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Form 990  Department of the Treasury Internal Revenue Service	Return of Organization Exempt From Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) ▶ The organization may have to use a copy of this return to satisfy state reporting requirements	OMB No 1545-0047
		2010
		Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011		
B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization AVERA HOLY FAMILY	D Employer identification number 42-0680370
	Doing Business As	E Telephone number (712) 362-6519
	Number and street (or P O box if mail is not delivered to street address) 826 NORTH 8TH STREET	Room/suite
	City or town, state or country, and ZIP + 4 ESTHERVILLE, IA 51334	
	F Name and address of principal officer MICHAEL HALL 826 NORTH 8TH STREET ESTHERVILLE,IA 51334	
		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)
		H(c) Group exemption number ▶ 0928
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (Insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW.AVERA-HOLYFAMILY.ORG		
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation 1996
		M State of legal domicile IA

Part I	Summary
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Activities & Governance	1 Briefly describe the organization's mission or most significant activities PROMOTION OF HEALTH		
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
3 Number of voting members of the governing body (Part VI, line 1a)	3	12	
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9	
5 Total number of individuals employed in calendar year 2010 (Part V, line 2a)	5	239	
6 Total number of volunteers (estimate if necessary)	6	11	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	10,178	
b Net unrelated business taxable income from Form 990-T, line 34	7b	7,110	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	59,728	170,164
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	21,861,559	22,107,729
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	98,687	306,299
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	31,626	31,801
		22,051,600	22,615,993
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	21,415
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	8,764,720	9,103,071
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	10,694,209	12,045,493
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	19,458,929	21,169,979
	19 Revenue less expenses Subtract line 18 from line 12	2,592,671	1,446,014
Net Assets or Fund Balances		Beginning of Current Year	End of Year
	20 Total assets (Part X, line 16)	29,123,733	31,035,157
	21 Total liabilities (Part X, line 26)	8,966,787	8,608,717
	22 Net assets or fund balances Subtract line 21 from line 20	20,156,946	22,426,440

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

Sign Here	***** Signature of officer		2012-05-08 Date		
	MICHAEL HALL PRESIDENT & CEO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name KIM HUNWARDSEN	Preparer's signature KIM HUNWARDSEN	Date 2012-05-08	Check if self-employed <input type="checkbox"/>	PTIN
	Firm's name ▶ EIDE BAILLY LLP				Firm's EIN ▶
	Firm's address ▶ 800 NICOLLET MALL STE 1300 MINNEAPOLIS, MN 554027033				Phone no ▶ (612) 253-6500

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

Part II

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

AVERA IS A HEALTH MINISTRY ROOTED IN THE GOSPEL OUR MISSION IS TO MAKE A POSITIVE IMPACT IN THE LIVES AND HEALTH OF PERSONS AND COMMUNITIES BY PROVIDING QUALITY SERVICES GUIDED BY CHRISTIAN VALUES

2

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

Yes

No

If “Yes,” describe these new services on Schedule O

3

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

Yes

No

If “Yes,” describe these changes on Schedule O

4

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

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

4a

(Code) (Expenses \$ 18,597,589 including grants of \$ 21,415) (Revenue \$ 22,107,729)

PROVIDE INPATIENT AND OUTPATIENT MEDICAL SERVICES THROUGHOUT THE HOSPITAL AND HOME HEALTH AGENCY THE HOSPITAL PROVIDED 2,652 INPATIENT BED DAYS AVERA HOLY FAMILY MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY AND EQUIVALENT SERVICE STATISTICS THE AMOUNT OF CHARGES FOREGONE, BASED ON ESTABLISHED RATES, WERE \$379,393 FOR THE YEAR ENDED JUNE 30, 2011 THE HOSPITAL ALSO PROVIDES COMMUNITY BENEFIT HEALTH ACTIVITIES AT LESS THAN OR AT NO COST TO SUPPORT THOSE IN THE AREA SERVED THESE ACTIVITIES INCLUDE COMMUNITY EDUCATION PROGRAMS, SPECIAL PROGRAMS FOR THE ELDERLY, HANDICAPPED, AND MEDICALLY UNDERSERVED, AND A VARIETY OF BROAD COMMUNITY SUPPORT ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2011, SPECIFIC ACTIVITIES INCLUDED MEALS DELIVERED TO RESIDENTIAL HOMES, MEETING FACILITIES, AND PROGRAMS FOR PATIENTS AND FAMILIES SUFFERING FROM CANCER, DIABETES, BREATHING DISORDERS, AND OTHERS, ASSISTANCE TO HEALTH EDUCATORS, EMERGENCY HEALTH CARE PROVIDERS, AND WELLNESS PROGRAMS

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses \$ 18,597,589

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)?	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.		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? If "Yes," complete Schedule C, Part III.		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I.		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II.		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V.		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? If "Yes," complete Schedule D, Part VI.	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.	Yes	
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.		No
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E.		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV.		No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Parts II and IV.		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Parts III and IV.		No
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions).		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? If "Yes," complete Schedule G, Part II.		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III.		No
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H.	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions).	Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Yes	
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	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		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? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	55
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, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	239
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?	12a	
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	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

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	1a12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		No
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		No
b	Other officers or key employees of the organization	15b		No
	If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes	
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		No

Section C. Disclosure	
17	List the States with which a copy of this Form 990 is required to be filed▶IA
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 ▶ SHANNON ADAMS 826 N 8TH STREET ESTHERVILLE,IA 51334 (712) 362-6519

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) NORMA BEAVER CHAIR	1 00	X		X				0	0	0
(2) SUE NELSON VICE CHAIR	1 00	X		X				0	0	0
(3) CONNIE THACKERY BOARD MEMBER	1 00	X						0	0	0
(4) SR KATHLEEN CROWLEY BOARD MEMBER	1 00	X						0	0	0
(5) DR DOUGLAS STANGL BOARD MEMBER	1 00	X						0	0	0
(6) DR KEITH PROBST BOARD MEMBER	1 00	X						0	0	0
(7) SR SUZANNE COTTER BOARD MEMBER	1 00	X						0	0	0
(8) DELAINE HINEY BOARD MEMBER	1 00	X						0	0	0
(9) MARK FRIESNER BOARD MEMBER	1 00	X						0	0	0
(10) SR MARTIN MERGEN BOARD MEMBER	1 00	X						0	0	0
(11) PASTOR GLENN BOHMER BOARD MEMBER	1 00	X						0	0	0
(12) MICHAEL HALL PRESIDENT & CEO	45 00	X		X				0	140,736	20,443
(13) SHANNON ADAMS SEC/TREAS & SRVP FINANCE	45 00			X				0	64,432	16,509
(14) CATHI SCHARNBERG VP PATIENT CARE/INTERIM CEO	40 00			X				0	98,853	16,253
(15) BRENDA MARKS PHARMACY MANAGER	40 00					X		115,836	0	6,481

Part VII

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b	Sub-Total									
c	Total from continuation sheets to Part VII, Section A									
d	Total (add lines 1b and 1c)							115,836	304,021	59,686

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization: 1

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ESTHERVILLE MEDICAL CENTER PC 926 N 8TH STREET ESTHERVILLE, IA 51334	CLINIC COVERAGE	1,247,382
ACUTE CARE INC PO BOX 4130 DES MOINES, IA 50333	ER COVERAGE	509,871
ESTHERVILLE MEDICAL CENTER ER 926 N 8TH STREET ESTHERVILLE, IA 51334	ER COVERAGE	464,749
WOODWARD ANESTHESIA SERVICES PC 203 N 8TH ST ESTHERVILLE, IA 51334	ANESTHESIA SERVICES	249,294
GREAT LAKES PHYSICAL THERAPY PC 2714 CENTER LAKE DRIVE SPIRIT LAKE, IA 51360	PHYSICAL THERAPY SERVICES	233,105
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 ►6		

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	15,000			
	e	Government grants (contributions)	1e	21,045			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	134,119			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		170,164			
	Program Service Revenue	2a	PATIENT SERVICE REVENUE	622110	21,551,364	21,551,364	
b		CHANGE IN FOUNDATION	900099	234,870	234,870		
c		COLLABORATIVE AGREEMEN	900099	149,416	149,416		
d		OTHER REVENUE	900099	123,801	113,623	10,178	
e		CAFETERIA	900099	48,278	48,278		
f		All other program service revenue					
g		Total. Add lines 2a-2f		22,107,729			
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		289,218		
	4	Income from investment of tax-exempt bond proceeds . .					
	5	Royalties					
	6a	Gross Rents	(i) Real 31,801	(ii) Personal			
	b	Less rental expenses					
	c	Rental income or (loss)	31,801				
	d	Net rental income or (loss)		31,801			31,801
	7a	Gross amount from sales of assets other than inventory	(i) Securities 37,555	(ii) Other			
	b	Less cost or other basis and sales expenses		20,474			
	c	Gain or (loss)	37,555	-20,474			
	d	Net gain or (loss)		17,081			17,081
	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		22,615,993	22,097,551	10,178	338,100	

