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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

OPTIMIZE THE HEALTH OF OUR CUSTOMERS AND CREATE A PERSONAL EMPOWERING EXPERIENCE

2

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

☐ Yes ☒ No

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

3

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

☒ Yes ☐ No

If "Yes," describe these changes on Schedule O

4

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

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

4a

(Code ) (Expenses \$ 14,413,441 including grants of \$ 10,602 ) (Revenue \$ 12,107,347 )

SUPERIORHEALTH CENTER (SHC) IS AN INDEPENDENT PRIMARY CARE PROVIDER WITH TWO CLINICS IN DULUTH AND PROCTOR, MN SUPERIORHEALTH CENTER IS A PARTICIPATING PROVIDER WITH MOST HMO'S, PPO'S AND COMMERCIAL INSURANCE PLANS IN ADDITION TO FAMILY HEALTH CARE SERVICES, SHC OFFERS DISEASE MANAGEMENT SERVICES, PARTICIPATING IN MINNESOTA COMMUNITY MEASUREMENT AND OTHER STATE-WIDE QUALITY INITIATIVES SHC IS ONE OF THE ONLY CLINICS IN NORTHERN MINNESOTA TO OFFER FAA FLIGHT PHYSICALS GIVEN THE SIGNIFICANT POPULATION OF OLDER PATIENTS, SHC HAS SPECIALIZED IN GERIATRIC MEDICINE, OFFERING A COMPREHENSIVE FUNCTIONAL ASSESSMENT AND SUCCESSFUL LIVING RESOURCE CENTER SUPERIORHEALTH PHARMACY (SHP) OPERATES THREE RETAIL PHARMACIES IN DULUTH, TWO HARBORS AND SILVER BAY, MN IN ADDITION TO RETAIL PHARMACISTS, SUPERIORHEALTH PHARMACY EMPLOYS CLINICAL PHARMACIST WHO OFFER MEDICATION THERAPY MANAGEMENT AND MEDICATION ADHERENCE PROGRAMS AND ARE ACTIVE MEMBERS OF THE SUPERIORHEALTH CENTER CLINIC DISEASE MANAGEMENT TEAM FIRSTSOLUTIONS, BY BOARD ACTION, SOLD ITS CLINICS AND PHARMACIES AS OF APRIL 1, 2011

4b

(Code ) (Expenses \$ 2,369,448 including grants of \$ ) (Revenue \$ 1,559,363 )

FIRSTSOLUTIONS HAS A CONTRACT WITH SEVERAL OTHER INSURERS TO PROVIDE HEALTH MANAGEMENT SERVICES HEALTH MANAGEMENT SERVICES IS DESIGNED TO IMPROVE MEMBER'S HEALTH OUTCOMES AND LOWER HEALTH CARE COSTS RN CARE NAVIGATORS ASSIST MEMBERS IN UNDERSTANDING THEIR HEALTH STATUS, PROVIDE PERSONAL GUIDANCE, AND OFFER INSIGHTFUL ADVICE AND EDUCATION OPPORTUNITIES TO MAINTAIN AND IMPROVE HEALTH CARE NAVIGATORS HELP PARTICIPANTS TRACK THEIR STATUS TO REDUCE THE LIKELIHOOD OF A MAJOR HEALTH EVENT, THEREBY REDUCING WORKPLACE ABSENTEEISM, INCREASING PRODUCTIVITY, AND IMPROVING OVERALL BODY/MIND WELLNESS THE FOLLOWING SERVICES ARE OFFERED CASE MANAGEMENT, UTILIZATION MANAGEMENT, CARE COORDINATION, PERSONAL HEALTH ADVOCACY, PREDICTIVE AND CHRONIC DISEASE MANAGEMENT, WORKPLACE WELLNESS PROGRAMS, PRENATAL SUPPORT, PEDIATRIC SUPPORT, AND PHARMACEUTICAL MANAGEMENT

4c

(Code ) (Expenses \$ 1,781,402 including grants of \$ ) (Revenue \$ 1,203,036 )

THE FIRSTSOLUTIONS CLAIMS PROCESSING CENTER STAFF CONTINUED THEIR WORK ADJUDICATING CLAIMS FOR BLUE CROSS BLUE SHIELD OF MINNESOTA UNTIL APRIL 30, 2010 AT WHICH TIME THE CONTRACT ENDED AND THE CLAIMS PROCESSING CENTER CLOSED

4d

Other program services (Describe in Schedule O ) See also Additional Data for Description















(Expenses \$ 513,879 including grants of \$ ) (Revenue \$ 2,215,519 )

