicaid	31%	28%
Managed care	44	48
Commercial and other	25	24
	100%	100%

Two managed care payers accounted for approximately 37% and 36% of net patient service revenue in 2010 and 2009, respectively. Amounts due from these two managed care payers accounted for approximately 27% and 31% of net patient accounts receivable at December 31, 2010 and 2009, respectively.

(4) Community Benefits

The System has adopted the Catholic Health Association/VHA Inc. (CHA/VHA) definition for community benefits provided in the service areas of the System. The major components are defined below:

(a) *Cost of Providing Charity Care*

The System provides medical care without charge or at reduced cost to residents of the communities that it serves through the provision of charity care. Policies have been established to identify charity care cases that meet certain guidelines for a patient's ability to pay for services. The cost of providing charity care is measured by applying a cost to charge ratio to the charges identified as charity care.

(b) *Costs in Excess of Medicaid Payments*

The System provides services to public program enrollees (Medicaid). Such public programs typically reimburse at amounts less than cost.

(c) *Medicaid Surcharge*

The System is a participant in the Medicaid Surcharge program. The current program includes a 1.56% surcharge on a hospital's net patient service revenue (excluding Medicare revenue). Reported amounts are net of any disproportionate share adjustments.

(d) *MinnesotaCare Tax*

The System also participates in the funding of medical care for the uninsured through a MinnesotaCare tax of 2% on certain net patient service revenue. Patients who are unable to get insurance through their employer are eligible to participate in MinnesotaCare.

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(e) Community Services

In the furtherance of its charitable purpose, the System provides a wide variety of programs and activities to the various communities that it serves in response to specific needs within those communities. Examples are programs and activities designed to improve the quality of life and build healthier communities. Community services activities include social service programs, health screenings, in-home caregiver services, support counseling for patients and families, crisis intervention, health enhancement and wellness programs, classes on specific conditions, and telephone information services.

(f) Subsidized Health Services

The System provides necessary health care services, which include 24-hour emergency services to the community, burn units, outpatient hospice and palliative care services, and behavioral health services. These clinical services are provided despite financial losses so significant that negative margins remain after removing the effects of charity care, Medicaid shortfalls, and bad debt. These services are provided because they meet an identified community need and, if no longer offered, would either be unavailable in the area or fall to the responsibility of government or another not-for-profit organization to provide.

(g) Education and Workforce Development

The System provides education and training programs and financial assistance for providers, health care students, and other health professionals.

(h) Research

The System participates in clinical and community health research that is shared with the health care community.

(i) Cash and In-Kind Donations

The System donates funds and in-kind services to individuals and or the community at large and other not-for-profit organizations. Examples are the donation of space for use by community groups, event sponsorships, donation of food, equipment and supplies, and grants.

(j) Community Building

The System engages in community activities that address several root causes of health problems such as poverty, homelessness, and environmental issues. The System recognizes that good health is dependent on societal, community, and family environments as well as individual choices, and is affected by much more than the provision of health care services. The System participates in community-building activities such as National Night Out celebrations, train-to-work programs, and disaster preparedness as well as participates on various community coalitions.

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(k) Other Community Benefit Cost

The System utilizes dedicated staff for management and assessment of community benefit programs and needs

The System contributes additional resources to the communities in which it provides services. The major components are defined below:

Costs in Excess of Medicare Payments – The System provides services to public program enrollees (Medicare). Such public programs typically reimburse at amounts less than cost.

Other Care Provided Without Compensation (Bad Debt) – The System provides medical care in which charges are uncollected beyond what is provided under the definition of charity care.

Discounts Offered to Uninsured Patients – The hospitals in the System provide a discount on billed charges for medically necessary care delivered to patients who are uninsured and ineligible for government programs or otherwise medically indigent. The unbilled portion of uninsured care is excluded from net patient service revenue.

Taxes and Fees – The System pays property taxes to local and state government used in funding civil and education services to the community.

The following is an estimate of the community benefits provided by the System:

	<u>2010</u>	<u>2009</u>
Cost of providing charity care (charges forgone of \$102,919 and \$78,730, respectively)	\$ 37,200	29,500
Costs in excess of Medicaid payments	51,900	45,900
Medicaid surcharge	19,500	18,900
MinnesotaCare tax	37,700	37,300
Community services	7,400	6,200
Subsidized health services	2,500	7,400
Education and workforce development	18,900	16,000
Research	5,600	4,100
Cash and in-kind donations	3,100	4,200
Community building	900	800
Other community benefit cost	<u>2,000</u>	<u>800</u>
Total cost of community benefit (as defined by CHA/VHA guidelines)	186,700	171,100

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	2010	2009
Costs in excess of Medicare payments	\$ 166,400	152,400
Other care provided without compensation (bad debt)	65,900	60,100
Discounts offered to uninsured patients	39,500	31,500
Taxes and fees	1,700	4,900
Total value of community contributions	\$ 460,200	420,000

(5) Investments and Cash and Cash Equivalents

As of December 31, cash and cash equivalents and investments, including those with limited uses, consist of the following

	2010	2009
Cash and cash equivalents	\$ 69,266	191,416
Money market collective fund and short-term fixed income	137,393	61,590
Fixed income	438,251	441,448
Equity securities	255,813	187,371
Investments accounted for at net asset value	458,286	285,492
	\$ 1,359,009	1,167,317

Certain investments are held for the following limited uses as of December 31

	2010	2009
By trustee for repayment of long-term debt	\$ 2,168	3,044
In escrow for capital projects	21,983	52,913
Donor-restricted funds	101,545	90,546
Self-insured professional and general liability claims	11,012	9,936
	\$ 136,708	156,439