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	21,415	21,415		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
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	7,075,543	6,037,963	1,037,580	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	438,818	145,547	293,271	
9	Other employee benefits	1,118,221	902,532	215,689	
10	Payroll taxes	470,489	425,203	45,286	
a	Fees for services (non-employees)				
	Management	314,011	30,000	284,011	
b	Legal				
c	Accounting	33,975		33,975	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	2,678,257	2,645,201	33,056	
12	Advertising and promotion	68,229	8,516	59,713	
13	Office expenses	239,001	87,549	151,452	
14	Information technology	66,995	64,305	2,690	
15	Royalties				
16	Occupancy	447,085	447,085		
17	Travel	45,381	39,295	6,086	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	67,196	59,436	7,760	
20	Interest	311,880	311,880		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,009,192	1,009,192		
23	Insurance	238,417	3,000	235,417	
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	MEDICAL SUPPLIES	3,978,645	3,978,645		
b	LOCUM FEES	989,363	989,363		
c	BAD DEBT EXPENSE	785,099	785,099		
d	EQUIPMENT LEASE AND REN	170,198	156,548	13,650	
e					
f	All other expenses	602,569	449,815	152,754	
25	Total functional expenses. Add lines 1 through 24f	21,169,979	18,597,589	2,572,390	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				1	
	2	Savings and temporary cash investments			3,806,140	2	2,725,512
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			2,966,834	4	2,879,912
	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			40,197	7	10,599
	8	Inventories for sale or use			555,119	8	538,782
	9	Prepaid expenses and deferred charges			106,254	9	61,012
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	23,071,842	13,224,473	10c	13,150,640
	b	Less: accumulated depreciation	10b	9,921,202			
	11	Investments—publicly traded securities			802,691	11	791,249
	12	Investments—other securities. See Part IV, line 11			7,077,111	12	10,408,683
	13	Investments—program-related. See Part IV, line 11			128,349	13	165,386
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			416,565	15	303,382
	16	Total assets. Add lines 1 through 15 (must equal line 34)			29,123,733	16	31,035,157
Liabilities	17	Accounts payable and accrued expenses			1,743,103	17	1,615,278
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			4,755,000	20	4,585,000
	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				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities. Complete Part X of Schedule D			2,468,684	25	2,408,439
	26	Total liabilities. Add lines 17 through 25			8,966,787	26	8,608,717
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			19,950,524	27	22,217,706
	28	Temporarily restricted net assets			206,422	28	208,734
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			20,156,946	33	22,426,440
	34	Total liabilities and net assets/fund balances			29,123,733	34	31,035,157

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	22,615,993
2	Total expenses (must equal Part IX, column (A), line 25)	2	21,169,979
3	Revenue less expenses Subtract line 2 from line 1	3	1,446,014
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	20,156,946
5	Other changes in net assets or fund balances (explain in Schedule O)	5	823,480
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	22,426,440

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 AVERA HOLY FAMILY	Employer identification number 42-0680370
---	--

Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other
- e

☐

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

☐

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

☐

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

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?
- h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage						
14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f))					14	
15 Public Support Percentage for 2009 Schedule A, Part II, line 14					15	
16a 33 1/3% support test—2010. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
b 33 1/3% support test—2009. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶						
17a 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
b 10%-facts-and-circumstances test—2009. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶						
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶						

Part IIIPart III

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) 	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

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

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

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2010 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization 		
b 33 1/3% support tests—2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization 		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions 		

Part IV

Supplemental Information. Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA HOLY FAMILY

Employer identification number
42-0680370

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

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

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

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

☐ Preservation of land for public use (e g , recreation or pleasure)☐ Preservation of an historically importantly land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

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

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

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes ☐ No

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

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1▶ \$ _____

(ii) Assets included in Form 990, Part X▶ \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1▶ \$ _____

b Assets included in Form 990, Part X▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2010

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
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

3a(i)

Yes

No

(ii)

related organizations

3a(ii)

b

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

3b

4

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

Part VI

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		309,824		309,824
b Buildings		16,589,534	6,326,500	10,263,034
c Leasehold improvements				
d Equipment		5,857,400	3,477,037	2,380,363
e Other		315,084	117,665	197,419
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				13,150,640

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)	122,615,993
2	Total expenses (Form 990, Part IX, column (A), line 25)	21,169,979
3	Excess or (deficit) for the year Subtract line 2 from line 1	1,446,014
4	Net unrealized gains (losses) on investments	824,980
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	-1,500
9	Total adjustments (net) Add lines 4 - 8	823,480
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	2,269,494

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	123,438,661
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a824,980	
b	Donated services and use of facilities2b	
c	Recoveries of prior year grants2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d2e824,980	
3	Subtract line 2e from line 13	22,613,681
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 7b4a	
b	Other (Describe in Part XIV)4b2,312	
c	Add lines 4a and 4b4c2,312	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)5	22,615,993

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	121,169,979
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
a	Donated services and use of facilities2a	
b	Prior year adjustments2b	
c	Other losses2c	
d	Other (Describe in Part XIV)2d	
e	Add lines 2a through 2d2e0	
3	Subtract line 2e from line 13	21,169,979
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 7b4a	
b	Other (Describe in Part XIV)4b	
c	Add lines 4a and 4b4c0	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)5	21,169,979

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	THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED. THE ORGANIZATION'S FEDERAL FORM 990T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2008.
PART XI, LINE 8 - OTHER ADJUSTMENTS		CAPITAL TRANSFERS -1,500
PART XII, LINE 4B - OTHER ADJUSTMENTS		CHANGE IN INTEREST IN NET ASSETS AVERA HEALTH FDTN IN FUND BALANCE FOR F/S 2,312

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA HOLY FAMILY

Employer identification number
42-0680370

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			246,000		246,000	1 210 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			1,184,563	1,035,716	148,847	0 730 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			1,430,563	1,035,716	394,847	1 940 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	11	34	75,395		75,395	0 370 %
f Health professions education (from Worksheet 5)	3		59,813		59,813	0 290 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)	2		1,220		1,220	0 010 %
i Cash and in-kind contributions to community groups (from Worksheet 8)	8		24,132		24,132	0 120 %
j Total Other Benefits	24	34	160,560		160,560	0 790 %
k Total. Add lines 7d and 7j	24	34	1,591,123	1,035,716	555,407	2 730 %

Part II

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development	1	362		362	0 %
3	Community support	1	10,077		10,077	0 050 %
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy	5	67,056		67,056	0 330 %
8	Workforce development	1	1,235		1,235	0 010 %
9	Other					
10	Total	8	78,730		78,730	0 390 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1		No
2	Enter the amount of the organization's bad debt expense (at cost)	2	519,736	
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit			

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	10,916,294	
6	Enter Medicare allowable costs of care relating to payments on line 5	6	10,936,918	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-20,624	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other			

Section C. Collection Practices

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

Part IV

Management Companies and Joint Ventures

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

Schedule H (Form 990) 2010

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

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

How many non-hospital facilities did the organization operate during the tax year? 1

Name and address		Type of Facility (Describe)
1	AVERA MEDICAL GROUP ESTHERVILLE 826 NORTH 8TH STREET ESTHERVILLE,IA 51334	PROVIDER BASED CLINIC
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g, open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 3C A COMBINATION OF THE FEDERAL POVERTY GUIDELINES (FPG) AND A DEBT AND ASSET TABLE IS USED TO DETERMINE A PATIENT'S ELIGIBILITY FOR FREE OR DISCOUNTED CARE

Identifier	ReturnReference	Explanation
		PART I, LINE 6A OUR COMMUNITY BENEFIT REPORT IS CONTAINED WITHIN A REPORT PREPARED BY AVERA HEALTH, A RELATED ORGANIZATION IT IS AVAILABLE THROUGH THE WEBSITE AND REQUEST MAILING, AND IS FILED WITH THE CATHOLIC HEALTH ASSOCIATION

Identifier	ReturnReference	Explanation
		PART I, LINE 7 CHARITY CARE WAS CONVERTED TO COST USING AN OVERALL COST-TO-CHARGE RATIO ADDRESSING ALL PATIENT SEGMENTS COMMUNITY HEALTH IMPROVEMENT SERVICES, HEALTH PROFESSIONS EDUCATION, SUBSIDIZED HEALTH SERVICES, RESEARCH AND CASH AND IN-KIND CONTRIBUTIONS ARE REPORTED BASED ON ACTUAL EXPENSES RECORDED TO THE GENERAL LEDGER