4e

Total program service expenses \$ 19,078,170

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)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	2	No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i>	3	No
4	<b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i>	4	No
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? <i>If "Yes," complete Schedule C, Part III.</i>	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? <i>If "Yes," complete Schedule D, Part I.</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? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	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? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
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? <i>If "Yes," complete Schedule D, Part VI.</i> 	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? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	No
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? <i>If "Yes," complete Schedule D, Part VIII.</i> 	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? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	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)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	Yes
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	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? <i>If "Yes," complete Schedule F, Parts I and IV.</i>	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S? <i>If "Yes," complete Schedule F, Parts II and IV.</i>	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? <i>If "Yes," complete Schedule F, Parts III and IV.</i>	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? <i>If "Yes," complete Schedule G, Part I (see instructions).</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i>	20a	No
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions).	20b	

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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> 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		No
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> . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
36	<b>Section 501(c)(3) organizations.</b> 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		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <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? <b>Note.</b> 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	1,582		
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	249		
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			No
b	If "Yes," enter the name of the foreign country: _____ 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			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d			
e	Did the organization 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	7	
b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	1b	6	
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		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	Yes	
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		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization? . . . . .	10b		
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? If "No," go to line 13 . . . . .	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done . . . . .	12c	Yes	
13	Does the organization have a written whistleblower policy? . . . . .	13	Yes	
14	Does the organization have a written document retention and destruction policy? . . . . .	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision? . . . . .			
a	The organization's CEO, Executive Director, or top management official . . . . .	15a	Yes	
b	Other officers or key employees of the organization . . . . . If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions) . . . . .	15b	Yes	
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		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	16b		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> MN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization <input checked="" type="checkbox"/> TERRY JACOBSON 525 SOUTH LAKE AVENUE SUITE 222 DULUTH, MN 55802 (218) 740-2323

Part VII

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

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

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

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

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

(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			
(1) THOMAS HEINITZ MD DIRECTOR/CHIEF OF STAFF	40.00	X				X		169,414	0	31,630
(2) KAREN ERICKSON BOARD CHAIR	1.00	X		X				4,000	0	0
(3) GARY OLSON VICE CHAIR	1.00	X		X				3,250	0	0
(4) GREGORY S KVAM DIRECTOR	1.00	X						2,000	0	0
(5) KENT OLIVER DIRECTOR	1.00	X						2,000	0	0
(6) SARAH CRON SECRETARY/TREASURER	1.00	X		X				2,250	0	0
(7) BETH ELSTAD DIRECTOR	1.00	X						1,750	0	0
(8) TERRY JACOBSON PRESIDENT & CEO	40.00			X				158,343	0	30,158
(9) JOYCE MIREAULT VP HEALTH MANAGEMENT & MARKETING	40.00			X				95,942	0	22,081
(10) DIANE HOLLIDAY-WELSH VP CARE DELIVERY	40.00			X				99,042	0	13,732
(11) CRAIG E ANDERSON MD PHYSICIAN	40.00					X		169,652	0	31,662
(12) JULIE A REICHHOFF MD PHYSICIAN	40.00					X		138,035	0	27,457
(13) ROGER MCDANNOLD RPH PHARMACIST	40.00					X		135,928	0	27,044
(14) JENNIFER J JONES MD PHYSICIAN	40.00					X		120,136	0	24,832



## Part VII

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: 11

<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .
<b>4</b>	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> . . . . .
<b>5</b>	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> . . . . .

## **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
ST LUKES HOSPITAL 915 E 1ST STREET DULUTH, MN 55805	HEALTH CARE PROVIDERS	2,047,315
ST MARYS MEDICAL CENTER 400 EAST 3RD STREET DULUTH, MN 55805	HEALTH CARE PROVIDERS	1,299,533
MESABA CLINIC 3605 MAYFAIR AVENUE HIBBING, MN 55746	HEALTH CARE PROVIDERS	624,544
DULUTH CLINIC 400 EAST 3RD STREET DULUTH, MN 55805	HEALTH CARE PROVIDERS	609,356
SMDC MEDICAL CENTER 4621 EAST SUPERIOR STREET DULUTH, MN 55804	HEALTH CARE PROVIDERS	522,477
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 28		