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Total investment return consists of the following

	<u>2010</u>	<u>2009</u>
Investment earnings in unrestricted net assets		
Interest and dividend income (net of expense of \$1,016 and \$833 for 2010 and 2009, respectively)	\$ 12,541	10,459
Realized gains (losses) on investments	12,600	(4,625)
Unrealized gains on investments	40,843	80,786
	<u>65,984</u>	<u>86,620</u>
Investment earnings in restricted net assets		
Interest and dividend income	1,085	1,147
Realized gains (losses) on investments	2,644	(1,513)
Unrealized gains on investments	2,966	13,043
	<u>6,695</u>	<u>12,677</u>
	<u>\$ 72,679</u>	<u>99,297</u>

Total investment return is reported in the consolidated statements of operations and changes in net assets as follows

	<u>2010</u>	<u>2009</u>
Nonoperating gains and (losses)	\$ 66,140	87,125
Changes in unrestricted net assets	(156)	(505)
Changes in restricted net assets	6,695	12,677
	<u>\$ 72,679</u>	<u>99,297</u>

Through October 2010, the System participated in a securities lending program with the Bank of New York Mellon as the investment custodian, whereby a portion of its investments were loaned to selected established brokerage firms in return for cash and securities from the brokers as collateral for the investments loaned (notes 6 and 10). Collateral provided by the brokers was maintained at levels approximating 102% of the market value of the securities on loan (including accrued interest) for U S issuers and 105% for non-U S issuers and was adjusted for daily market fluctuations.

The market value of collateral held for loaned securities was reported as securities lending agreements-investments in other current assets in 2009. A related obligation existed for repayment of the collateral upon settlement of the lending transaction and was reported as securities lending agreements-payable in current liabilities in 2009.

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(6) Other Current Assets

Other current assets as of December 31 consist of the following

	2010	2009
Securities lending agreements – investments	\$ —	5,490
Pledges and notes receivable	2,082	7,728
Prepaid expenses	7,358	8,342
Other miscellaneous receivables	34,148	25,429
	<u>\$ 43,588</u>	<u>46,989</u>

(7) Land, Buildings, and Equipment

Land, buildings, and equipment as of December 31 consist of the following

	2010	2009
Land and land improvements	\$ 60,723	57,780
Buildings	972,002	906,664
Equipment	1,230,577	1,200,679
	<u>2,263,302</u>	<u>2,165,123</u>
Less accumulated depreciation and amortization	1,502,314	1,393,214
	<u>760,988</u>	<u>771,909</u>
Construction in progress	39,911	55,327
	<u>\$ 800,899</u>	<u>827,236</u>

(8) Other Assets

Other assets as of December 31 consist of the following

	2010	2009
Cash surrender value of insurance policies	\$ 4,361	4,547
Pledges and notes receivable, less current portion	12,579	17,824
Investment in unconsolidated entities	38,555	33,584
Deferred bond issuance costs, net	6,249	7,517
Deferred compensation	80,329	66,572
Other	3,825	12,808
	<u>\$ 145,898</u>	<u>142,852</u>

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The following represents the System's investment in and share of net earnings of unconsolidated entities recorded under the equity method of accounting as of and for the years ended December 31

	Percentage ownership	Equity investment		Share of net earnings	
		2010	2009	2010	2009
St Francis Regional Medical Center	33.33%	\$ 23,934	20,304	4,631	4,554
Other entities	16% – 50%	14,621	13,280	6,828	6,307
		<u>\$ 38,555</u>	<u>33,584</u>	<u>11,459</u>	<u>10,861</u>

The following reflects summarized financial information for St Francis Regional Medical Center as of and for the years ended December 31

	2010	2009
Total assets	\$ 157,385	148,306
Total liabilities	76,286	78,292
Total net assets	81,099	70,014
Total revenue	\$ 119,452	118,487
Total operating expenses	107,927	108,547
Total investment return and other nonoperating	2,454	3,721
Excess of revenues over expenses	13,979	13,661

(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of December 31 consist of the following

	2010	2009
Outstanding checks	\$ 42,827	25,197
Trade accounts payable	41,521	42,539
Accrued payroll, taxes, and vacation	136,734	147,437
Other	115,323	90,901
	<u>\$ 336,405</u>	<u>306,074</u>

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(10) Other Current Liabilities

Other current liabilities as of December 31 consist of the following

	2010	2009
Securities lending agreements – payable	\$ —	5,536
Current portion of estimated reserves for professional and general liability claims	14,416	18,266
Current portion of estimated reserves for workers' compensation claims	13,619	12,630
Employee health plan claims incurred but not reported	14,953	14,423
Defined contribution retirement plan	30,000	29,035
Due to third-party payers	15,358	9,631
Current portion of long-term debt	18,261	18,409
	<u>\$ 106,607</u>	<u>107,930</u>