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT REMOVED FROM THE DENOMINATOR OF THE CALCULATION WAS \$785,099

Identifier	ReturnReference	Explanation
		<p>PART II IN FY 2011, OUR WORKFORCE DEVELOPMENT EXPENSES WERE FOR HEALTH PROFESSIONAL RECRUITMENT FOR OUR MEDICALLY UNDERSERVED AREA AVERA HOLY FAMILY ALSO INVESTED OVER \$10,000 IN COMMUNITY DISASTER PREPAREDNESS THE FACILITY HAD READINESS DRILLS AND HELD MEETINGS TO ENSURE THAT THE FACILITY WAS PREPARED FOR DISASTER HOLY FAMILY ALSO VOLUNTEERED AND DONATED TO EXCEL ESTHERVILLE THIS ORGANIZATION ASSISTS THE COMMUNITY WITH PROJECTS SUCH AS PLAYGROUND EQUIPMENT, WALKING TRAILS, BIKE RACKS, BRIDGE LIGHTING AND WALKS, AMONG OTHER IMPORTANT PROJECTS TO SUPPORT BEING ACTIVE AND THEREFORE IMPROVING THE HEALTH OF THE COMMUNITY MOCK INTERVIEWS WERE HELD FOR STUDENTS HOLY FAMILY ATTENDED JOB FAIRS AND GAVE PRESENTATIONS TO SCHOOL CHILDREN THESE EFFORTS HELP STUDENTS PREPARE FOR EMPLOYMENT IN THE FUTURE AND GET STUDENTS INTERESTED IN THE HEALTH CARE FIELD THIS WILL REDUCE JOBLESSNESS IN THE FUTURE WHICH IN TURN AFFECTS ACCESS TO INSURANCE AND THEREFORE BETTER ACCESS AND AFFORDABILITY TO HEALTH CARE SERVICES AVERA HOLY FAMILY PAYS DUES TO COMMUNITY ORGANIZATIONS TO HELP FURTHER DEVELOP AND SUPPORT THE COMMUNITY MEALS ON WHEELS EXPENSES OF \$37,111 WERE PROVIDED TO INDIVIDUALS THAT OTHERWISE WOULD NOT HAVE A HOT MEAL, THEREFORE INCREASING THE HEALTH AND WELLNESS OF THE COMMUNITY VAN TRANSPORTATION EXPENSES OF \$3,916 WERE PROVIDED TO THOSE IN THE COMMUNITY THAT WOULD OTHERWISE HAVE A DIFFICULT TIME RECEIVING THE HEALTH CARE THEY NEED</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE WAS CONVERTED TO COST USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2 THE ORGANIZATION DID NOT ESTIMATE THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY AS THE ORGANIZATION WORKS HARD AT ENCOURAGING PEOPLE TO APPLY AND MAKES ADJUSTMENTS TO BAD DEBT EXPENSE BASED ON RECOMMENDATIONS OF THE COLLECTION AGENCY OR REVIEWS OF BAD DEBT FOR THOSE WHO QUALIFY UNDER CHARITY CARE BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR NOTE FROM FINANCIAL STATEMENTS THE CARRYING AMOUNT OF PATIENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS AND THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERS HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION MANAGEMENT ALSO REVIEWS ACCOUNTS TO DETERMINE IF CLASSIFICATION AS CHARITY CARE IS APPROPRIATE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 MEDICARE ALLOWABLE COSTS OF CARE ARE BASED ON THE MEDICARE COST REPORT THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES SET FORTH BY CMS AVERA HOLY FAMILY FOLLOWS THE CHA GUIDELINES IN REPORTING COMMUNITY BENEFITS AND THEREFORE ANY MEDICARE SHORTFALL IS EXCLUDED FROM OUR COMMUNITY BENEFIT REPORT HOWEVER, MEDICARE IS THE ORGANIZATION'S LARGEST PAYER AND PATIENTS WITH MEDICARE COVERAGE ARE ACCEPTED REGARDLESS OF WHETHER OR NOT A SURPLUS OR DEFICIT IS REALIZED FROM PROVIDING THE SERVICES THIS BASIS THEREFORE MEANS PROVIDING MEDICARE SERVICES PROMOTES ACCESS TO HEALTHCARE SERVICES WHICH IS A KEY ADVANTAGE FOR OUR COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 9B IF THE PATIENT QUALIFIES FOR THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY FOR LOW-INCOME, UNINSURED PATIENTS AND IS COOPERATING WITH THE ORGANIZATION WITH REGARD TO EFFORTS TO SETTLE AN OUTSTANDING BILL WITHIN A REASONABLE TIME PERIOD, THE ORGANIZATION OR ITS AGENT SHALL NOT SEND, NOR INTIMATE THAT IT WILL SEND, THE UNPAID BILL TO ANY OUTSIDE COLLECTION AGENCY AT SUCH TIME AS THE ORGANIZATION SENDS THE UNCOLLECTED ACCOUNT TO AN OUTSIDE COLLECTION AGENCY, THE AMOUNT REFERRED TO THE AGENCY SHALL REFLECT THE REDUCED-PAYMENT LEVEL FOR WHICH THE PATIENT WAS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY FOR LOW-INCOME UNINSURED PATIENTS AVERA HOLY FAMILY DOES NOT REPORT ANY DATA TO ANY OF THE CREDIT AGENCIES, HOWEVER, THE COLLECTION AGENCIES AVERA HOLY FAMILY UTILIZES MAY REPORT TO THE CREDIT AGENCIES ANY EXTENDED PAYMENT PLANS OFFERED BY THE HOSPITAL, OR THE HOSPITAL'S REPRESENTATIVE, IN SETTLING THE OUTSTANDING BILLS OF PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SHALL BE INTEREST-FREE SO LONG AS THE REPAYMENT SCHEDULE IS MET

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 THE ORGANIZATION COLLABORATED WITH THE DEPARTMENT OF PUBLIC HEALTH ON A NEEDS ASSESSMENT THE ASSESSMENT STARTED IN FYE 2010

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 INFORMATION REGARDING CHARITY CARE IS MADE AVAILABLE TO PATIENTS VIA THEIR BILLING STATEMENTS THE FINANCE DEPARTMENT ALSO INFORMS PATIENTS OF THE POLICY THROUGH THEIR CONTACT WITH PATIENTS BROCHURES REGARDING FINANCIAL ASSISTANCE ARE LOCATED IN THE LOBBY OF THE HOSPITAL AND THE CLINIC

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 AVERA HOLY FAMILY HEALTH OPERATES A 25-BED CRITICAL ACCESS HOSPITAL AND PROVIDER-BASED CLINIC LOCATED IN ESTHERVILLE, IOWA AVERA HOLY FAMILY'S SERVICE AREA INCLUDES EMMET COUNTY AND SURROUNDING COUNTIES IN IOWA IN 2010, THE POPULATION FOR EMMET COUNTY WAS 10,302 APPROXIMATELY 18.8% OF THE POPULATION IS AGE 65 OR OLDER THE AVERAGE PER CAPITA INCOME IS \$24,371 AND APPROXIMATELY 11.9% OF THE POPULATION IS BELOW THE FEDERAL POVERTY LEVEL THE NEAREST HOSPITAL IN THE AREA IS APPROXIMATELY 15 MILES FROM AVERA HOLY FAMILY'S MAIN CAMPUS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF VOLUNTEER MEMBERS WHO RESIDE IN THE COMMUNITY MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY SURPLUS FUNDS ARE REINVESTED IN FACILITIES TO IMPROVE PATIENT CARE THE ORGANIZATION SUPPORTS THE FREE CLINIC IN THE COMMUNITY, CONDUCTS PUBLIC HEALTH SCREENINGS, PARTICIPATES IN COMMUNITY HEALTH FAIRS, PROVIDES HEALTH EDUCATION TO COMMUNITY AND SCHOOLS, CONDUCTS A LIFESTYLE CHALLENGE FOR THE COMMUNITY, DONATES TO VARIOUS COMMUNITY ORGANIZATIONS AND HEALTH CARE SCHOLARSHIPS, PROVIDES TOURS FOR SCHOOL CHILDREN, UTILIZES TELECARE, AND PROVIDES MEALS ON WHEELS

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 THE COMMUNITIES IN WHICH AVERA OPERATES ALL HAVE UNIQUE HEALTH AND COMMUNITY BENEFIT NEEDS AND IN KEEPING WITH THE CATHOLIC HEALTHCARE ASSOCIATION GUIDELINES EACH HOSPITAL STRIVES TO MEET ITS COMMUNITY'S IDENTIFIED NEEDS THE AVERA CENTRAL OFFICE ADVOCATES FOR ALL ON COMMUNITY BENEFIT RELATED MATTERS OF STATE, REGIONAL, AND NATIONAL IMPORTANCE

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

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
AVERA HOLY FAMILY

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
42-0680370

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) IOWA LAKES CORRIDOR DEVELOPMENT 1900 GRAND AVE NORTH E12 SPENCER,IA 51301	42-1484176	501(C)(6)	6,250				ECONOMIC DEVELOPMENT

2

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

0

3

Enter total number of other organizations

1

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" 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 IOWA LAKES CORRIDOR DEVELOPMENT MAKES FINANCIAL REQUESTS TO THE BOARD OF DIRECTORS OF AVERA HOLY FAMILY THE BOARD DECIDES HOW MUCH WILL BE GIVEN TO THE ORGANIZATION EACH YEAR THE FINANCIAL STATEMENTS OF IOWA LAKES CORRIDOR DEVELOPMENT ARE GIVEN TO THE BOARD OF DIRECTORS OF AVERA HOLY FAMILY FOR REVIEW AND TO ENSURE THE FUNDS ARE USED APPROPRIATELY