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections  512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . . .	1d				
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	470			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		470			
	Program Service Revenue	2a		Business Code			
		CARE DELIVERY	621300	11,990,986	5,708,903	6,282,083	
b		HEALTHPLAN RUNOUT	524292	2,215,519	2,215,519		
c		HEALTHMANAGEMENT	524298	1,559,363		1,559,363	
d		REMOTE CLAIMS PROCESSI	561439	1,203,036		1,203,036	
e		COMMUNITY NURSING SERV	621300	116,361	116,361		
f		All other program service revenue					
g		Total. Add lines 2a-2f . . . . .		17,085,265			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts) . . . . .		85,457			85,457
	4	Income from investment of tax-exempt bond proceeds . .					
	5	Royalties . . . . .					
	6a	Gross Rents	(i) Real	(ii) Personal			
	b	Less rental expenses	399,560				
	c	Rental income or (loss)	250,530				
	d	Net rental income or (loss) . . . . .	149,030		149,030		149,030
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
	b	Less cost or other basis and sales expenses	17,843,846	15,000			
	c	Gain or (loss)	17,514,140				
	d	Net gain or (loss) . . . . .	329,706	15,000	344,706		344,706
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a				
	b	Less direct expenses . . . . .	b				
	c	Net income or (loss) from fundraising events . .					
	9a	Gross income from gaming activities See Part IV, line 19 .	a				
	b	Less direct expenses . . . . .	b				
c	Net income or (loss) from gaming activities . .						
10a	Gross sales of inventory, less returns and allowances .	a					
b	Less cost of goods sold . . . . .	b					
c	Net income or (loss) from sales of inventory . .						
Miscellaneous Revenue			Business Code				
11a	_____						
b	_____						
c	_____						
d	All other revenue . . . . .						
e	Total. Add lines 11a-11d . . . . .						
12	Total revenue. See Instructions . . . . .			17,664,928	8,040,783	9,044,482	579,193

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	8,602	8,602		
2	Grants and other assistance to individuals in the U S See Part IV, line 22	2,000	2,000		
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 . . . . .	635,592		635,592	
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	7,600,492	7,318,775	281,717	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	460,021	441,250	18,771	
9	Other employee benefits . . . . .	1,160,278	989,093	171,185	
10	Payroll taxes . . . . .	578,300	518,190	60,110	
a	Fees for services (non-employees)				
	Management . . . . .	283,179	189,552	93,627	
b	Legal . . . . .	117,163		117,163	
c	Accounting . . . . .	85,834		85,834	
d	Lobbying . . . . .				
e	Professional fundraising services See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .				
g	Other . . . . .	618,339	531,963	86,376	
12	Advertising and promotion . . . . .	63,823	57,049	6,774	
13	Office expenses . . . . .	6,384,989	6,354,773	30,216	
14	Information technology . . . . .	491,914	286,723	205,191	
15	Royalties . . . . .				
16	Occupancy . . . . .	1,110,633	1,035,554	75,079	
17	Travel . . . . .	36,486	33,926	2,560	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .	59,519	38,731	20,788	
20	Interest . . . . .				
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	590,359	383,568	206,791	
23	Insurance . . . . .	245,850	227,247	18,603	
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	MISCELLANEOUS AND OTHER	154,834	94,111	60,723	
b	ALLOWANCE FOR DOUBTFUL	97,796		97,796	
c	DUES & SUBSCRIPTIONS	95,076	86,515	8,561	
d	REPAIRS AND MAINTENANCE	82,849	68,078	14,771	
e	MN CARE PROVIDER TAX	68,565	68,565		
f	All other expenses	70,974	343,905	-272,931	
25	Total functional expenses. Add lines 1 through 24f	21,103,467	19,078,170	2,025,297	0
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 . . . . .			289,911	1	268,486
	2	Savings and temporary cash investments . . . . .			13,409,999	2	478,296
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			8,321,272	4	3,281,418
	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 . . . . .				7	
	8	Inventories for sale or use . . . . .			766,471	8	845,435
	9	Prepaid expenses and deferred charges . . . . .				9	206,935
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	10a	7,735,705	4,466,432	10c	5,122,976
	b	Less: accumulated depreciation . . . . .	10b	2,612,729			
	11	Investments—publicly traded securities . . . . .			2,451,951	11	5,418,662
	12	Investments—other securities. See Part IV, line 11 . . . . .				12	
	13	Investments—program-related. See Part IV, line 11 . . . . .				13	
	14	Intangible assets . . . . .				14	
	15	Other assets. See Part IV, line 11 . . . . .				15	
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			29,706,036	16	15,622,208	
Liabilities	17	Accounts payable and accrued expenses . . . . .			18,258,566	17	2,288,140
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .			46,183	19	
	20	Tax-exempt bond liabilities . . . . .				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .			1,583,908	23	
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities. Complete Part X of Schedule D . . . . .			0	25	6,070,000
	26	Total liabilities. Add lines 17 through 25 . . . . .			19,888,657	26	8,358,140
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .				27	
	28	Temporarily restricted net assets . . . . .				28	
	29	Permanently restricted net assets . . . . .				29	
	Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds . . . . .			9,817,379	30	7,264,068
	31	Paid-in or capital surplus, or land, building or equipment fund . . . . .			0	31	0
	32	Retained earnings, endowment, accumulated income, or other funds . . . . .			0	32	0
	33	Total net assets or fund balances . . . . .			9,817,379	33	7,264,068
	34	Total liabilities and net assets/fund balances . . . . .			29,706,036	34	15,622,208

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	17,664,928
2	Total expenses (must equal Part IX, column (A), line 25)	2	21,103,467
3	Revenue less expenses Subtract line 2 from line 1	3	-3,438,539
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	9,817,379
5	Other changes in net assets or fund balances (explain in Schedule O)	5	885,228
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	7,264,068