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(11) Long-Term Debt

Long-term debt as of December 31 consists of the following

	<u>2010</u>	<u>2009</u>
Fixed Rate Revenue Bonds, Series 2009A-1 (Allina Health System), annual interest rate from 4 00% to 5 25%, and 5 22% at December 31, 2010	\$ 112,215	113,415
Fixed Rate Revenue Bonds, Series 2009A-2 (Allina Health System), annual interest rate from 2 50% to 5 50%, and 5 25% at December 31, 2010	71,760	71,830
Variable Rate Revenue Bonds, Series 2009B&C (Allina Health System), Variable Rate Demand Notes, average annual interest rate of 0 22% during 2010, and 0 30% at December 31, 2010	164,525	164,525
Fixed Rate Revenue Bonds, Series 2007A (Allina Health System), annual interest rate from 4 00% to 5 50%, and 4 95% at December 31, 2010	129,300	131,125
Variable Rate Revenue Bonds, Series 2007C (Allina Health System), Variable Rate Demand Notes, average annual interest rate of 0 23% during 2010, and 0 32% at December 31, 2010	123,750	124,375
Variable Rate Revenue Bonds, Series 1998A (Allina Health System) Periodic Auction Reset, average annual interest rate of 0 29% during 2010, and 0 39% at December 31, 2010	36,325	41,575
Variable Rate Health Care System Revenue Bonds, Series 1993B (HealthSpan) Periodic Auction Reset, average annual interest rate of 0 41% in 2010, and 0 56% at December 31, 2010	30,400	32,000
Variable Rate Demand Hospital Revenue Bonds, Series 1985 (Health Central), average annual interest rate of 0 28% during 2010, and 0 35% at December 31, 2010	9,200	10,600
Fixed Rate Health Care Facilities Note, Series 2005, annual interest rate of 3 54% during 2010	—	3,948
Capitalized leases	7,510	7,923
Other	1,147	1,460
	<u>686,132</u>	<u>702,776</u>
Unamortized portion of original issue premium	5,284	5,775
Current portion	<u>(18,261)</u>	<u>(18,409)</u>
	<u>\$ 673,155</u>	<u>690,142</u>

Certain divisions of the System are members of the Allina Obligated Group (Obligated Group), which is subject to the terms and conditions of the Master Trust Indenture dated October 1, 1998, as amended, between the System and Wells Fargo Bank Minnesota, National Association, and is jointly and severally

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liable for any debts and/or other obligations of each Obligated Group member and the Obligated Group as a whole. The Obligated Group members include the hospitals and specialty services. The System also operates several wholly owned direct and indirect subsidiaries outside of the Obligated Group, including physician clinics and foundations.

In November 2009, the City of Minneapolis and the Housing and Redevelopment Authority of the City of Saint Paul, on behalf of the System, issued fixed rate Revenue Bonds, Series 2009A-1 and 2009A-2, in the aggregate principal amount of \$113,415 and \$71,830, respectively. In addition, Variable Rate Revenue Bonds, Series 2009B&C, were issued in the aggregate amount of \$164,525. The 2009A-1 Bonds are secured by the Obligated Group's pledged revenue and are being used to acquire, construct, and renovate certain of the System's facilities and refinance and legally defease, in part, the 2007B Bonds. The 2009A-2 Bonds are secured by the Obligated Group's pledged revenue and were used to redeem, in part, the Series 1998A Variable Rate Revenue Bonds at a redemption price of 93%. The 2009B&C Bonds are secured by the Obligated Group's pledged revenue and were used to refinance and legally defease the remaining portion of the Series 2007B Variable Rate Revenue Bonds not refinanced through the issuance of the 2009A-1 Bonds. The gain on the early extinguishment of debt was \$956 in 2009.

The Series 2009B&C bonds are secured by letters of credit issued by two banks. Repayment of draws against the letters is secured by term credit agreements with the banks in the amount of \$115,805, which expires on November 9, 2015, and \$50,707, which expires on November 1, 2013. If the bonds were put and not remarketed, the banks would be required to purchase the bonds. Draws under the term credit agreements to repay the banks for the purchase of the bonds are payable in an amount equal to the principal payments necessary to repay the draws over five years in equal quarterly installments, beginning 367 days after the draw, based on the bank's base rate plus 2.00%.

Payment of principal and interest on the Series 2007A, Series 1998A, and Series 1993B bonds is insured. Interest rates on the variable rate Series 1998A and Series 1993B bonds are determined by auction. If an auction fails, interest rates payable to the existing bondholders are determined by a formula incorporated in the bond documents for these two series of bonds.

The Series 1985 bonds are secured by a letter of credit issued by a bank. Repayment of draws against the letter is secured by a term credit agreement with the bank in the aggregate amount of \$10,429, which expires on November 1, 2013. If the bonds were put and not remarketed, the bank would be required to purchase the bonds. Draws under the term credit agreement to repay the bank for the purchase of the bonds are payable in an amount equal to the principal payments necessary to repay the draws over five years in equal quarterly installments, beginning 367 days after the draw, based on the bank's base rate plus 2.00%.

On June 18, 2008, the System completed a conversion of the Series 2007C bonds from auction rate securities to variable rate demand bonds. This conversion included the insurer's consent to remove the insurance and for a bank to support the bonds with a direct pay letter of credit. Repayment of draws against the letter is secured by a term credit agreement with the bank in the aggregate amount of \$125,508, which expires on November 1, 2013. If the bonds were put and not remarketed, the bank would be required to purchase the bonds. Draws under the term credit agreement to repay the bank for the purchase of the bonds are payable in an amount equal to the principal payments necessary to repay the draws over five years, based on the base rate plus 2.00%.

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Aggregate annual maturities of long-term debt and mandatory sinking fund requirements, as stated under the actual debt terms, for each of the five years following December 31, 2010, are as follows

2011	\$	18.261
2012		18.393
2013		18.531
2014		19.280
2015		20.172

Aggregate principal payments of long-term debt based on the variable rate demand notes being put back to the System and a corresponding draw being made on underlying liquidity facilities, for each of the five years following December 31, 2010, are as follows

2011	\$	18.261
2012		75.513
2013		75.051
2014		75.475
2015		78.117

The System uses interest rate swaps as a part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. Four of the five interest rate swaps are used to hedge identified debt, or interest rate, exposures and are not used for speculative purposes. One of the interest rate swaps was established for speculative purposes and is not tied directly to outstanding debt. Interest rate swaps are recognized as either other long-term assets or other long-term liabilities in accordance with the netting provisions in the counterparty agreement and are measured at fair value.

