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

Part IV

Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instruction)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10	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. 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII. 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII. 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX. 	11d Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X. 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X. 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If "Yes," complete Schedule F, Parts I and IV	14b	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	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	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	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H 	20a Yes	
b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		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 checked="" type="checkbox"/> Yes <input 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	31		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return.	2a	358		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b		Yes	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).					
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a			No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7 Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?					
8					
9 Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10 Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b			
11 Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?					
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b			
13 Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b			
c	Enter the amount of reserves on hand.	13c			
14a Did the organization receive any payments for indoor tanning services during the tax year?					
14a					
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b			No

Part VI

Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI ☒

Section A. Governing Body and Management			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a 10		
b	Enter the number of voting members included in line 1a, above, who are independent	1b 10		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)			Yes	No
10a	Does the organization have local chapters, branches, or affiliates?	10a		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? <i>If "No," go to line 13</i>	12a	Yes	
b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	12c	Yes	
13	Does the organization have a written whistleblower policy?	13		No
14	Does the organization have a written document retention and destruction policy?	14	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a	Yes	
b	Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions)	15b	Yes	
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure	
17	List the States with which a copy of this Form 990 is required to be filed <input checked="" type="checkbox"/> _____
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization <input checked="" type="checkbox"/> ALAN O'NEIL 419 FIFTH STREET NE JAMESTOWN,ND 584013360 (701) 952-4802

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) HARVEY HUBER CHAIRPERSON	1 00	X		X				0	0	0
(2) CONNIE KRAPP VICE CHAIRPERSON	1 00	X		X				0	0	0
(3) REV TERRY ANDERSON SECRETARY	1 00	X		X				0	0	0
(4) JOANNE OTTMAR TREASURER	1 00	X		X				0	0	0
(5) ERIC MONSON MD BOARD MEMBER	1 00	X						0	0	0
(6) SHANDA TRAIER PH D BOARD MEMBER	1 00	X						0	0	0
(7) DEBRA GEIR MD BOARD MEMBER	1 00	X						0	0	0
(8) DR JAMES R TORRANCE MD BOARD MEMBER	1 00	X						0	0	0
(9) DENNIS D POZARNSKY BOARD MEMBER	1 00	X						0	0	0
(10) DAVID MATHISON MD BOARD MEMBER	1 00	X						0	0	0
(11) MARTIN I RICHMAN CEO	40 00			X				185,516	0	33,637
(12) ALAN O'NEIL CFO	40 00			X				146,629	0	18,549
(13) DR ALFONSO FINDLEY RADIOLOGIST	40 00					X		646,352	0	14,460
(14) DR PHILIP JYSTAD PHYSICIAN	40 00					X		285,005	0	52,018
(15) DR MANUEL HARRIS PODIATRIST	40 00					X		246,045	0	50,532
(16) DR SCOTT GOECKE PHYSICIAN	40 00					X		227,872	0	11,710

Part VII

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

(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			
(17) KATHRYN KOVAR PHARMACIST	40 00					X		145,515	0	15,772
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								1,882,934	0	196,678

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▶15

	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>		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>	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>		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
AMERISOURCE BERGEN PO BOX 959 VALLEY FORGE, PA 19482		PHARMACEUTICAL SERVICES	893,775
NATIONAL MEDICAL RESOURCES INC 2900 E BROADWAY AVE SUITE 1 BISMARCK, ND 58501		ER PHYSICIANS	828,309
OWENS & MINOR 2151 COUNTY ROAD H2 WEST MOUNDS VIEW, MN 55112		MEDICAL-SURGICAL SERVICES	571,486
IMAGING SOLUTIONS INC 2829 UNIVERSITY DRIVE S FARGO, ND 58103		DIAGNOSTIC IMAGING SERVICES	446,034
HEALTHCARE MANAGEMENT SYSTEMS 3102 WEST END AVE SUITE 400 NASHVILLE, TN 37203		SOFTWARE SERVICES	266,109
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 ▶19		