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 AVERA HOLY FAMILY	Employer identification number 42-0680370
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Part I

Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
<input type="checkbox"/> First-class or charter travel		
<input type="checkbox"/> Travel for companions		
<input type="checkbox"/> Tax idemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)		
b If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	
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		
<input type="checkbox"/> Compensation committee		
<input type="checkbox"/> Independent compensation consultant		
<input type="checkbox"/> Form 990 of other organizations		
<input type="checkbox"/> Written employment contract		
<input type="checkbox"/> Compensation survey or study		
<input type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	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) MICHAEL HALL	(i)	0	0	0	0	0	0	0
	(ii)	139,514	0	1,222	336	20,106	161,178	0
(2)								
(3)								
(4)								
(5)								
(6)								
(7)								
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part IIISupplemental Information

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	PART III	FORM 990, SCHEDULE J, PART I, LINE 3 MICHAEL HALL IS COMPENSATED BY AVERA MCKENNAN, A RELATED ORGANIZATION. AVERA MCKENNAN IS A NONPROFIT 501(C)(3) CORPORATION ORGANIZED AND OPERATED IN THE STATE OF SOUTH DAKOTA. AVERA MCKENNAN HAS A PROCESS IN PLACE FOR DETERMINING COMPENSATION OF THESE INDIVIDUALS USING PROCESSES IDENTIFIED IN PART I, LINE 3.

Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA HOLY FAMILY

Employer identification number
42-0680370

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c) Original principal amount	(d) Balance due	(e) In default?		(f) Approved by board or committee?		(g) Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$ _____										

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ESTHERVILLE MEDICAL CLINIC PC	2 BOARD MEMBERS ARE EACH MORE THAN 5% OWNER	1,337,119	PAYMENT FOR PHYSICIAN SERVICES		No

Part V

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization AVERA HOLY FAMILY	Employer identification number 42-0680370
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Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		DOCTORS STANGL, PROBST, AND ASMAN HAVE A BUSINESS RELATIONSHIP

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 3		THE ORGANIZATION UTILIZES THE MANAGEMENT SERVICES OF AVERA MCKENNAN FOR DAY-TO-DAY OPERATIONS OF THE FACILITY THE CEO, CFO AND VP OF PATIENT CARE ARE EMPLOYEES OF AVERA MCKENNAN

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6		THE SOLE MEMBER OF THE ORGANIZATION IS AVERA HEALTH, A NONPROFIT CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF SOUTH DAKOTA AND EXEMPT UNDER 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A		AVERA HEALTH, AS THE SOLE MEMBER, HAS THE POWER TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, MEMBERS OF THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B		<p>AVERA HEALTH HAS THE FOLLOWING RIGHTS AS THE MEMBER 1) TO APPROVE THE ADOPTION, AMENDMENT OR REPEAL OF THE STATEMENTS OF PHILOSOPHY, MISSION AND VALUES OF THE CORPORATION, 2) TO INITIATE THE ADOPTION, AMENDMENT OR REPEAL OF ANY PROVISION OF THE ARTICLES OF INCORPORATION OR BYLAWS OF CORPORATION, AND TO GIVE FINAL APPROVAL OF ANY SUCH ACTION WITH RESPECT THERETO, 3) TO APPROVE AND ACT UPON THE ALIENATION OF REAL PROPERTY AND PRECIOUS ARTIFACTS UNDER THE CANONICAL STEWARDSHIP OF THE SISTERS OF THE PRESENTATION OF THE BLESSED VIRGIN MARY OF ABERDEEN, SD ("PRESENTATION SISTERS"), OR THE BENEDICTINE SISTERS OF SACRED HEART MONASTERY ("BENEDICTINE SISTERS"), PURSUANT TO THE POLICIES ESTABLISHED BY THE MEMBER, 4) TO APPROVE ANY PLAN OF MERGER, CONSOLIDATION OR DISSOLUTION OF THE CORPORATION, OR THE DIVESTITURE OF A SPONSORED WORK OR MINISTRY ASSOCIATED WITH THE CORPORATION, 5) TO APPROVE THE CREATION OF NEW SPONSORED WORKS OR MINISTRIES TO BE CONDUCTED BY OR UNDER THE AUTHORITY OF THE CORPORATION, 6) TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, THE BOARD OF DIRECTORS OF THE CORPORATION, 7) TO APPOINT AND/OR REMOVE, WITH OR WITHOUT CAUSE, THE PRESIDENT AND CEO OF THE CORPORATION, 8) TO APPROVE THE OPERATING/CAPITAL BUDGETS AND STRATEGIC PLANS OF THE CORPORATION, 9) TO APPROVE EXPENDITURES OUTSIDE OF OPERATING AND CAPITAL BUDGETS EXCEEDING DEFINED THRESHOLDS ACCORDING TO POLICY WHICH MAY BE ADOPTED FROM TIME TO TIME BY THE MEMBER, 10) TO APPROVE ACQUISITIONS, SALES AND LEASES, ACCORDING TO POLICY WHICH MAY BE ADOPTED FROM TIME TO TIME BY THE MEMBER, 11) TO ESTABLISH AND MAINTAIN EMPLOYEE BENEFIT PROGRAMS, 12) TO ESTABLISH AND MAINTAIN INSURANCE PROGRAMS, 13) TO APPROVE MAJOR COMMUNITY FUND DRIVES, 14) TO APPROVE THE APPOINTMENT OF AUDITORS, 15) TO ADOPT POLICIES DESIGNED TO EFFECTUATE THE RESERVED POWERS OF THE MEMBER</p>

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 8B		THERE IS NO COMMITTEE WITH AUTHORITY TO ACT ON BEHALF OF THE BOARD

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE CEO REVIEWS THE 990 IN DETAIL AFTER THE CEO'S REVIEW, THE 990 IS PROVIDED TO EACH BOARD MEMBER

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS BOARD MEMBERS, OFFICERS AND KEY EMPLOYEES. AT EACH BOARD MEETING, A REQUEST IS MADE FOR ALL BOARD MEMBERS TO DISCLOSE ANY POTENTIAL CONFLICT OF INTEREST PERTAINING TO ANY ITEM LISTED ON THE AGENDA OR PERTAINING TO ANY POTENTIAL ITEM THAT COULD BE DISCUSSED DURING THE COURSE OF THE MEETING. THE DECLARATION OF CONFLICT OF INTEREST IS RECORDED IN THE MEETING MINUTES. THE BOARD MAKES A DETERMINATION OF WHETHER THERE IS A CONFLICT OF INTEREST AND IF SO, IMPLEMENTS THE PROCEDURE FOR EVALUATING THE ISSUE OR TRANSACTION INVOLVED. THE BOARD MEMBER OR OFFICER WITH THE CONFLICT MUST REFRAIN FROM VOTING. A STATEMENT OF CONFLICT OF INTEREST DISCLOSURE IS MADE ON AN ANNUAL BASIS BY OFFICERS AND DIRECTORS. THE INFORMATION IS MAINTAINED IN A DATABASE AND A REPORT IS PROVIDED TO THE BOARD.

Identifier	Return Reference	Explanation
		FORM 990, PART VI, LINE 15 THE CEO AND OFFICERS ARE COMPENSATED BY AVERA MCKENNAN AVERA MCKENNAN HAS A PROCESS IN PLACE FOR DETERMINING COMPENSATION FOR THESE INDIVIDUALS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC THE ORGANIZATION'S FINANCIAL STATEMENTS ARE ATTACHED TO THE FORM 990 PER IRS INSTRUCTIONS AND THEREFORE AVAILABLE TO THE GENERAL PUBLIC

Identifier	Return Reference	Explanation
	FORM 990, PART VII	IN ADDITION TO THE HOURS SERVED AT AVERA HOLY FAMILY, SR KATHLEEN CROWLEY SERVES AN ADDITIONAL 8 5 HOURS PER WEEK AT OTHER RELATED ORGANIZATIONS AVERA QUEEN OF PEACE 2 5 HOURS AVERA WORKERS' COMPENSATION TRUST 1 AVERA HEALTH 5

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 824,980 CAPITAL TRANSFERS -1,500 TOTAL TO FORM 990, PART XI, LINE 5 823,480

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE AUDIT COMMITTEE OF AVERA HEALTH, PARENT ORGANIZATION, SELECTS THE AUDITOR AND REVIEWS THE AUDITED FINANCIAL STATEMENTS FOR AVERA HOLY FAMILY

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 16B	THERE IS NO WRITTEN POLICY OR PROCEDURE SINCE IN THE EVENT OF ANY SUCH PROPOSED TRANSACTION THE BOARD OR A COMMITTEE WITH DELEGATED AUTHORITY REVIEWS ALL MATERIALS, VALUATIONS AND OPERATIONAL ASPECTS FOR ANY PROPOSED TRANSACTION SUCH TRANSACTION WOULD BE EVALUATED IN ACCORDANCE WITH THE EXEMPT STATUS OF THE ORGANIZATION AND ITS APPLICABLE PURPOSES ANY TRANSACTION ALSO WOULD BE APPROVED BY THE BOARD AND THE MEMBER