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 checked="" type="checkbox"/> Separate basis <input 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?		No
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		

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  
FIRSTSOLUTIONS

Employer identification number  
41-0635532

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.")	243,747	234,032	336,527	205,892	470	1,020,668
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	77,318,836	87,329,307	98,468,181	110,350,733	17,085,265	390,552,322
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	77,562,583	87,563,339	98,804,708	110,556,625	17,085,735	391,572,990
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0
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						0
c Add lines 7a and 7b						0
8 Public Support (Subtract line 7c from line 6 )						391,572,990

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	77,562,583	87,563,339	98,804,708	110,556,625	17,085,735	391,572,990
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	1,274,017	1,538,499	721,762	353,042	485,017	4,372,337
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	1,274,017	1,538,499	721,762	353,042	485,017	4,372,337
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 )	-13,331	-115,773	4,062,955	3,919,657		7,853,508
13 Total support (Add lines 9, 10c, 11 and 12 )	78,823,269	88,986,065	103,589,425	114,829,324	17,570,752	403,798,835
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(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	96.970 %
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	97.190 %

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	1.080 %
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	1.040 %
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 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 FIRSTSOLUTIONS	Employer identification number 41-0635532
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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>YesNo</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>YesNo</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) <div><div><input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)</div><div><input type="checkbox"/> Preservation of an historically importantly land area</div><div><input type="checkbox"/> Protection of natural habitat</div><div><input type="checkbox"/> Preservation of a certified historic structure</div><div><input type="checkbox"/> Preservation of open space</div></div>
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
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? <div>YesNo</div>
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)? <div>YesNo</div>
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 <div>► \$ _____</div>
(ii)	Assets included in Form 990, Part X <div>► \$ _____</div>
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 <div>► \$ _____</div>
b	Assets included in Form 990, Part X <div>► \$ _____</div>

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations . . . . .

(ii)

related organizations . . . . .

b

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

	Yes	No
3a(i)		
3a(ii)		
3b		

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land . . . . .		219,850		219,850
b Buildings . . . . .		4,404,946	1,236,270	3,168,676
c Leasehold improvements . . . . .				
d Equipment . . . . .		3,006,389	1,376,459	1,629,930
e Other . . . . .		104,520		104,520
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . . ▶				5,122,976



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	17,664,928
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	21,103,467
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-3,438,539
4	Net unrealized gains (losses) on investments	4	-309,687
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	1,194,915
9	Total adjustments (net) Add lines 4 - 8	9	885,228
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-2,553,311

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	-103,621
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments . . . . .	2a	-309,687
b	Donated services and use of facilities . . . . .	2b	
c	Recoveries of prior year grants . . . . .	2c	
d	Other (Describe in Part XIV) . . . . .	2d	250,530
e	Add lines 2a through 2d . . . . .	2e	-59,157
3	Subtract line 2e from line 1 . . . . .	3	-44,464
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	17,709,392
c	Add lines 4a and 4b . . . . .	4c	17,709,392
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 ) . . . . .	5	17,664,928

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements . . . . .	1	3,644,605
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	250,530
e	Add lines 2a through 2d . . . . .	2e	250,530
3	Subtract line 2e from line 1 . . . . .	3	3,394,075
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	17,709,392
c	Add lines 4a and 4b . . . . .	4c	17,709,392
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 ) . . . . .	5	21,103,467

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 UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	FIRSTSOLUTIONS IS EXEMPT FROM FEDERAL AND STATE INCOME TAXES, EXCEPT WHEN ENGAGING IN BUSINESS ACTIVITIES THAT ARE CONSIDERED TO BE UNRELATED TO ITS TAX-EXEMPT PURPOSE. NOT-FOR-PROFIT ORGANIZATIONS MAY BECOME SUBJECT TO INCOME TAXES IF QUALIFICATION AS A TAX-EXEMPT ENTITY CHANGES, IF UNRELATED BUSINESS INCOME IS GENERATED, AND IN CERTAIN OTHER INSTANCES NOT-FOR-PROFIT ORGANIZATIONS ARE REQUIRED TO ASSESS THE CERTAINTY OF THEIR TAX POSITIONS RELATED TO THESE MATTERS AND, IN SOME CASES, RECORD LIABILITIES FOR POTENTIAL TAXES, INTEREST AND PENALTIES ACCOMPANIED BY FOOTNOTE DISCLOSURES. MANAGEMENT EVALUATED FIRSTSOLUTIONS' TAX POSITIONS AND CONCLUDED FIRSTSOLUTIONS HAS TAKEN NO UNCERTAIN TAX POSITIONS THAT REQUIRE ADJUSTMENT TO THE FINANCIAL STATEMENTS TO COMPLY WITH THE PROVISIONS OF THE GUIDANCE.
PART XI, LINE 8 - OTHER ADJUSTMENTS		CHANGE IN METHOD OF ACCOUNTING (SEE SCHEDULE O) 1,194,915
PART XII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES 250,530
PART XII, LINE 4B - OTHER ADJUSTMENTS		EXPENSES RELATED TO DISCONTINUED OPERATIONS (SEE SCHEDULE O) 17,709,392
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES 250,530
PART XIII, LINE 4B - OTHER ADJUSTMENTS		EXPENSES RELATED TO DISCONTINUED OPERATIONS (SEE SCHEDULE O) 17,709,392

Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
FIRSTSOLUTIONS

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

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

OMB No 1545-0047

2010

Open to Public  
Inspection

Employer identification number  
41-0635532

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) GENERATIONS HEALTH CARE INITIATIVES130 W SUPERIOR ST SUITE 700 DULUTH, MN 55802	41-2000473	501(C)(3)	7,500				BRIDGE TO HEALTH SURVEY AND GAMC/MNCARE ASSISTANCE FUND

2

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

▶ 1

3

Enter total number of other organizations . . . . .

▶

**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
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 A REPORT IS RECEIVED FROM THE GRANTEE ORGANIZATION THAT INDICATES WHO HAS GIVEN FUNDS FOR A SPECIFIC PROJECT AND HOW MUCH WAS GIVEN

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  
FIRSTSOLUTIONS

Employer identification number  
41-0635532

Part I

Questions Regarding Compensation

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



**Part II** **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use 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				
(1) THOMAS HEINITZ MD	(i) (ii)	169,414 0	0 0	0 0	16,444 0	15,186 0	201,044 0	0 0
(2) TERRY JACOBSON	(i) (ii)	158,343 0	0 0	0 0	14,972 0	15,186 0	188,501 0	0 0
(3) CRAIG E ANDERSON MD	(i) (ii)	169,652 0	0 0	0 0	16,476 0	15,186 0	201,314 0	0 0
(4) JULIE A REICHHOFF MD	(i) (ii)	138,035 0	0 0	0 0	12,271 0	15,186 0	165,492 0	0 0
(5) ROGER MCDANNOLD RPH	(i) (ii)	135,928 0	0 0	0 0	11,991 0	15,053 0	162,972 0	0 0
( 6 )								
( 7 )								
( 8 )								
( 9 )								
( 10 )								
( 11 )								
( 12 )								
( 13 )								
( 14 )								
( 15 )								
( 16 )								

**Part III**   **Supplemental Information**

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

Identifier	Return Reference	Explanation
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**SCHEDULE O**  
(Form 990 or 990-EZ)**Supplemental Information to Form 990 or 990-EZ**

OMB No 1545-0047

**2010****Open to Public  
Inspection**

**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.**

Department of the Treasury  
Internal Revenue Service**Name of the organization**  
FIRSTSOLUTIONS**Employer identification number**

41-0635532

Identifier	Return Reference	Explanation
CHANGES IN PROGRAM SERVICES	FORM 990, PART III, LINE 3	IN 2009, FIRSTSOLUTIONS ENTERED INTO A DISAFFILIATION AGREEMENT WITH BCBSM. THIS AGREEMENT A) REMOVED BCBSM AS THE SOLE CORPORATE MEMBER OF FIRSTSOLUTIONS, B) DOCUMENTED MUTUAL AGREEMENT OF CESSATION OF THE HMO OPERATIONS, C) CREATED A PROVISION FOR REVISED STOP-LOSS REINSURANCE ARRANGEMENTS IN CONNECTION WITH HMO CESSATION, D) TERMINATED AND/OR MODIFIED CERTAIN AGREEMENTS BETWEEN FIRSTSOLUTIONS AND BCBSM, E) DEFINED CERTAIN MUTUAL BUSINESS COVENANTS OF THE PARTIES, F) AND OTHER MISCELLANEOUS TERMS. AS PART OF ITS STRATEGIC PLAN, FIRSTSOLUTIONS SOUGHT OUT AND OBTAINED REGULATORY APPROVAL FROM THE MINNESOTA DEPARTMENT OF COMMERCE TO CEASE QUOTING AND WRITING INSURED POLICIES AS A HEALTH MAINTENANCE ORGANIZATION (HMO) EFFECTIVE JUNE 30, 2009. IN THE CURRENT YEAR, DISCONTINUED OPERATIONS ON THE FINANCIAL STATEMENTS INCLUDE AMOUNTS RELATED TO THE CESSATION OF THIS OPERATION. THE GROSS REVENUE INCLUDES FINAL SETTLEMENTS ON PREMIUMS AND CLAIMS. IN 2010, FIRSTSOLUTIONS CEASED OPERATIONS OF THE TPU2 CLAIMS PROCESSING CENTER, WHICH INCLUDED LAY OFF OF THE REMAINING STAFF. IN ADDITION, THE COMMUNITY NURSING SERVICE WAS SOLD TO AN OUTSIDE ENTITY. EARLY IN 2010, FIRSTSOLUTIONS, BY BOARD ACTION, DECIDED TO ACTIVELY PURSUE THE SALE OF ITS CLINICS AND PHARMACIES. ON JANUARY 28, 2011, FIRSTSOLUTIONS EXECUTED AN AGREEMENT TO SELL ITS CLINICS AND PHARMACIES. IN MARCH 2011, FIRSTSOLUTIONS, BY BOARD ACTION, DECIDED TO DISCONTINUE AND/OR PURSUE THE SALE OF THE HEALTH MANAGEMENT LINE OF BUSINESS.