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	650,000			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	838,870			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f		1,488,870			
	Program Service Revenue	2a	NET PATIENT SERVICE RE	621400	25,823,583	25,823,583	
b		WELLNESS/LIFELINE/CARE	900099	183,406	183,406		
c		RENTAL INCOME	531120	115,338	115,338		
d		CONSULTATION SERVICES	541900	87,958	87,958		
e		ER COVERAGE REIMBURSEM	541900	59,137	59,137		
f		All other program service revenue		64,019	64,019		
g		Total. Add lines 2a-2f		26,333,441			
Other Revenue		3	Investment income (including dividends, interest and other similar amounts)		268,001		
	4	Income from investment of tax-exempt bond proceeds . .					
	5	Royalties					
	6a	Gross Rents	(i) Real	(ii) Personal			
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss)					
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)	206,272	500			
	d	Net gain or (loss)			206,772		206,772
	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	CAFETERIA	900099	170,149			170,149	
b	OTHER REVENUE	900099	127,243	127,243			
c	GIFT SHOP SALES	453220	29,598			29,598	
d	All other revenue		4,472			4,472	
e	Total. Add lines 11a-11d		331,462				
12	Total revenue. See Instructions		28,628,546	26,460,684	0	678,992	

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				
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	397,869		397,869	
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	12,407,589	10,960,823	1,446,766	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	787,176	694,180	92,996	
9	Other employee benefits	1,250,086	1,106,995	143,091	
10	Payroll taxes	871,924	773,066	98,858	
a	Fees for services (non-employees)				
	Management				
b	Legal				
c	Accounting	58,110		58,110	
d	Lobbying				
e	Professional fundraising services See Part IV, line 17				
f	Investment management fees				
g	Other	2,231,556	1,826,975	404,581	
12	Advertising and promotion	189,565	2,279	187,286	
13	Office expenses	2,455,241	2,131,319	323,922	
14	Information technology	199,615	43,041	156,574	
15	Royalties				
16	Occupancy	547,469	513,890	33,579	
17	Travel	94,893	74,125	20,768	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	80,929	29,877	51,052	
20	Interest	45,461	45,461		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,315,937	1,315,937		
23	Insurance	173,436	57,304	116,132	
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	DRUG EXPENSE	1,169,520	1,169,520		
b	BAD DEBT EXPENSE	1,080,129	1,080,129		
c	OTHER EXPENSE	939,257	742,433	196,824	
d	FOOD EXPENSE	188,878	188,878		
e	BLOOD EXPENSE	115,902	115,902		
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	26,600,542	22,872,134	3,728,408	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			113,744	1	75,395
	2	Savings and temporary cash investments			3,467,648	2	2,527,574
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			3,535,085	4	3,778,667
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			436,352	8	449,477
	9	Prepaid expenses and deferred charges			187,800	9	142,271
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	77,435,884	21,467,397	10c	52,453,531
	b	Less accumulated depreciation	10b	24,982,353			
	11	Investments—publicly traded securities			5,713,653	11	7,889,978
	12	Investments—other securities See Part IV, line 11				12	1,010,137
	13	Investments—program-related See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			14,792,273	15	4,876,246
16	Total assets. Add lines 1 through 15 (must equal line 34)			49,713,952	16	73,203,276	
Liabilities	17	Accounts payable and accrued expenses			5,580,201	17	8,810,377
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			1,555,000	20	790,000
	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			18,039,626	23	36,960,699
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities Complete Part X of Schedule D			550,304	25	341,846
	26	Total liabilities. Add lines 17 through 25			25,725,131	26	46,902,922
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			23,988,821	27	26,300,354
	28	Temporarily restricted net assets				28	
	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			23,988,821	33	26,300,354
	34	Total liabilities and net assets/fund balances			49,713,952	34	73,203,276

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	28,628,546
2	Total expenses (must equal Part IX, column (A), line 25)	2	26,600,542
3	Revenue less expenses Subtract line 2 from line 1	3	2,028,004
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	23,988,821
5	Other changes in net assets or fund balances (explain in Schedule O)	5	283,529
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	26,300,354