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
AVERA HOLY FAMILY

Employer identification number
42-0680370

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
See Additional Data Table							

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ACCOUNTS MANAGEMENT INC 5132 S CLIFF AVENUE SUITE 101 SIOUX FALLS, SD57108 46-0373021	COLLECTION AGENCY	SD	N/A	C			
(2) AVERA HEALTH PLANS INC 3900 WEST AVERA DRIVE SUITE 101 SIOUX FALLS, SD57108 46-0451539	HEALTH FINANCING AND HEALTH PLAN ADMIN	SD	N/A	C			
(3) AVERA PROPERTY INSURANCE INC 510 W 23RD STREET PO BOX 38 YANKTON, SD57078 46-0463155	INSURANCE	SD	N/A	C			
(4) VALLEY HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD57078 46-0357149	MEDICAL EQUIPMENT	SD	N/A	C			

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

Yes

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) AVERA HOLY FAMILY FOUNDATION			
(2)			
(3)			
(4)			
(5)			
(6)			

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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Software ID:

Software Version:

EIN: 42-0680370

Name: AVERA HOLY FAMILY

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
AVERA HEALTH 3900 WAVERA DRIVE SUITE 300 SIOUX FALLS, SD57108 46-0422673	PROMOTION OF HEALTH	SD	501(C)(3)	LINE 9	N/A		No
AVERA HOLY FAMILY FOUNDATION 826 N 8TH STREET ESTHERVILLE, IA51334 42-1317452	SUPPORT OF HOLY FAMILY HOSPITAL AND HOME HEALTH AGENCY	IA	501(C)(3)	LINE 9	AVERA HOLY FAMILY	Yes	
AVERA WORKERS' COMPENSATION TRUST 3900 WAVERA DRIVE SIOUX FALLS, SD57108 46-0407148	ECONOMICAL COVERAGE OF WORKERS' COMPENSATION CLAIMS	SD	501(C)(3)	LINE 11B, II	AVERA HEALTH		No
AVERA ST ANTHONY'S HOSPITAL 300 N 2ND STREET ONEILL, NE68763 47-0463911	HEALTHCARE SERVICES	NE	501(C)(3)	LINE 3	AVERA HEALTH		No
ST BENEDICT HEALTH CENTER 401 WEST GLYNN DRIVE PARKSTON, SD57366 46-0226738	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
ST BENEDICT HEALTH CENTER FOUNDATION 401 WEST GLYNN DRIVE PO BOX B PARKSTON, SD57366 46-0458725	SUPPORT HEALTH RELATED SERVICES	SD	501(C)(3)	LINE 11A, I	ST BENEDICT HEALTH CENTER		No
AVERA MCKENNAN 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD57117 46-0224743	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
AVERA QUEEN OF PEACE HOSPITAL 525 NORTH FOSTER STREET MITCHELL, SD57301 46-0224604	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
SACRED HEART HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD57078 46-0225483	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
SACRED HEART RURAL HEALTH CLINICS 501 SUMMIT STREET YANKTON, SD57078 46-0423930	CLINIC SERVICES	SD	501(C)(3)	LINE 3	SACRED HEART HEALTH SERVICES		No
HEALTH MANAGEMENT SERVICES 501 SUMMIT STREET YANKTON, SD57078 46-0399291	ADULT DAYCARE AND HOMEMAKING SERVICES	SD	501(C)(3)	LINE 9	SACRED HEART HEALTH SERVICES		No
LEWIS AND CLARK HEALTH EDUCATION AND SERVICE AGENCY 1000 W 4TH STREET SUITE 9 YANKTON, SD57078 46-0337013	HEALTHCARE EDUCATION	SD	501(C)(3)	LINE 9	SACRED HEART HEALTH SERVICES		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled organization	
						Yes	No
AVERA ST LUKE'S 305 SOUTH STATE STREET ABERDEEN, SD57401 46-0224598	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
AVERA MARSHALL 300 S BRUCE ST MARSHALL, MN56258 41-0919153	HEALTHCARE SERVICES	MN	501(C)(3)	LINE 3	AVERA HEALTH		No
AVERA MARSHALL FOUNDATION 300 S BRUCE ST MARSHALL, MN56258 41-1784801	FUNDRAISING	MN	501(C)(3)	LINE 7	AVERA MARSHALL		No



Financial Statements
June 30, 2011 and 2010

Avera Holy Family Health

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Independent Auditor's Report

The Board of Directors
Avera Holy Family Health
Estherville, Iowa

We have audited the accompanying balance sheets of Avera Holy Family Health (Organization) as of June 30, 2011 and 2010, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avera Holy Family Health as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Sioux Falls, South Dakota
September 29, 2011

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	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,725,512	\$ 3,806,140
Assets limited as to use	321,355	315,988
Receivables		
Patient, net of estimated uncollectibles, admissions policy charity, and other allowances of \$2,044,000 in 2011 and \$1,890,000 in 2010	2,821,897	2,901,340
Estimated third-party payor settlements	-	87,966
Other	68,500	75,510
Notes receivable - current portion	10,599	40,197
Supplies	538,782	555,119
Prepaid expenses	61,012	106,254
Total current assets	6,547,657	7,888,514
Assets Limited as to Use		
Under indenture agreement	791,249	802,691
By Board for capital improvements and debt redemption	9,030,396	5,941,469
Interest in net assets of foundations	1,378,287	1,135,642
	11,199,932	7,879,802
Less portion in current assets	(321,355)	(315,988)
Noncurrent assets limited as to use	10,878,577	7,563,814
Property and Equipment	13,150,640	13,224,473
Other Assets		
Notes receivable - long term portion	154,901	118,333
Deferred financing costs, net of accumulated amortization of \$111,779 in 2011 and \$102,508 in 2010	139,065	148,336
Investment in affiliated organization	164,317	180,263
Total other assets	458,283	446,932
	\$ 31,035,157	\$ 29,123,733

See Notes to Financial Statements

Avera Holy Family Health

Balance Sheets

June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 267,974	\$ 252,863
Accounts payable		
Trade	878,710	728,563
Estimated third-party payor settlements	172,034	-
Accrued expenses		
Salaries and wages	87,740	319,370
Paid time off benefits	367,791	360,889
Taxes and withholdings	56,330	109,131
Interest	141,355	145,988
Other	83,352	79,162
Total current liabilities	<u>2,055,286</u>	<u>1,995,966</u>
Long-Term Debt, Less Current Maturities	4,757,884	5,025,858
Other Liabilities		
Due to related party		
Clinic collaborative arrangement	545,547	694,963
Avera McKennan payable	<u>1,250,000</u>	<u>1,250,000</u>
Total liabilities	<u>8,608,717</u>	<u>8,966,787</u>
Net Assets		
Unrestricted	22,217,706	19,950,524
Temporarily restricted	<u>208,734</u>	<u>206,422</u>
Total net assets	<u>22,426,440</u>	<u>20,156,946</u>
	<u>\$ 31,035,157</u>	<u>\$ 29,123,733</u>

Avera Holy Family Health
Statements of Operations
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 21,551,364	\$ 21,546,983
Other revenue	<u>429,796</u>	<u>303,024</u>
Total unrestricted revenues, gains, and other support	<u>21,981,160</u>	<u>21,850,007</u>
Expenses		
Salaries and wages	7,075,543	6,720,984
Employee benefits	2,027,528	2,045,384
Professional fees	3,101,682	2,981,261
Supplies	3,048,731	2,656,555
Purchased services	849,047	737,747
Repairs and maintenance	465,790	383,816
Other expenses	1,899,024	1,383,454
Insurance	238,417	241,662
Utilities and telephone	358,046	340,879
Interest	311,880	326,063
Depreciation and amortization	1,009,192	1,093,479
Provision for bad debts	<u>785,099</u>	<u>547,645</u>
Total expenses	<u>21,169,979</u>	<u>19,458,929</u>
Operating Income	<u>811,181</u>	<u>2,391,078</u>
Other Income (Loss)		
Investment income	1,096,001	309,534
Net revenue (expense) from collaborative arrangement	149,416	(56,538)
Change in interest in net assets of foundations	232,558	137,335
Loss on sale of fixed assets	<u>(20,474)</u>	<u>-</u>
Total other income, net	<u>1,457,501</u>	<u>390,331</u>
Revenues in Excess of Expenses	2,268,682	2,781,409
Equity Transfers	<u>(1,500)</u>	<u>(1,836)</u>
Increase in Unrestricted Net Assets	<u><u>\$ 2,267,182</u></u>	<u><u>\$ 2,779,573</u></u>

Avera Holy Family Health
Statements of Changes in Net Assets
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 2,268,682	\$ 2,781,409
Equity transfers	<u>(1,500)</u>	<u>(1,836)</u>
Increase in unrestricted net assets	2,267,182	2,779,573
Temporarily Restricted Net Assets		
Change in interest in net assets of foundations	<u>2,312</u>	<u>34,442</u>
Increase in Net Assets	2,269,494	2,814,015
Net Assets, Beginning of Year	<u>20,156,946</u>	<u>17,342,931</u>
Net Assets, End of Year	<u><u>\$ 22,426,440</u></u>	<u><u>\$ 20,156,946</u></u>