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4		SIGNIFICANT CHANGES TO BYLAWS THE BYLAWS WERE CHANGED TO ALLOW DIRECTORS TO SERVE UNLIMITED TERMS ON THE BOARD ARTICLE 5 WAS ADDED TO THE BYLAWS REGARDING CORPORATE OFFICERS ACCORDING TO THE BYLAWS, THE PRESIDENT SHALL BE THE CHIEF EXECUTIVE OFFICER OF THE CORPORATION AND SHALL PERFORM, OR ARRANGE FOR THE PERFORMANCE, OF THE DUTIES OF THE CHIEF FINANCIAL OFFICER OF THE CORPORATION THE PRESIDENT SHALL HAVE POWER TO EXECUTE DEEDS AND MORTGAGES AND OTHER OBLIGATIONS OF THE CORPORATION, AND THE POWER TO MAKE AND EXECUTE CONTRACTS IN THE ORDINARY COURSE OF BUSINESS OF THE CORPORATION, HAVE GENERAL RESPONSIBILITY FOR KEEPING ACCURATE FINANCIAL RECORDS OF THE CORPORATION, SEE THAT THE BOARD IS PROVIDED WITH REGULAR FINANCIAL REPORTS AND, AS REQUESTED, REPORTS OF TRANSACTIONS AND ACCOUNTS OF THE CORPORATION, AND, FURTHER, SHALL HAVE, SUBJECT TO THE DIRECTION OF THE BOARD OF DIRECTORS, GENERAL ADMINISTRATION OF THE AFFAIRS OF THE CORPORATION AND PERFORM ALL DUTIES INCIDENTAL TO THIS OFFICE UPON RECOMMENDATION BY THE PRESIDENT, THE BOARD OF DIRECTORS SHALL APPROVE SUCH VICE PRESIDENTS AS IT DEEMS NECESSARY EACH VICE PRESIDENT SHALL BE IN CHARGE OF A SEGMENT OF THE BUSINESS AS DETERMINED BY THE PRESIDENT THE SALARY OF THE PRESIDENT OF THE CORPORATION SHALL BE FIXED BY THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE FORM 990 IS REVIEWED BY THE ACCOUNTING MANAGER, THE COO, THE CEO, AND THE BOARD OF DIRECTORS PRIOR TO ITS FILING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	EVERY YEAR AS PART OF FORMAL PROTOCOL, ALL OFFICERS AND EMPLOYEES ARE REQUIRED TO DISCLOSE PERSONAL, FINANCIAL, AND OTHER INTERESTS THIS INFORMATION IS REVIEWED BY THE COMPLIANCE OFFICER TO DETERMINE WHETHER OR NOT THOSE FINANCIAL INTERESTS POSE A REAL OR POTENTIAL CONFLICT

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	DATA FROM OUTSIDE CONSULTANTS WAS USED TO ESTABLISH A SALARY GRID THE GRID IS ADJUSTED ANNUALLY BASED UPON COST OF LIVING AND THE MINNESOTA DEPARTMENT OF LABOR STATISTICS TO COMPARE SALARY RANGES THE DATA FROM THE MN DOL IS BASED UPON DATA WHICH IS UPDATED QUARTERLY IT HAS STATEWIDE, METRO, AND REGIONAL SALARY RANGES SALARIES ARE MONITORED BY THE DIRECTOR OF HUMAN RESOURCES, AND IF IT IS DETERMINED ADJUSTMENTS ARE NEEDED BASED ON THE MARKET INFORMATION, IT IS BROUGHT TO THE SENIOR LEADERSHIP TEAM AND THEN TO THE GOVERNANCE COMMITTEE FOR APPROVAL ANNUALLY (USUALLY THE SPRING), THE GOVERNANCE COMMITTEE OF FIRSTSOLUTIONS MEETS TO REVIEW THE CEO'S PERFORMANCE AND DETERMINE THE INDIVIDUAL ELEMENTS OF TOTAL COMPENSATION FOR THE CEO AGAINST STRATEGIC AND OPERATIONAL OBJECTIVES WHICH THE GOVERNANCE COMMITTEE RECOMMENDS TO THE BOARD FOR APPROVAL THE LAST SURVEY WAS DONE IN THE SPRING OF 2011 BY THE BOARD CHAIR THE COMPENSATION COMMITTEE IS THE GOVERNANCE COMMITTEE WHICH IS INDEPENDENT