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		No
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization
LUTHERAN CHARITY ASSOCIATION

Employer identification number
45-0231181

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 IIISupport Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

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

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

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

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

Part IV

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

Facts And Circumstances Test

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

2010

Open to Public Inspection

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

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

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

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

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

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

Name of the organization LUTHERAN CHARITY ASSOCIATION	Employer identification number 45-0231181
--	--

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

1	Provide a description of the organization’s direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$ _____
3	Volunteer hours	_____

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

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$ _____
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$ _____
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," describe in Part IV	

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

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$ _____
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$ _____
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$ _____
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization’s funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

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

Part II-A

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

A

Check

☐

if the filing organization belongs to an affiliated group

B

Check

☐

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

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<div><input type="checkbox"/> Yes <input type="checkbox"/> No</div>													

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		5,836
	j Total lines 1c through 1i			5,836
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	THE ORGANIZATION PAYS DUES TO VARIOUS PROFESSIONAL ORGANIZATIONS. A PORTION OF THOSE DUES ARE USED TOWARDS LOBBYING EXPENSES.

SCHEDULE D
(Form 990)

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization LUTHERAN CHARITY ASSOCIATION	Employer identification number 45-0231181
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Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

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

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

1	Purpose(s) of conservation easements held by the organization (check all that apply) <input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure) <input type="checkbox"/> Preservation of an historically importantly land area <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> Preservation of open space
2	Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06
3	Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____
4	Number of states where property subject to conservation easement is located ▶ _____
5	Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? <input type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input type="checkbox"/> No
9	In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

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

1a	If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items
b	If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items
(i)	Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
(ii)	Assets included in Form 990, Part X ▶ \$ _____
2	If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items
a	Revenues included in Form 990, Part VIII, line 1 ▶ \$ _____
b	Assets included in Form 990, Part X ▶ \$ _____

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

	Amount
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)

Yes

No

b

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

3b

Yes

No

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		691,427		691,427
b Buildings		7,618,752	5,501,412	2,117,340
c Leasehold improvements				
d Equipment		23,207,148	19,480,941	3,726,207
e Other		45,918,557		45,918,557
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				52,453,531

Schedule D (Form 990) 2010

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements		
1	Total revenue (Form 990, Part VIII, column (A), line 12)	128,628,546
2	Total expenses (Form 990, Part IX, column (A), line 25)	26,600,542
3	Excess or (deficit) for the year Subtract line 2 from line 1	2,028,004
4	Net unrealized gains (losses) on investments	283,529
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	
9	Total adjustments (net) Add lines 4 - 8	283,529
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	2,311,533

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	128,912,075
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a	Net unrealized gains on investments2a283,529	
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 2d2e283,529	
3	Subtract line 2e from line 1328,628,546	
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)4b	
c	Add lines 4a and 4b4c0	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)528,628,546	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	126,600,542
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 1326,600,542	
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)526,600,542	

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	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, ASC TOPIC 740-10, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, REQUIRES AN ORGANIZATION TO ASSESS WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION. IF THE TAX POSITION DOES NOT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD, THE BENEFIT OF THE TAX POSITION IS NOT RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS. MANAGEMENT DOES NOT BELIEVE THE ORGANIZATION HAS ANY MATERIAL UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS. THE ORGANIZATION'S FEDERAL INFORMATIONAL RETURNS FOR TAX YEARS 2007 AND SUBSEQUENT YEARS REMAIN SUBJECT TO EXAMINATION BY THE INTERNAL REVENUE SERVICE.