Avera Holy Family Health
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Activities		
Change in net assets	\$ 2,269,494	\$ 2,814,015
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gains and losses on investments	(1,089,247)	(304,627)
Equity transfers	1,500	1,836
Depreciation and amortization	1,009,192	1,093,479
(Income) loss from clinic collaborative arrangement	(149,416)	56,538
Earnings from equity method investee	(40,287)	(28,142)
Loss on sale of fixed assets	20,474	-
Undistributed portion of change in interest in net assets of foundations	(242,645)	(167,356)
Change in assets and liabilities		
Receivables	167,449	217,421
Supplies	16,337	(55,331)
Prepaid expenses	45,242	(33,342)
Accounts payable	322,181	(395,563)
Accrued expenses	(277,972)	(29,079)
Net Cash from Operating Activities	<u>2,052,302</u>	<u>3,169,849</u>
Investing Activities		
Purchase of property and equipment	(946,562)	(382,187)
Increase in assets limited as to use	(1,988,238)	(690,910)
Distributions received from equity method investees	56,233	58,485
Net Cash used for Investing Activities	<u>(2,878,567)</u>	<u>(1,014,612)</u>
Financing Activities		
Equity transfers	(1,500)	(1,836)
Equity contributed by collaborative arrangement partner	-	71,836
Repayment of long-term debt	(252,863)	(238,090)
Net Cash used for Financing Activities	<u>(254,363)</u>	<u>(168,090)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(1,080,628)	1,987,147
Cash and Cash Equivalents, Beginning of Year	<u>3,806,140</u>	<u>1,818,993</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,725,512</u>	<u>\$ 3,806,140</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 316,513</u>	<u>\$ 330,383</u>
Supplemental Disclosure of Non-Cash Financing Information		
Equipment acquired through capital lease	<u>\$ -</u>	<u>\$ 601,811</u>

Note 1 - Organization and Significant Accounting Policies

Organization

Avera Holy Family Health ("Organization") operates a 25-bed critical access hospital and provider-based clinic located in Estherville, Iowa. The Organization operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values established for Avera Health, the sole member of the Organization and a sponsored ministry of the Benedictine and Presentation Sisters.

Income Taxes

The Organization is an Iowa nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Organization's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2008.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision. Management also reviews accounts to determine if classification as charity care is appropriate.

Supplies

Supplies are stated at lower of cost (first-in, first-out) or market.

Investment in Affiliated Organization

Investments in partnerships and joint ventures in which the Organization has the ability to exercise significant influence over operating and financial policies but does not have operational control are recorded under the equity method of accounting. Under the equity method, the initial investment is recorded at cost and adjusted annually to recognize the Organization's share of earnings and losses of those entities, net of any additional investments or distributions. The Organization's share of net earnings or losses of the entities is included in other operating revenue.

Investments and Investment Income

Investments with readily determinable market values are stated at fair value. The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national and foreign securities exchanges. Investment income or loss (including interest income, dividends, net changes in unrealized gains and losses, and net realized gains and losses) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Investment income on funds held under indenture agreements is recorded as other operating revenue while all other investment income is recorded as nonoperating revenue in the statement of operations.

The Organization participates in the Avera Pooled Investment Fund, a fund administered by Avera Health. The Pooled Investment Fund has a portion of its holdings in alternative investments, which are not readily marketable. These alternative investments include partnerships and other interests that invest in hedge funds, real asset funds, and private equity/venture capital funds, among others. Certain alternative investments held within Avera Pooled Investment Fund include liquidity and redemption limitations. Alternative investments representing less than 3% ownership interest are carried at cost, subject to an annual review for impairment. Alternative investments representing greater than 3% ownership interest are recorded using the equity method. Investment income, including interest, dividends, realized gains and losses, and unrealized gains and losses are allocated to participants of the Avera Pooled Investment Fund.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements and debt redemption, over which the Board retains control and may at its discretion subsequently use for other purposes; assets held by a trustee under an indenture agreement; and assets held by the Avera Health Foundation. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets.

Pledges Receivable

The Organization has elected to record pledge receivables at fair value, as allowable under ASC 825. Fair value of the pledges is determined using a discounted cash flow model. Pledges receivable are included with other receivables in the financial statements.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with the provisions of Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value under generally accepted accounting principles.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Property and Equipment

Property and equipment acquisitions in excess of \$3,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. The estimated useful lives of property and equipment are as follows:

Land improvements	3-15 years
Buildings and improvements	5-40 years
Equipment	5-20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets and are excluded from revenues in excess of expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. At June 30, 2011 and 2010, the Organization did not have any permanently restricted net assets.

Interest in Net Assets of Foundations

Avera Health Foundation and Holy Family Hospital Foundation, affiliates of the Organization, solicit contributions and holds funds on behalf of the Organization. The Organization's interest in these funds is recorded in assets limited as to use in the accompanying financial statements. Changes in the funds held by the Foundation are recorded as change in interest in net assets of foundations in the accompanying financial statements.

Collaborative Arrangement

ASC 808, *Collaborative Arrangements*, defines collaborative arrangements and establishes reporting requirements for transactions between participants and third parties in a collaborative arrangement. The Organization operates a provider based clinic under a joint operating agreement with Avera McKennan which falls under the scope of ASC 808. The Organization has classified Avera McKennan's economic interest in the provider based clinic as a liability. The terms of the joint venture agreement generally provide for the equal allocation of profits and losses amongst the participants. The Organization's statements of operations include the revenues and expenses of the provider based clinic as it is considered the principal in the operating activity.

The following table presents amounts attributable to the provider based clinic included in the Organization's statements of operations for the years ended June 30, 2011 and 2010:

	2011	2010
Net revenues	\$ 3,077,815	\$ 3,398,423
Operating expenses	<u>(3,376,646)</u>	<u>(3,287,597)</u>
Increase (decrease) in net assets	<u>\$ (298,831)</u>	<u>\$ 110,826</u>

Revenues in Excess of Expenses

Revenues in excess of expenses excludes transfers of assets to and from related parties for other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Net Patient Service Revenue

The Organization has agreements with third-party payors that provides for payments to the Organization at amounts different from its established rates. Payment arrangements include reimbursed costs, prospectively determined rates, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

To fulfill its mission of community service, the Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the statement of operations.

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Subsequent Events

The Organization has evaluated subsequent events through September 29, 2011, the date which the financial statements were available to be issued.

Note 2 - Charity Care and Community Benefit

The Organization maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. These amounts do not include those services that are provided to patients covered by Medicare, Medicaid, county, state agencies and other third-party payors where less than full charges are received.

The amounts of charges foregone, based on established rates, were \$379,393 and \$365,816 for the years ended June 30, 2011 and 2010, respectively.

The Organization also provides community benefit health activities at less than or at no cost to support those in the area served. These activities include community education programs; special programs for the elderly, handicapped, and medically underserved; and a variety of broad community support activities. For the years ended June 30, 2011 and 2010, specific activities included meals delivered to residential homes; meeting facilities; and programs for patients and families suffering from cancer, diabetes, breathing disorders, and others; assistance to health educators; emergency health care providers; and wellness programs.

Note 3 - Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: The Organization is licensed as a Critical Access Hospital (CAH). The Organization is reimbursed for most inpatient and outpatient services on a cost-based methodology with final settlement determined after submission of annual cost reports by the Organization and are subject to audits thereof by the Medicare fiscal intermediary. The Organization's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2008.

Medicaid: The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid fiscal intermediary. The Organization's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2007.

Blue Cross: Inpatient services rendered to Blue Cross subscribers are paid under a prospective cost reimbursed methodology. Outpatient services are reimbursed on the basis of the Organization's charges.

The Organization has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenues increased approximately \$215,000 and \$700,000 for the years ended June 30, 2011 and June 30, 2010, respectively, due to adjustments of allowances previously estimated that are no longer necessary resulting from differences between original estimated cost report settlements and results of tentative and final settlements for open cost reporting years and removal of allowances for years that are no longer subject to audits.

A summary of patient service revenue and contractual allowances for the years ended June 30, 2011 and 2010 is as follows:

	2011	2010
Total patient service revenue	\$ 30,776,855	\$ 30,015,127
Contractual adjustments		
Medicare	(6,459,953)	(5,343,742)
Medicaid	(753,654)	(936,795)
Blue Cross	(1,375,144)	(1,483,311)
Other	(636,740)	(704,296)
Total contractual adjustments	(9,225,491)	(8,468,144)
Net patient service revenue	\$ 21,551,364	\$ 21,546,983

Note 4 - Investments and Investment Income

Assets Limited as to Use

The composition of assets limited as to use at June 30, 2011 and 2010, is set forth in the following table.