As of December 31, 2010, none of the System's swaps required collateralization. The following table provides details regarding the System's fair value of the derivative instruments, none of which are designated as cash flow hedging instruments.

Fixed payer interest rate swaps							
Swap	Balance sheet location	Fair value	Notional amount outstanding	Rate paid	Rate received	Average rate received in 2010	Counterparty
2009BC	Other liabilities	\$ 6.488	41.131	3.74%	% of LIBOR	0.52%	Wells Fargo
2009BC	Other liabilities	19.382	123.394	3.73	% of LIBOR	0.52	JP Morgan
2007C	Other liabilities	16.232	123.750	3.58	% of LIBOR	0.42	UBS
2001	Other liabilities	11.461	50.000	5.17	SIFMA	0.27	Goldman Sachs
1998A	Other liabilities	3.289	31.075	4.44	SIFMA	0.27	Goldman Sachs
Total		\$ 56.852	369.350				

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The following table provides details regarding the gains (losses) from the System derivative instruments in the consolidated statements of operations, none of which are currently designated as hedging instruments. The 1998A swap was designated as a hedging instrument until December 31, 2008.

	Amount of gain (loss) on change in fair value recognized as nonoperating: unrealized gains (losses) on interest rate swap agreements		Amount of loss reclassified from unrestricted net assets into revenues over expenses as nonoperating: unrealized gains (losses) on interest rate swap agreements		Amount of interest paid to counterparty recognized as nonoperating: unrealized gains (losses) on interest rate swap agreements		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
2009BC \$	(6.883)	4.458	—	—	(5.253)	(310)	(12.136)	4.148
2007B	—	18.968	—	—	—	(5.360)	—	13.608
2007C	(4.742)	15.503	—	—	(3.951)	(3.819)	(8.693)	11.684
2001	(942)	4.143	—	—	(2.455)	(2.348)	(3.397)	1.795
1998 A	(107)	2.486	(874)	(642)	(1.380)	(2.813)	(2.361)	(969)
\$	<u>(12.674)</u>	<u>45.558</u>	<u>(874)</u>	<u>(642)</u>	<u>(13.039)</u>	<u>(14.650)</u>	<u>(26.587)</u>	<u>30.266</u>

The System records the swaps' liability at fair value, which requires nonperformance risk (i.e., credit risk), to be included in the valuation. Nonperformance risk is defined as the risk that the obligation will not be fulfilled and affects the value at which the liability is transferred. This nonperformance risk is determined by adjusting the discounting rate by a credit spread as of the reporting date. The addition of the credit spread to the discounting rate reduces the reported liability. Because of market volatility, the fair value reported liability of the swaps is approximately \$3.980 and \$3.840 less as of December 31, 2010 and 2009, respectively, than the mark-to-market valuations (note 14).

The estimated fair value of long-term debt was \$694,004 and \$709,478 as of December 31, 2010 and 2009, respectively. Interest rates that are currently available to the System for issuance of debt with similar terms and remaining maturities are used to estimate the fair value of fixed rate debt through the use of discounted cash flow analyses. The fair value measurement was done using Level 2 criteria (note 14). The carrying amount of variable rate bonds and other notes payable approximates fair value.

Interest paid, net of amounts capitalized, was \$17.531 and \$8.883 during 2010 and 2009, respectively.

The System has an unused Revolving Credit Agreement with Wells Fargo Bank through June 29, 2011, which consists of a line of credit of \$24.702. The interest rate on the line of credit is the Reserve Adjusted London Interbank Offering Rate (LIBOR) plus 0.35% to 0.45%, depending on the length of time outstanding and is secured by a note under the 1998 Master Trust Indenture. The unused line fee for the revolving line of credit is 0.25% per annum. There were no draws on the line of credit in 2010 or 2009.

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(12) Other Liabilities

Other liabilities as of December 31 consist of the following

	2010	2009
Estimated reserves for professional and general liability claims, less current portion	\$ 54,185	51,984
Estimated reserves for workers' compensation claims, less current portion	23,765	23,274
Net pension and postretirement liability	45,594	126,553
Interest rate swaps payable	56,852	44,178
Deferred compensation	107,834	90,146
Leasehold incentive allowance	17,359	19,572
Financing obligation	25,624	25,624
Other	8,552	9,645
	<u>\$ 339,765</u>	<u>390,976</u>

(13) Restricted Net Assets

Temporarily restricted net assets have been restricted by donors for the following purposes as of December 31

	2010	2009
Capital	\$ 13,826	16,573
Charity and indigent care	3,792	3,505
Education and research	17,685	14,809
Patient care	17,760	18,415
Other	20,841	24,057
	<u>\$ 73,904</u>	<u>77,359</u>

As of December 31, permanently restricted net assets, whose income is restricted for the following purposes, consist of the following

	2010	2009
Capital	\$ 77	77
Charity and indigent care	1,806	1,805
Education and research	17,183	20,673
Patient care	11,767	12,076
Other	15,026	10,252
	<u>\$ 45,859</u>	<u>44,883</u>

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(14) Fair Value Measurements

The System's investments include money market, fixed income, and equity securities, which are carried at fair value based on quoted market prices and are classified as trading securities. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. In addition, the System invests in limited partnerships that hold interests in diversified funds of hedge funds and commodities, which are accounted for at net asset value as a practical expedient to fair value, and the System recognizes the increase or decrease in the partnerships' net asset value in nonoperating gains (losses). The System generally has liquidity ranging from 30 to 90 days in these funds. Certain of the underlying partnerships may hold some securities without readily determinable fair values, and consequently, the general partner may estimate fair value for such securities.