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
LUTHERAN CHARITY ASSOCIATION

Employer identification number
45-0231181

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

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)			253,243		253,243	0 990 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			2,506,386	2,398,051	108,335	0 420 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			2,759,629	2,398,051	361,578	1 410 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions to community groups (from Worksheet 8)						
j Total Other Benefits						
k Total. Add lines 7d and 7j			2,759,629	2,398,051	361,578	1 410 %

Part IICommunity 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
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense (at cost)	2	739,866
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	330,070
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	8,806,294
6	Enter Medicare allowable costs of care relating to payments on line 5	6	8,862,646
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-56,352
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used. <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		
Section C. Collection Practices			
9a	Does the organization have a written debt collection policy?	9a	Yes
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes

Part IVManagement 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? _____

Name and address	Type of Facility (Describe)
1	
1	
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 7 THE COSTING METHODOLOGY IS THE COST TO CHARGES RATIO DURING THE YEAR THERE WAS INCREASE IN SPECIFIC SERVICES, SUCH AS OB SERVICES, WHICH HAVE A HIGHER MEDICAID REIMBURSEMENT RATE

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 1080129

Identifier	ReturnReference	Explanation
		PART II JAMESTOWN HOSPITAL PROVIDES SEVERAL LOW COST EDUCATIONAL TRAINING SESSIONS AT THE HOSPITAL AND AT DIFFERENT LOCATIONS IN THE COMMUNITY FOR EXAMPLE, JAMESTOWN HOSPITAL PROVIDES BREAST FEEDING, CAR SEAT TRAINING, PRENATAL TRAINING, AND HAPPIEST BABY ON THE BLOCK CLASSES NEW YEAR NEW YOU FITNESS CHALLENGE WAS INTRODUCED IN 2008 TO ENCOURAGE AREA RESIDENTS TO MAKE POSITIVE LIFESTYLE CHANGES AND REDUCE THE RISK OF HEART DISEASE, DIABETES, OBESITY AND TOBACCO USE

Identifier	ReturnReference	Explanation
		PART III, LINE 4 WE CALCULATED THE REASONABLE COST OF POSSIBLE ELIGIBLE CHARITY CARE THAT WENT TO BAD DEBT BY TAKING THE AVERAGE CLAIM PER GUARANTOR THAT QUALIFIED FOR CHARITY CARE TIMES THE GUARANTORS THAT TOOK APPLICATIONS AND DID NOT FOLLOWTHROUGH ON THE PROCESS THIS AMOUNT WAS BROUGHT DOWN TO COST BY TAKING THAT NUMBER TIMES THE RATIO OF PATIENT CARE COST TO CHARGES THE CARRYING AMOUNTS OF PATIENT ACCOUNTS RECEIVABLE ARE REDUCED BY ALLOWANCES THAT REFLECT MANAGEMENT'S BEST ESTIMATE OF THE AMOUNTS THAT WILL NOT BE COLLECTED MANAGEMENT PROVIDES FOR CONTRACTUAL ADJUSTMENTS UNDER TERMS OF THIRD-PARTY REIMBURSEMENT AGREEMENTS THROUGH A REDUCTION OF GROSS REVENUE AND A CREDIT TO PATIENT ACCOUNTS RECEIVABLE IN ADDITION, MANAGEMENT PROVIDES FOR PROBABLE UNCOLLECTIBLE AMOUNTS, PRIMARILY UNINSURED PATIENTS AND AMOUNTS PATIENTS ARE PERSONALLY RESPONSIBLE FOR, THROUGH A CHARGE TO OPERATIONS AND A CREDIT TO A VALUATION ALLOWANCE BASED ON ITS ASSESSMENT OF HISTORICAL COLLECTION LIKELIHOOD AND THE CURRENT STATUS OF INDIVIDUAL ACCOUNTS BALANCES THAT ARE STILL OUTSTANDING AFTER MANAGEMENT HAS USED REASONABLE COLLECTION EFFORTS ARE WRITTEN OFF THROUGH A CHARGE TO THE VALUATION ALLOWANCE AND A CREDIT TO PATIENT ACCOUNTS RECEIVABLE

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE COSTING METHODOLOGY USED IS COST TO CHARGE RATIO AS REQUIRED BY MEDICARE SHORTFALL IS NOT INDICATIVE OF ANY CHANGE IN COMMUNITY BENEFIT AS THE COSTING METHODOLOGY AND DETERMINATION OF ALLOWABLE COSTS HAVE NOT CHANGED FROM PRIOR YEAR