	2011	2010
Under indenture agreement - held by trustee		
Cash and cash equivalents	\$ 791,249	\$ 524,001
U.S. Treasury securities	-	278,690
Less amount shown as current	(321,355)	(315,988)
	<u>\$ 469,894</u>	<u>\$ 486,703</u>
By Board for capital improvements and debt redemption		
Pooled Investment Fund *	<u>\$ 9,030,396</u>	<u>\$ 5,941,469</u>
Interest in net assets of foundations		
Stocks and mutual funds	\$ 138,449	\$ 115,022
Pooled Investment Fund *	<u>1,239,838</u>	<u>1,020,620</u>
	<u>\$ 1,378,287</u>	<u>\$ 1,135,642</u>

Pooled Investment Fund *

The Organization is a participant in the Avera Pooled Investment Fund, a fund administered by Avera Health that is maintained for the benefit of facilities that are sponsored, operated, or managed by Avera Health. Investments are made in conformity with the objectives and guidelines of the Avera Health Pooled Investment Committee. Within the fund, facilities share in a pool of investments that are managed by various fund managers. Asset valuation and income and losses of the fund are allocated to participating members based on the carrying amount of their investment in the fund. The Pooled Investment Fund includes investments in securities that are measured at fair value using inputs under the guidance provided by FASB ASC 820-10. The Pooled Investment Fund also contains investments that are recorded at historical cost or under the equity method as described in the Fund's investment policy.

As of June 30, 2011 and 2010, the valuations of investments within the Avera Pooled Investment Fund were as follows:

	2011	2010
Fair value - Level 1 inputs	56.7%	49.0%
Fair value - Level 2 inputs	27.9%	34.4%
Fair value - Level 3 inputs	0.0%	0.0%
Cost basis or equity method	<u>15.4%</u>	<u>16.6%</u>
	<u>100.0%</u>	<u>100.0%</u>

As of June 30, 2011 and 2010, the Avera Pooled Investment Fund assets consisted of the following types of investments:

	2011	2010
Publicly traded equity mutual funds	21.0%	12.1%
US Treasury and Agency obligations	13.4%	18.9%
Publicly traded equity securities	13.2%	12.9%
Non-publicly traded alternative investments		
Hedge fund	10.1%	9.9%
Real asset	5.4%	6.7%
Foreign stocks	8.5%	7.5%
Publicly traded fixed income mutual funds	7.3%	6.2%
Cash and short-term investments	6.7%	10.3%
Corporate bonds	5.2%	5.8%
Institutional equity mutual funds	3.8%	3.6%
Institutional fixed income mutual funds	2.7%	3.2%
Other fixed income	2.7%	2.9%
	<u>100.0%</u>	<u>100.0%</u>

Investment Income

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments consists of the following for the years ended June 30, 2011 and 2010:

	2011	2010
Other revenue		
Interest income	\$ 18,197	\$ 12,333
Other income		
Interest income	6,754	4,907
Realized gains on investments, net	264,267	88,586
Change in unrealized gains and losses on investments	824,980	216,041
	<u>\$ 1,096,001</u>	<u>\$ 309,534</u>

Note 5 - Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis at June 30, 2011 and 2010, respectively, are as follows:

	2011	2010
Assets limited as to use		
Cash and cash equivalents	\$ 791,249	\$ 524,001
U.S. Treasury securities	-	278,690
Stocks and mutual funds	138,449	115,022
	<u>929,698</u>	<u>917,713</u>
Pledges receivable	<u>5,332</u>	<u>10,232</u>
	<u><u>\$ 935,030</u></u>	<u><u>\$ 927,945</u></u>

The related fair value of these assets and liabilities are determined as follows:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2011</u>			
Cash and cash equivalents	\$ 791,249	\$ -	\$ -
Stocks and mutual funds	138,449	-	-
Pledges receivable	-	-	5,332
	<u>-</u>	<u>-</u>	<u>5,332</u>
Total assets	<u><u>\$ 929,698</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,332</u></u>
<u>June 30, 2010</u>			
Cash and cash equivalents	\$ 524,001	\$ -	\$ -
U.S. Treasury securities	278,690	-	-
Stocks and mutual funds	115,022	-	-
Pledges receivable	-	-	10,232
	<u>-</u>	<u>-</u>	<u>10,232</u>
Total assets	<u><u>\$ 917,713</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,232</u></u>

The fair value of cash and cash equivalents, U.S. Treasury securities, and stocks and mutual funds is determined by reference to quoted market prices. For pledges receivable, fair value is estimated at the present value of expected future cash flows.

The following table includes a reconciliation of activity for 2011 for assets measured at fair value based on upon significant unobservable (non-market) information.

	Pledges Receivable
Balance, beginning of year	\$ 10,232
Cash received, net of write-offs and adjustments	(4,900)
Balance, end of year	<u>\$ 5,332</u>

Note 6 - Fair Value of Financial Instruments

The Organization considers the carrying amount of significant classes of financial instruments on the balance sheets including cash and cash equivalents, net accounts, pledges, and notes receivable, assets limited as to use, accounts payable, accrued liabilities, due to other organizations, and other current liabilities to be reasonable estimates of fair value either due to their length of maturity or the existence of underlying considerations that approximate prevailing market rates at June 30, 2011 and 2010.

The Organization's fixed rate long-term debt, including current portion, has a carrying amount that differs from its estimated fair value. The fair value of the Organization's fixed rate long-term debt is determined by references to trading activity of the underlying bonds or if unavailable, estimated using discounted cash flow analyses, based on the Organization's effective borrowing rates at respective reporting dates for similar types of arrangements. The carrying value of the Organization's fixed rate debt is \$4,585,000 and \$4,755,000 as of June 30, 2011 and 2010. The fair value of the Organization's fixed rate debt is \$4,602,611 and \$4,806,719 as of June 30, 2011 and 2010.

The Organization has an interest in the Avera Pooled Investment Fund which includes alternative investments with no readily determinable market value. These investments are recorded using cost or equity method by the Avera Pooled Investment Fund. The allocated difference between the carrying value and fair value of the Organization's interest in the Avera Pooled Investment Fund was not considered material as of June 30, 2011 and 2010.

Note 7 - Investment in Affiliated Organization

The Organization is a 50% participant in Estherville Home Medical Equipment, a joint venture with Avera Home Medical Equipment LLC. The Organization's investment in Estherville Home Medical Equipment is recorded on the equity method that approximates the net book value of the organization. Summary balance sheet information as of June 30, 2011 and 2010, for the equity investee is as follows:

	2011	2010
Cash and cash equivalents	\$ 16,841	\$ 10,153
Accounts receivable, net	71,410	90,546
Other current assets	61,710	59,616
Land, building and equipment, net	47,740	30,180
Other long-term assets	142,089	173,274
	<u>339,790</u>	<u>363,769</u>
Total assets	\$ 339,790	\$ 363,769
Current liabilities	\$ 5,689	\$ 3,153
Net assets	<u>334,101</u>	<u>360,526</u>
	<u>339,790</u>	<u>363,679</u>
Total liabilities and net assets	\$ 339,790	\$ 363,679

Summary income statement information for the years ended June 30, 2011 and 2010, for the equity investee is as follows:

	2011	2010
Total revenues	\$ 326,456	\$ 308,105
Total expenses	<u>245,882</u>	<u>251,821</u>
Net income	<u>\$ 80,574</u>	<u>\$ 56,284</u>

Note 8 - Leases

The Organization leases certain equipment under a non-cancelable long-term lease agreement whereas other equipment is leased with terms of less than one year or cancelable upon written notice. Total lease expense under operating leases was \$116,159 and \$88,772 for the years ended June 30, 2011 and 2010. The capitalized leased assets consist of:

	2011	2010
Major movable equipment	\$ 601,811	\$ 601,811
Less accumulated amortization (included as depreciation on the accompanying financial statements)	(185,172)	(95,586)
	<u>\$ 416,639</u>	<u>\$ 506,225</u>

Minimum future lease payments for the capital leases are as follows:

Years Ending June 30,

2012	\$ 112,032
2013	112,032
2014	112,032
2015	112,032
2016	56,016
	<u>504,144</u>
Less: interest	(63,286)
	<u>\$ 440,858</u>

Note 9 - Property and Equipment

A summary of property and equipment at June 30, 2011 and 2010, is as follows:

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 309,824	\$ -	\$ 309,824	\$ -
Land improvements	222,436	117,665	222,436	93,260
Buildings and improvements	16,589,534	6,326,500	16,435,475	5,875,098
Equipment	5,857,400	3,477,037	6,531,353	4,355,932
Construction in progress	92,648	-	49,675	-
	<u>\$ 23,071,842</u>	<u>\$ 9,921,202</u>	<u>\$ 23,548,763</u>	<u>\$ 10,324,290</u>
Net property and equipment		<u>\$ 13,150,640</u>		<u>\$ 13,224,473</u>

Construction in progress as of June 30, 2011, is related to remodeling costs on the Organization's facilities. The estimated costs to complete these projects are \$87,500, which will be financed with Organization funds.