The System holds investments with limited uses (primarily, debt-related), which are classified as other-than-trading. None of these investments had other-than-temporary losses during 2010 and 2009.

For all financial instruments other than investments and long-term debt (note 11), the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments.

Realized gains and losses on investments, interest, dividends, and declines in investment value determined to be other-than-temporary are recorded as nonoperating gains (losses) unless the investment return is restricted by donor or law. Changes in unrealized gains and losses that are considered temporary are recorded as nonoperating gains (losses) for investments classified as trading and as other changes in unrestricted net assets for investments classified as other-than-trading. Investment return restricted by donor or law is recorded as changes in restricted net assets.

The System determines the fair value of its financial instruments based on the fair value hierarchy established in ASC Topic 820, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 inputs: quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 inputs: unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability (including risk assumptions) developed based on the best information available in the circumstances.

Inputs and valuation techniques for significant other observable and significant unobservable inputs are:

For Level 2 and Level 3 cash equivalents and fixed income assets that rely on significant other observable inputs and significant unobservable inputs, the System employs multiple third-party information providers to help determine the fair value of the assets. Level 2 and Level 3 securities in separately managed accounts are held at Bank of New York Mellon (BNYMellon), who acts as Trustee and Custodian for the

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assets As Custodian, BNYMellon uses multiple pricing services to value the assets The investment managers utilize their own pricing services and valuation processes Any significant discrepancies between Custodian and investment manager values are reconciled on a monthly basis by the managers and BNYMellon The System also employs an investment consultant who researches significant pricing differences between the manager and custodian on a security-by-security basis The consultant will notify the Custodian of any significant pricing issues Level 2 available for sale securities are held at Wells Fargo Bank, who acts as Trustee for the assets Wells Fargo bank also uses multiple pricing services to value the assets

For Level 2 and Level 3 funds of hedge funds, limited partnership assets, and commingled monthly valued funds, the System utilizes net asset value per share or its equivalent to determine the fair value of the assets

The System's financial assets and liabilities that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2010 as follows

	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Cash and cash equivalents				
Cash	\$ 17.220	17.220	—	—
Money market funds	52.046	52.046	—	—
Total cash and cash equivalents	69.266	69.266	—	—
Short-term and long-term investments – trading securities				
Short-term fixed income	39.287	4.941	34.346	—
Money market collective fund	71.125	—	71.125	—
Total short-term fixed income and money market	110.412	4.941	105.471	—
Equity				
Financials	18.079	18.079	—	—
Consumer	25.938	25.938	—	—
Industrials	18.069	18.069	—	—
Technology	22.557	22.557	—	—
Healthcare	10.267	10.267	—	—
International equity mutual funds	118.891	118.891	—	—
Other equity	20.366	20.366	—	—
Total equity	234.167	234.167	—	—

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		Fair value measurements using		
	Total	Level 1	Level 2	Level 3
Fixed income				
U S Treasury securities	\$ 50,978	50,978	—	—
U S Agency securities	126,286	—	126,286	—
Corporate bonds	89,759	—	89,759	—
Mortgage, commercial, and asset-backed securities	52,224	—	52,224	—
Sovereigns	1,309	—	1,309	—
Other	68,491	35,222	33,028	241
Total fixed income	389,047	86,200	302,606	241
Investments accounted for at net asset value				
TIPS fund	15,450	—	15,450	—
Global bonds fund	36,980	—	36,980	—
Funds of hedge funds	324,367	—	314,023	10,344
Commodities	27,801	—	27,801	—
Real estate	14,847	—	14,847	—
Total investments accounted for at net asset value	419,445	—	409,101	10,344
Forward/futures contracts	(36)	(22)	(14)	—
Total investments – trading securities	1,153,035	325,286	817,164	10,585
Investments with limited uses – trading securities				
Short-term fixed income	8,043	5,663	2,380	—
Money market collective fund	13,540	—	13,540	—
Equity	21,684	21,684	—	—
Fixed income	24,934	6,046	18,866	22
Investments accounted for at net asset value	38,841	—	37,883	958
Forward/futures contracts	(2)	(1)	(1)	—
Restricted foundation trusts	5,547	—	5,547	—
Total investments with limited uses – trading securities	112,587	33,392	78,215	980
Investments with limited uses – available-for-sale securities				
Money market fund	5,398	5,398	—	—
U S agency securities	18,723	—	18,723	—
Total investments with limited uses – available-for-sale securities	24,121	5,398	18,723	—
Total investments with limited uses	136,708	38,790	96,938	980
Total	\$ 1,359,009	433,342	914,102	11,565
Liabilities				
Interest rate swaps	\$ 56,852	—	56,852	—

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	Fair value measurements, Level 3
Balance, December 31, 2009	\$ 21,894
Total realized and unrealized losses included in excess of revenues over expenses	773
Transfer in and/or out of Level 3 (net)	(39)
Purchases, sales, issuances, and settlements (net)	(11,063)
Balance, December 31, 2010	<u>\$ 11,565</u>

There were no significant transfers in or out of Level 1 or Level 2 securities between December 31, 2009 and December 31, 2010

The System's financial assets and liabilities that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2009 as follows

		Total	Fair value measurements using		
			Level 1	Level 2	Level 3
December 31, 2009					
Cash and cash equivalents	\$	191,416	191,416	—	—
Investments					
Money market	\$	61,590	—	61,590	—
Short-term fixed income		316,699	50,171	266,528	—
Core fixed income		124,749	10,189	113,444	1,116
Equity securities		187,371	184,649	2,722	—
Funds of hedge funds		242,542	—	221,764	20,778
Commodities and other		42,950	5,723	37,227	—
Total investments	\$	<u>975,901</u>	<u>250,732</u>	<u>703,275</u>	<u>21,894</u>
Liabilities					
Interest rate swaps	\$	44,178	—	44,178	—