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST



Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -309,687 CHANGE IN METHOD OF ACCOUNTING (SEE SCHEDULE O) 1,194,915 TOTAL TO FORM 990, PART XI, LINE 5 885,228

Identifier	Return Reference	Explanation
	FORM 990, PAGE 12, PART XII, LINE 2C	THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR

Identifier	Return Reference	Explanation
CHANGE IN METHOD OF ACCOUNTING		<p>DURING 2009, FIRSTSOLUTIONS OBTAINED REGULATORY APPROVAL FROM THE MINNESOTA DEPARTMENT OF COMMERCE TO CEASE QUOTING AND WRITING INSURED POLICIES AS A HEALTH MAINTENANCE ORGANIZATION EFFECTIVE JUNE 30, 2009 FOR 2009 AND PREVIOUS YEARS, FIRSTSOLUTIONS' FINANCIAL STATEMENTS WERE PREPARED IN ACCORDANCE WITH THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS' STATUTORY ACCOUNTING PRINCIPLES (NAIC SAP) AND STATUTORY ACCOUNTING PRINCIPLES PRESCRIBED OR PERMITTED BY THE MINNESOTA DEPARTMENT OF HEALTH (MDH) ACCOUNTING PRACTICES AND PROCEDURES OF NAIC SAP AS PRESCRIBED OR PERMITTED BY THE MDH COMPRISE A COMPREHENSIVE BASIS OF ACCOUNTING OTHER THAN ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (GAAP) AS OF JANUARY 1, 2010, FIRSTSOLUTIONS BEGAN PRESENTING ITS FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP THE CHANGE IN ACCOUNTING BASIS RESULTED IN AN INCREASE TO BEGINNING NET ASSETS OF \$1,194,915 UNDER STATUTORY ACCOUNTING CERTAIN ASSETS DESIGNATED AS "NON-ADMITTED," PRINCIPALLY FURNITURE AND EQUIPMENT, NONOPERATING SOFTWARE, CERTAIN HEALTH CARE RECEIVABLES, AND OTHER ASSETS NOT SPECIFICALLY IDENTIFIED AS AN ADMITTED ASSET WITHIN THE NAIC ACCOUNTING PRACTICES AND PROCEDURES MANUAL, WERE EXCLUDED FROM ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS AND WERE CHARGED DIRECTLY TO STATUTORY RESERVES UNDER GAAP, SUCH ASSETS ARE INCLUDED IN THE BALANCE SHEET FURNITURE AND EQUIPMENT INCREASED APPROXIMATELY \$1,010,000, RECEIVABLES INCREASED APPROXIMATELY \$99,300 AND PREPAID EXPENSES INCREASED APPROXIMATELY \$85,700 DUE TO THESE CHANGES</p>

Identifier	Return Reference	Explanation
DISCONTINUED OPERATIONS		FIRSTSOLUTIONS CEASED QUOTING AND WRITING INSURED POLICIES AS A HEALTH MAINTENANCE ORGANIZATION (HMO) IN 2009. DISCONTINUED OPERATIONS INCLUDE AMOUNTS RELATED TO THE CESSATION OF THIS OPERATION. THE GROSS REVENUE INCLUDES FINAL SETTLEMENTS ON PREMIUMS AND CLAIMS. IN 2010, FIRSTSOLUTIONS CEASED OPERATIONS OF THE TPU2 CLAIMS PROCESSING CENTER, WHICH INCLUDED LAY OFF OF THE REMAINING STAFF. IN ADDITION, THE COMMUNITY NURSING SERVICE WAS SOLD TO AN OUTSIDE ENTITY. EARLY IN 2010, FIRSTSOLUTIONS, BY BOARD ACTION, DECIDED TO ACTIVELY PURSUE THE SALE OF ITS CLINICS AND PHARMACIES. ON JANUARY 28, 2011, FIRSTSOLUTIONS EXECUTED AN AGREEMENT TO SELL ITS CLINICS AND PHARMACIES, AT WHICH TIME A DOWN PAYMENT WAS RECEIVED WITH THE REMAINDER TO BE RECEIVED BY APRIL 1, 2011. THE REVENUES AND EXPENSES RELATED TO THESE ACTIVITIES ARE INCLUDED IN DISCONTINUED OPERATIONS. SEE NOTE 10 ON PAGES 12 AND 13 OF ATTACHED AUDITED FINANCIAL STATEMENT FOR DETAIL.