Identifier	ReturnReference	Explanation
		PART III, LINE 9B NO COLLECTIONS EFFORT WILL BE MADE BY JAMESTOWN HOSPITAL OR ITS COLLECTION AGENCIES ON THE PERCENTAGE OF COMMUNITY CARE APPROVED HOWEVER, PATIENTS MUST HAVE COMPLETED THE COMMUNITY CARE APPLICATION PROCESS, ESTABLISH THEIR ELIGIBILITY, AND HAVE BEEN APPROVED IF SUCH A PATIENT IS MISTAKENLY BILLED, HOSPITAL STAFF WILL APOLOGIZE FOR THE ERROR AND CORRECT THE MISTAKE

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 JAMESTOWN HOSPITAL HAS PARTNERED WITH CENTRAL VALLEY HEALTH AND OTHER LOCAL AGENCIES TO DEVELOP A COMMUNITY HEALTH ASSESSMENT FOR THE 5 COUNTIES, STUTSMAN, BARNES, LOGAN, WELLS AND LAMOURE, SERVED BY CENTRAL VALLEY HEALTH AND JAMESTOWN HOSPITAL THIS ROLE IS PART OF THE HOSPITAL'S 5 YEAR STRATEGIC PLAN

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ALL PATIENTS RECEIVE A "PAYMENT GUIDELINES" BROCHURE AT TIME OF REGISTRATION, WHICH NOTIFIES THE PATIENTS ON HOW TO APPLY FOR CHARITY CARE AS WELL AS EXPLAINS THE CLAIM FILING PROCESS, RESPONSIBLE PARTY, CO-PAYS AND PAYMENTS ALL PRIVATE PAY PATIENTS RECEIVE A LETTER WHICH LISTS CHARITY CARE AS A PAYMENT ALTERNATIVE TO THOSE WHO QUALIFY OUR WEBSITE CONTAINS A CHARITY LINK WHICH EXPLAINS THE PROGRAM AND ALLOWS FORMS TO BE DOWNLOADED AND PRINTED

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 JAMESTOWN HOSPITAL SERVES A NINE COUNTY AREA OF SOUTH CENTRAL NORTH DAKOTA THE PRIMARY INDUSTRY IS AGRICULTURE THE POPULATION IS 52,155 WITH 21% OVER THE AGE OF 65 THE AVERAGE AGE IS 42 MALE AND FEMALE POPULATION IS SPLIT EVENLY AVERAGE INCOME BY HOUSEHOLD IS \$53,650 THERE ARE TWO COLLEGES WITHIN JAMESTOWN HOSPITAL TRADE AREA JAMESTOWN HOSPITAL IS THE ONLY BIRTHING CENTER WITHIN IN A 90 MILE RADIUS

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 A MAJORITY OF THE GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF JAMESTOWN HOSPITAL, NOR FAMILY MEMBERS THEREOF JAMESTOWN HOSPITAL EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY FOR SOME OF ITS DEPARTMENTS JAMESTOWN HOSPITAL IS IN THE PROCESS OF CONSTRUCTING A REPLACEMENT HOSPITAL WHICH WILL HAVE MANY UPGRADES IN TECHNOLOGY, MOST OF WHICH ARE RELATED TO IMPROVING PATIENT CARE

Identifier	ReturnReference	Explanation
		PART VI, LINE 7 N/A

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
LUTHERAN CHARITY ASSOCIATION