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	Fair value measurements, Level 3
Balance, December 31, 2008	\$ 206,575
Total realized and unrealized losses included in excess of revenues over expenses	29,482
Transfer in and/or out of Level 3 (net)	(222,249)
Purchases, sales, issuances, and settlements (net)	8,086
Balance, December 31, 2009	<u>\$ 21,894</u>

Level 3 pricing is based on net asset value or ownership values provided by hedge fund managers who obtain the net asset value or ownership values from the underlying managers in which they invest

In September 2009, guidance was issued under the ASC Topic 820, which clarified the fair-value-level classification for entities that calculate net asset value per share (or its equivalent). The guidance states that if a reporting entity has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date, the fair value measurement of the investment shall be categorized as a Level 2 fair value measurement. The System previously classified its investments that calculate net asset value per share as a Level 3 fair value measurement, and reclassified these investments as a Level 2 fair value measurement during 2009, resulting in a transfer out of \$222,085.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of December 31, 2010 are as follows:

	Net asset value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
TIPS fund	\$ 16,881	—	Bimonthly	Same day
Global bond fund	40,404	—	Monthly	15 days
Commodity fund	30,375	—	Monthly	30 days
Equity long/short hedge funds	193,986	—	Quarterly	30 – 90 days
Multistrategy hedge funds	176,640	—	Quarterly	90 days
Total	<u>\$ 458,286</u>			

* Includes restricted and unrestricted assets

Treasury Inflation-Protected Securities (TIPS) Fund includes an investment in a collective fund that invests in long-only TIPS and Treasury securities, as well as interest rate futures. The net asset value of the investment in this category has been estimated by the net asset value per share of the investment. The fund provides full disclosure of the underlying holdings.

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Global bond fund includes fixed- and floating-rate debt securities of governments and government-related entities, as well as derivatives. The net asset value of the fund has been estimated using the net asset value per share of the investment. The fund provides full disclosure of the underlying holdings.

Commodity fund includes investments in a partnership that invests in long-only equities and commodity derivatives that are traded on public exchanges. The net asset value of the investments in this category has been estimated by the ownership interest in the partnership. The fund provides full disclosure of the underlying holdings and ownership interest, which allows the System to verify its account balance.

Equity long/short hedge funds include investments in hedge funds that invest both long and short in U.S. and global common stocks through a fund of hedge funds structure. The value of the investments in this category has been estimated using the net asset value per share of the investments. The category also includes a direct investment in a partnership that invests long and short in global real estate equity. The net asset value of this investment has been estimated by the ownership interest in the partnership. The direct investment fund provides full disclosure of the underlying holdings and ownership interest, which allows the System to verify its account balance.

Multistrategy hedge funds include investments in fund of hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The value of the investments in this category has been estimated using the net asset value per share of the investments. Investments representing approximately 6% of the value of the investments in this category cannot be redeemed in accordance with the fund's redemption notice period. One fund of hedge funds investment, which as of December 31, 2010 has a value of \$10.984, is currently in liquidation and is making quarterly redemptions to shareholders. Since June 30, 2009, over 80% of the funds have been distributed. Of the funds remaining, approximately 30% is expected in 2011, while the remaining 70% may take several more years to liquidate. Another fund of funds investment put a restriction in place whereby 20% of the redemption was placed in a separate share class. As of December 31, 2010, the System holds \$318 in the separate share class. This separate share class is currently being liquidated, and as of January 1, 2010, the one fund of hedge funds eliminated the 20% restriction for future redemptions.

(15) Benefit Plans

In 2008, the System froze a defined benefit cash-balance pension plan (the Plan), covering a large number of employees, except those for whom it is making contributions pursuant to provisions of a collective bargaining agreement.

The System's funding policy is to contribute annually at least the amount necessary to prevent a deficiency in the accounts in accordance with the Employee Retirement Income Security Act of 1974 and the Pension Protection Act. The System's Investment Committee reviews and approves annually the investment policy and asset allocation of the Plan. The Investment Committee activities are supported by an independent investment consulting firm. All assets are invested with outside managers. The investment policy covers responsibilities of the investment managers, investment objectives, asset allocation targets and ranges, asset guidelines (including permissible and nonpermissible holdings), and manager review criteria. The Investment Committee periodically reviews the asset allocation to determine whether the current structure is appropriate and whether any changes are necessary.

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The current target allocation and the actual asset allocation as of December 31 are as follows

	Asset allocation target	2010	2009
Domestic large cap equity	7%	6%	13%
Domestic small cap equity	3	5	9
International equity	10	9	18
Long/short equity	20	16	16
Fixed income (debt securities)	35	31	19
Diversified funds of hedge funds	20	16	17
Real assets	5	4	—
Cash	—	13	8
	100%	100%	100%

Included in unrestricted net assets at December 31, 2010 are unrecognized actuarial losses of \$158,861, which have not yet been recognized in net periodic pension cost

The following table summarizes certain information for the Plan

	2010	2009
Projected benefit obligation at beginning of year	\$ 401,262	346,280
Service cost – benefits earned during the year	1,035	914
Interest cost on the accumulated benefit obligation	21,954	23,813
Actuarial loss	26,196	48,900
Benefits paid from plan assets	(20,606)	(18,645)
Projected benefit obligation at end of year	429,841	401,262
Change in plan assets		
Fair value of plan assets at beginning of year	289,629	209,105
Actual return on plan assets	27,008	39,705
Contributions from the System	105,000	59,464
Benefits paid from plan assets	(20,606)	(18,645)
Fair value of plan assets at end of year	401,031	289,629
Funded status (deficit)	(28,810)	(111,633)
Net amount recognized	\$ (28,810)	(111,633)
Accumulated benefit obligation at end of year	\$ 429,714	400,973