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  
FIRSTSOLUTIONS

Employer identification number  
41-0635532

Part I

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No

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) Disproprtionate 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	

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) FIRST PLAN AGENCY INC 525 SOUTH LAKE AVENUE DULUTH, MN55802 41-1600064	ADMINISTRATIVE	MN	FIRSTSOLUTIONS	C	-1,428	673	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

Yes

No

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)			
(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
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**Note 9. Accounting Standards Not Yet Adopted**

In August 2010, FASB issued Accounting Standards Update (ASU) 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which clarifies that a health care entity should not net insurance recoveries against a related claim liability. The guidance provided in this ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The adoption of this standard is not expected to have a material impact on FirstSolutions' financial position, results of operations or cash flows.

In August 2010, the FASB issued ASU 2010-23, *Measuring Charity Care for Disclosure*, which prescribes that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing charity care. The guidance provided in this ASU is effective for fiscal years beginning after December 15, 2010. The adoption of this standard is not expected to have a material impact on FirstSolutions' financial position, results of operations or cash flows.

In April 2009, the FASB issued Statement No. 164, *Not-for-Profit Entities: Mergers and Acquisitions* (FASB 164). This standard was later codified within the Business Combinations Topic of the FASB ASC. This standard provides guidance for determining whether a combination of not-for-profit entities is a merger or an acquisition. The standard requires the application of the carryover method in accounting for a merger and the acquisition method in accounting for an acquisition and provides guidance on determining which of the combining entities is the acquirer. It requires disclosure of information to enable users of financial statements to evaluate the nature and financial effects of a merger or an acquisition. This standard also amends Statement No. 142, *Goodwill and Other Intangible Assets*, to make it fully applicable for not-for-profit entities. Statement No. 164 is effective for mergers occurring on or after December 15, 2009, and acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. The adoption of this standard is not expected to have a material impact on FirstSolutions' financial position, results of operations or cash flows.

**Note 10. Discontinued Operations**

FirstSolutions ceased quoting and writing insured policies as a health maintenance organization (HMO) in 2009. Discontinued operations include amounts related to the cessation of this operation. The gross revenue includes final settlements on premiums and claims.

In 2010, FirstSolutions ceased operations of the TPU2 Claims Processing Center, which included layoff of the remaining staff. In addition, the Community Nursing Service was sold to an outside entity for approximately \$15,000.

Early in 2010, FirstSolutions, by Board action, decided to actively pursue the sale of its clinics and pharmacies. On January 28, 2011, FirstSolutions executed an agreement to sell its clinics and pharmacies, at which time a down payment of \$721,129 was received with the remainder to be received by April 1, 2011. The total purchase price for the transaction is approximately \$2,884,000. The revenues and expenses related to these activities are included in discontinued operations.

**FirstSolutions****Notes to Financial Statements**

The income (loss) by line of business for the discontinued operations is included below

	HMO	TPU2 Claims Processing	Community Nursing Service	Clinics and Pharmacies	Total
Gross revenue	\$ 2,215,519	\$ 989,500	\$ 116,361	\$ 14,448,142	\$ 17,769,522
Contractual adjustments	-	-	-	2,457,156	2,457,156
Net revenue	2,215,519	989,500	116,361	11,990,986	15,312,366
Operating expenses					
Salary and benefits	83,061	1,299,738	224,976	5,683,390	7,291,165
Pharmacy prescriptions and over the counter drugs	-	-	-	5,665,202	5,665,202
Other (includes allocation of administrative expense)	430,819	216,558	97,623	4,008,025	4,753,025
Total operating expense	513,880	1,516,296	322,599	15,356,617	17,709,392
Gain (loss) from operations	1,701,639	(526,796)	(206,238)	(3,365,631)	(2,397,026)
Gain on sale	-	-	15,000	-	15,000
Excess (deficiency) of revenue over expenses	\$ 1,701,639	\$ (526,796)	\$ (191,238)	\$ (3,365,631)	\$ (2,382,026)

**Note 11. Subsequent Events**

In March 2011, FirstSolutions, by Board action, decided to discontinue and/or pursue the sale of the Health Management line of business. The total revenue and expenses for this line of business for the year ended December 31, 2010 were \$1,559,363 and \$2,816,709, respectively.

Additional Data

Software ID:  
Software Version:  
EIN: 41-0635532  
Name: FIRSTSOLUTIONS

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

4d. Other program services			
(Code	) (Expenses \$	513,879	including grants of \$ (Revenue \$ 2,215,519 )
FIRSTSOLUTIONS CEASED QUOTING AND WRITING INSURED POLICIES AS A HEALTH MAINTENANCE ORGANIZATION (HMO) IN 2009 DISCONTINUED OPERATIONS ON THE FINANCIAL STATEMENTS INCLUDE AMOUNTS RELATED TO THE CESSATION OF THIS OPERATION THE GROSS REVENUE INCLUDES FINAL SETTLEMENTS ON PREMIUMS AND CLAIMS			