Note 10 - Long-Term Debt

	<u>2011</u>	<u>2010</u>
Series 2000 revenue bonds, 5.5% to 6.3% due annually in increasing amounts through July 1, 2026	\$ 4,585,000	\$ 4,755,000
Capitalized lease obligations - Note 8	<u>440,858</u>	<u>523,721</u>
	5,025,858	5,278,721
Less current maturities	<u>(267,974)</u>	<u>(252,863)</u>
	<u><u>\$ 4,757,884</u></u>	<u><u>\$ 5,025,858</u></u>

Long-term debt maturities are as follows:

Year Ending June 30,

2011	\$ 267,974
2012	283,400
2013	299,160
2014	315,276
2015	275,048
Thereafter	<u>3,585,000</u>
	<u><u>\$ 5,025,858</u></u>

Substantially all of the Organization's assets at June 30, 2011 and 2010, are pledged as collateral for debt obligations.

Under the terms of the revenue bonds loan agreement, the Organization is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the financial statements. The loan agreement also places limits on the incurrence of additional borrowings and requires that the Organization satisfy certain measures of financial performance as long as the bonds are outstanding.

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Purchases of fixed assets and various other programs	<u><u>\$ 208,734</u></u>	<u><u>\$ 206,422</u></u>

Note 12 - Self Insurance Programs

The Organization participates in various self-insured programs administered by Avera Health, including pooled-risk professional liability, pooled-risk workers' compensation, and employee health and dental insurance.

Under the programs, Avera Health has recognized an exposure to possible liability in an amount necessary to reasonably provide for the expected losses of the participants. The amount of the exposure, as determined by independent actuaries in consultation with Avera Health for the workers' compensation and professional liability programs and actuarial templates in the case of health and dental insurance, has been funded by payments into a custodial account to be used for payment of claims and related expenses.

The programs include a combination of self-insurance and commercial insurance. The expenses of the Organization for contributions to the self-insurance portion of the programs were as follows for the years ended June 30, 2011 and 2010:

	2011	2010
Health and dental	\$ 1,000,413	\$ 998,108
Professional liability	86,351	82,239
Workers' compensation	65,016	57,705
	<u>\$ 1,151,780</u>	<u>\$ 1,138,052</u>

Professional liability and workers' compensation claims have been asserted against the participating facilities and the program by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. Counsel is unable to conclude as to the ultimate outcome of the actions. There are other known incidents occurring through June 30, 2011, that may result in the assertion of additional claims and other claims may be asserted arising from services provided to patients in the past.

There are also known health insurance claims that have been submitted subsequent to June 30, 2011, and it is likely there are also other claims that still have not been submitted for services provided prior to June 30, 2011.

While it is possible that the settlement of asserted claims and claims which may be asserted in the future could result in liabilities in excess of amounts for which the programs have provided, management believes that the excess liability, if any, should not materially affect the financial position of the Organization at June 30, 2011.

Note 13 - Malpractice Insurance

As discussed in Note 12, the Organization participates in a self-insured professional liability program which provides malpractice insurance coverage for professional liability losses subject to a self-insured retention of \$2 million per claim and \$6 million annual aggregate. The Organization is also insured under an excess umbrella liability claims-made policy with a limit of \$35 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured subject to the self-insured retention only.

Note 14 - Employee Pension Plan

In July 2000, qualified employees under a noncontributory defined benefit pension plan were provided a one-time irrevocable election to continue to participate in the defined benefit pension plan or, alternatively, participate in a new cash balance defined benefit pension plan. Those employees participating in the cash balance pension plan have the option to also participate in an employer match retirement savings program that became effective January 1, 2001. The Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, South Dakota, sponsor these multiemployer retirement plans.

Defined Benefit Pension Plan (Career Average)

The Organization recorded expenses for the noncontributory defined benefit pension plan for the years ended June 30, 2011 and 2010, in the amounts of \$211,379 and \$204,724.

Defined Benefit Pension Plan (Cash Balance)

All employees whose employment or reemployment began after June 30, 2000, and employees who elected not to remain in the defined benefit plan, are provided retirement benefits under a new cash balance pension plan and an additional employer match retirement savings plan which became effective January 1, 2001. The Organization recorded expenses for the cash balance pension plan and retirement savings plan for the years ended June 30, 2011 and 2010, in the amounts of \$78,947 and \$63,921.

Career Average and Cash Balance Accumulated Plan Benefits

The latest available information on the accumulated plan benefits and plan net assets available for benefits for the entire plan is presented below:

	<u>2011</u>	<u>2010</u>
As of January 1st		
Actuarial present value of		
accumulated plan benefits		
Vested	\$ 289,361,806	\$ 255,074,839
Nonvested	<u>3,673,758</u>	<u>2,604,901</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 293,035,564</u>	<u>\$ 257,679,740</u>
Net assets available for benefits - market value	<u>\$ 264,222,859</u>	<u>\$ 227,973,129</u>
Net assets available for benefits - cost basis	<u>\$ 246,144,113</u>	<u>\$ 220,717,623</u>

The Organization had 203 participants out of a total of 11,121 participants covered by the pension plans as of January 1, 2011. The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8% for 2011 and 2010.

Note 15 - Related Party Transactions

Avera Health and its sponsors, the Benedictine and Presentation Sisters, operate various health care related entities in addition to the Organization. Material transactions between the Organization and these related organizations were as follows for the years ended June 30, 2011 and 2010:

	2011	2010
Payments to related organizations recorded by the Organization:		
Management fees	\$ 281,052	\$ 292,382
Purchased services, supplies, and other	891,778	884,167
Salaries, wages and benefits	396,463	319,401
Employee benefit programs	1,186,063	1,227,129
Professional liability and workers' compensation insurance programs	151,367	139,944
Balance sheet items:		
Payable for clinic collaborative arrangement	545,547	694,963
Payable to Avera McKennan	1,250,000	1,250,000
Transfers:		
Equity transfers	1,500	1,836

Interest is not accrued on the \$1,250,000 payable to Avera McKennan. Interest is required to be paid by the Organization prior to any merger or dissolution thereof; or prior to the relinquishment of the control of the Organization by Avera Health and its sponsors, the Benedictine and Presentation Sisters. The interest payment shall be computed as of the closing date of the occurrence of any of the events stated above, and would be based upon the \$1,250,000 liability and adjusted for the change in the value of the dollar as of the closing date of the occurrence of the event.

Note 16 - Concentrations of Credit Risk

The Organization grants credit without collateral to its patients, most of who are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30, 2011 and 2010, is as follows:

	2011	2010
Medicare	39%	42%
Blue Cross	19%	18%
Medicaid	3%	4%
Commercial insurance and managed care	17%	18%
Other third-party payors and patients	22%	18%
	<u>100%</u>	<u>100%</u>

The Organization's cash balances are maintained in various bank deposit accounts. At times during the years ended June 30, 2011 and 2010, the balances of these deposits were in excess of federally-insured limits.

Note 17 - Functional Expenses

The Organization provides health care services to residents within its geographic location. Expenses related to providing these services by functional class are as follows:

	<u>2011</u>	<u>2010</u>
Health care services	\$ 18,554,798	\$ 16,938,356
General and administrative	<u>2,615,181</u>	<u>2,520,573</u>
	<u>\$ 21,169,979</u>	<u>\$ 19,458,929</u>



Supplementary Information
June 30, 2011 and 2010

Avera Holy Family Health



Independent Auditor's Report on Supplementary Information

The Board of Directors
Avera Holy Family Health
Estherville, Iowa

We have audited the financial statements of Avera Holy Family Health as of and for the years ended June 30, 2011 and 2010 and our report thereon dated September 29, 2011, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statistical and financial highlights on page 24 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Sioux Falls, South Dakota
September 29, 2011

Avera Holy Family Health
Statistical and Financial Highlights – Unaudited

	Years ended June 30,				
	2011	2010	2009	2008	2007
Patient Days (1)					
Medicare	1,088	1,067	1,341	1,496	1,311
Non-Medicare	449	441	498	801	619
Total	1,537	1,508	1,839	2,297	1,930
Newborn Patient Days	-	-	11	108	159
Swing-Bed Days	986	1,119	1,200	1,156	1,070
Discharges					
Medicare	591	588	674	736	703
Non-Medicare	164	166	248	304	360
Total	755	754	922	1,040	1,063
Average Length of Stay	3.3	3.5	3.3	3.4	3.0
Most Frequent Year-End Routine service rate					
Basic room charge	\$ 919.00	\$ 919.00	\$ 875.00	\$ 825.00	\$ 750.00
Collection Statistics					
Number of days gross charges outstanding	59	55	58	83	67
Uncollectible accounts (2)	\$ 1,190,650	\$ 928,091	\$ 1,289,256	\$ 1,117,426	\$ 981,508
Percentage of uncollectible accounts to total charges	3.9%	3.1%	4.4%	3.9%	3.9%
Financial Statistics					
Percentage of operating income to total unrestricted revenues, gains, and other support	3.7%	10.9%	3.1%	3.6%	4.1%
Percentage of revenues in excess of expenses to total unrestricted revenues, gains, and other support	10.3%	12.7%	2.5%	5.6%	8.2%

(1) Excludes newborn, swing-bed and hospice.

(2) Includes collection fees, provision for bad debts and charity allowances