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The projected benefit obligation (PBO) is the present value of the future benefit payments accrued to date and includes expected future salary increases. The PBO present value is determined by using a discount rate that is developed using a yield curve composed of hypothetical zero-coupon bond rates (derived from observable market yields for more than 500 AA-rated corporate bonds) for 60 different time periods. From this group, the top-quartile bonds (by yield to maturity) are selected within each maturity group to construct 60 semiannual rates that make up the yield curve used to estimate the amount that would provide the necessary future cash flows to pay the accumulated benefits when due.

As of December 31, 2010 and 2009, the net amount recognized of \$28.810 and \$111.633, respectively, is reported in the statements of financial position as a noncurrent other liability. The net actuarial loss of \$16.342 and \$31.373 is recorded in the statements of operations and changes of net assets in increase in liability relating to defined benefit plans.

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The Plan assets measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2010 as follows

	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Investments				
Money market collective fund	\$ 51,945	—	51,945	—
Equity				
Financials	6,546	6,546	—	—
Consumer	10,037	10,037	—	—
Industrials	6,366	6,366	—	—
Technology	8,298	8,298	—	—
Energy	4,262	4,262	—	—
International equity mutual funds	35,364	35,364	—	—
Other equity	7,225	7,225	—	—
Total equity	78,098	78,098	—	—
Fixed income				
Corporate bonds	1,172	—	1,172	—
Mortgage, commercial, and asset-backed securities	2,388	—	2,388	—
Other	952	—	50	902
Total fixed income	4,512	—	3,610	902
Investments accounted for at net asset value				
TIPS fund	7,083	—	7,083	—
Corporate bonds	120,283	—	120,283	—
Funds of hedge funds	129,378	—	124,585	4,793
Commodities	9,732	—	9,732	—
Total investments accounted for at net asset value	266,476	—	261,683	4,793
Total investments	\$ 401,031	78,098	317,238	5,695

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	Fair value measurements, Level 3
Balance, December 31, 2009	\$ 9,639
Total realized and unrealized losses	371
Transfer in and/or out of Level 3 (net)	(31)
Purchases, sales, issuances, and settlements (net)	(4,284)
Balance, December 31, 2010	\$ 5,695

The Plan assets measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2009 as follows

	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Assets				
Cash	\$ 17,000	17,000	—	—
Money market	5,224	—	5,224	—
Core fixed equity	60,413	—	60,382	31
Equity securities	111,388	110,105	1,283	—
Funds of hedge funds	94,699	—	85,956	8,743
Commodities and other	905	—	40	865
	\$ 289,629	127,105	152,885	9,639

	Fair value measurements, Level 3
Balance, December 31, 2008	\$ 43,487
Total realized and unrealized losses	4,991
Transfer in and/or out of Level 3 (net)	(39,565)
Purchases, sales, issuances, and settlements (net)	726
Balance, December 31, 2009	\$ 9,639

During 2011, the System is not required to make pension contributions, but may elect to make additional contributions

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The above information was determined using a measurement date of December 31 and the following assumptions

	<u>2010</u>	<u>2009</u>
Weighted average discount rate	5.03%	5.59%
Weighted average expected return on plan assets	7.50	7.50
Rate of increase in future compensation levels	4.50	4.50

The overall weighted average return on plan assets is determined by applying management's judgment to the results of computer modeling, historical trends, and benchmarking data.

Net periodic pension cost consists of the following components

	<u>2010</u>	<u>2009</u>
Service cost – benefits earned during the year	\$ 1,035	914
Interest cost on the accumulated benefit obligation	21,954	23,813
Expected return on plan assets	(23,941)	(22,229)
Amortization of unrecognized net loss	6,786	51
Net periodic pension cost	<u>\$ 5,834</u>	<u>2,549</u>

The net periodic pension cost was determined using the following assumptions

	<u>2010</u>	<u>2009</u>
Weighted average discount rate	5.59%	6.94%
Weighted average expected return on plan assets	7.50	7.50
Rate of increase in future compensation levels	4.50	4.50

Expected future benefit payments for the 10 years following December 31, 2010 are as follows

2011	\$ 31,200
2012	34,300
2013	32,400
2014	34,000
2015	34,000
2016 to 2020	<u>165,600</u>
	<u>\$ 331,500</u>

The System participates in other benefit plans, which include union-sponsored multi-employer plans and defined contribution plans. Contributions to the union-sponsored multi-employer plans are made in accordance with negotiated contracts. Certain employees of the System are eligible to participate in defined

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contribution plans, whereby 50% of the employees' initial 4% of salary contributions is matched. The defined contribution plans were enhanced effective January 1, 2009 to provide an additional annual nonelective employer contribution for eligible employees as a replacement to the contribution made to the frozen pension plan. The additional contribution is given as a percent of pay, ranging from 3.0% to 4.5%, based on years of vesting service. Contributions are made during the year following the calendar year-end. The contribution payable to employees is recorded in other current liabilities. Total amounts expensed under the union-sponsored multi-employer and defined contribution plans were \$76,168 and \$70,543 for 2010 and 2009, respectively.

The System provides postretirement welfare benefits to certain employees. Postretirement welfare cost was \$1,773 and \$1,623 for 2010 and 2009, respectively. As of December 31, 2010 and 2009, accumulated postretirement benefit obligation was \$17,085 and \$15,258, respectively, and accrued postretirement benefit cost was \$16,784 and \$14,920, respectively. A discount rate of 5.0%, a rate of return on plan assets of 4.0%, and a medical plan trend rate of 7.5% in 2010, decreasing to 5.0% in 2016 and thereafter, have been assumed.

(16) Self-Insurance Reserves

The System insures its general and professional liability exposures under claims-made policies. Under these policies, the System has self-insured deductible amounts. Claim payments required in excess of certain occurrence and annual aggregate amounts are covered under umbrella policies. An insurance trust has been established, which covers specific claims periods. Actuarially determined amounts are contributed to pay for the estimated cost of claims. The System also self-insures workers' compensation exposures. If claims-made policies presently in force are not renewed or replaced with equivalent insurance, claims asserted after the end of the policy term will be uninsured.

The System has a fixed rate surety bond in the amount of \$41,071. The surety bond was obtained in connection with the System's self-insured workers' compensation program at a rate of 0.66% per annum.

The System also has unused letters of credit totaling \$1,298 through July 1, 2011. The letters of credit were obtained in connection with the System's self-insured automobile and construction programs at a fee of 1.25% and 0.48% per annum.

The System has made provisions for estimated professional and general liability and workers' compensation claims that have been retained by the System because of deductible provisions of various policies or because of unasserted claims and other uninsured exposures. Reserves of \$105,985 and \$106,154 as of December 31, 2010 and 2009, respectively, have been recorded based on undiscounted historical data.

Under the comprehensive welfare benefit plan, the System has made provisions for claims reported but not paid and claims incurred but not reported of \$14,953 and \$14,423 as of December 31, 2010 and 2009, respectively. Management of the Plan believes the provisions are adequate to cover claims incurred.

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(17) Taxes

The System has been determined to qualify as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The System has also been determined to be exempt from federal and state income tax on related income under Section 501(a) of the Internal Revenue Code and Minnesota Statute Section 290.05, Subdivision 2. Certain of the System's subsidiaries and affiliates qualify as tax-exempt organizations, while others are taxable. The System and its subsidiaries paid taxes of \$1.279 and \$1.078 in 2010 and 2009, respectively.

As of December 31, 2010 and 2009, the taxable subsidiaries of the System's continuing operations had a gross deferred tax asset of \$74,064 and \$71,486, respectively, resulting from net operating loss carryforwards, employee compensation and benefits accruals, provision for bad debts, and limitation of charitable contributions, offset by valuation allowances of \$73,766 and \$71,189, respectively, and a gross deferred tax liability of \$298 and \$298, respectively, primarily attributable to depreciation and a change in accounting method of a taxable subsidiary. The valuation allowance increased by \$2,577 and \$9,372 during 2010 and 2009, respectively.

As of December 31, 2010, the continuing operations of the System and its subsidiaries had net operating loss carryforwards of \$159,995 for income tax purposes, which expire in various years through 2030.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement and tax return methods of accounting. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The System has analyzed income tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The System believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the System's consolidated financial statements. As of December 31, 2010 and 2009, the System does not have a liability for unrecognized tax benefits. Accordingly, the System has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions.

(18) Commitments and Contingencies

Rent expense associated with various noncancelable operating occupancy lease agreements and other operating lease agreements for computer, medical, communication, and other equipment of the System's continuing operations was \$40,917 and \$42,770 for 2010 and 2009, respectively. The terms of certain of the lease agreements contain lease escalation clauses and allow for renewal of the leases.

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Aggregate future minimum lease payments required under operating lease agreements in effect on December 31, 2010 are as follows

2011	\$	21,929
2012		19,110
2013		16,702
2014		13,520
2015		12,283
Thereafter		63,415
	\$	<u>146,959</u>

The System has incurred financing obligations relating to space lease agreements in a medical office building and a clinic. Under the guidance in ASC Topic 840, *Leases*, the System is considered the owner of the buildings. As of December 31, 2010 and 2009, the cost of the buildings and the related financing obligation are included in the accompanying consolidated balance sheets in property and equipment, net, and in other liabilities, respectively.

Future payments related to the financing transactions, which will be recorded as interest expense, are as follows

2011	\$	1,137
2012		1,149
2013		1,162
2014		1,175
2015		1,188

As of December 31, 2010, the System had entered into capital commitments totaling approximately \$63,000, primarily related to facilities, information systems, and strategic initiatives.

The System has provided guarantees for the debt of related parties and certain other commitments through 2024. The guarantees totaled \$12,555 at December 31, 2010. No liability has been recorded, and no payments have been required under the guarantees by the System as of December 31, 2010 or 2009.

Approximately 45% of employees are represented by various collective bargaining arrangements, of whom approximately 13% are represented by arrangements that are pending or expire within one year.

Laws and regulations governing the Medicare program are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its consolidated financial statements. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare program.

ALLINA HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2010 and 2009

(Dollars in thousands)

The System is subject to various legal proceedings and claims that are incidental to its normal business activities. With respect to these actions, established reserves are fairly stated, though actual results could vary from the estimates and assumptions that were used.

(19) Functional Expenses

The System provides health care services to residents within its geographic location. Expenses related to providing these services included in the consolidated statements of operations and changes in net assets are as follows:

	<u>2010</u>	<u>2009</u>
Healthcare services	\$ 2,436,708	2,410,171
General and administrative	440,161	391,376
	<u>\$ 2,876,869</u>	<u>2,801,547</u>

(20) Subsequent Events

The System has evaluated subsequent events from the balance sheet date through March 15, 2011, the date at which the consolidated financial statements were available to be issued, and determined there are no other items to disclose.