Employer identification number
45-0231181

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input checked="" type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	1b	Yes
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2	Yes
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply. <div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:		
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	4a	No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	No
c	Participate in, or receive payment from, an equity-based compensation arrangement? If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III	4c	No
	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? If "Yes," to line 5a or 5b, describe in Part III	5b	No
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? If "Yes," to line 6a or 6b, describe in Part III	6b	No
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) MARTIN I RICHMAN	(i)	185,516	0	0	19,854	13,783	219,153	0
	(ii)	0	0	0	0	0	0	0
(2) ALAN O'NEIL	(i)	146,629	0	0	12,995	5,554	165,178	0
	(ii)	0	0	0	0	0	0	0
(3) DR ALFONSO FINDLEY	(i)	646,352	0	0	0	14,460	660,812	0
	(ii)	0	0	0	0	0	0	0
(4) DR PHILIP JYSTAD	(i)	285,005	0	0	27,443	24,575	337,023	0
	(ii)	0	0	0	0	0	0	0
(5) DR MANUEL HARRIS	(i)	246,045	0	0	26,563	23,969	296,577	0
	(ii)	0	0	0	0	0	0	0
(6) DR SCOTT GOECKE	(i)	227,872	0	0	0	11,710	239,582	0
	(ii)	0	0	0	0	0	0	0
(7) KATHRYN KOVAR	(i)	145,515	0	0	0	15,772	161,287	0
	(ii)	0	0	0	0	0	0	0
(8)								
(9)								
(10)								
(11)								
(12)								
(13)								
(14)								
(15)								
(16)								

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	PART I, LINE 1A	BASED ON APPROPRIATENESS AND THE EXPECTATION THAT THE CEO HAVE A VOLUNTARY PRESENCE IN THE COMMUNITY, THE CEO IS AUTHORIZED TO HAVE SOME SOCIAL CLUB DUES PAID ON HIS/HER BEHALF BY THE HOSPITAL

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
LUTHERAN CHARITY ASSOCIATION

Employer identification number
45-0231181

Part I Bond Issues											
(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CITY OF JAMESTOWN	45-6002099		06-26-2003	5,740,000	REFUNDING PRIOR ISSUE		X		X		X

Part II Proceeds									
		A		B		C		D	
1	Amount of bonds retired	4,950,000							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	5,740,000							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	5,740,000							
12	Other unspent proceeds								
13	Year of substantial completion	2003							
		Yes	No						
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

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

Part IIIPrivate Business Use (Continued)

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

Part IVArbitrage

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

Part VSupplemental Information

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

Identifier	Return Reference	Explanation

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public
Inspection

Name of the organization LUTHERAN CHARITY ASSOCIATION	Employer identification number 45-0231181
---	---

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		THE PREPARER OF FORM 990 EMAILS A COPY OF THE FINAL 990 TO THE ORGANIZATION'S CHIEF FINANCIAL OFFICER THE CHIEF FINANCIAL OFFICER PERFORMS A DETAIL REVIEW OF FORM 990 THE CHIEF FINANCIAL OFFICER PROVIDES EACH VOTING BOARD MEMBER WITH A COPY OF FORM 990 BEFORE IT IS FILED WITH THE IRS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	DIRECTORS ARE ASKED AT EVERY BOARD MEETING WHETHER OR NOT ANYONE HAS A DUALITY OF INTEREST OR CONFLICT OF INTEREST DIRECTORS HAVING A DUALITY OF INTEREST OR A POSSIBLE CONFLICT OF INTEREST ON ANY MATTER WHICH COMES BEFORE THE BOARD SHALL NOT VOTE ON THE MATTER OR USE THEIR PERSONAL INFLUENCE ON THE MATTER THE MINUTES OF THE MEETING SHALL REFLECT THAT A DISCLOSURE OF DUALITY OR CONFLICT OF INTEREST WAS MADE, AND THE DIRECTOR MAKING SUCH A DISCLOSURE SHALL NOT BE COUNTED IN DECLARING A QUORUM FOR THE DETERMINATION OF THE MATTER THIS PROVISION SHALL NOT BE CONSTRUED AS PREVENTING THE DIRECTOR FROM BRIEFLY STATING A POSITION ON THE MATTER NOR FROM ANSWERING PERTINENT QUESTIONS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	FOR THE CEO, THE BOARD CHAIRMAN CONVERSES WITH AN HR CONSULTANT ON MARKET WAGES AND EVALUATION PROCESS. EVALUATION FORMS ARE TYPICALLY COMPLETED BY BOARD MEMBERS AND THE BOARD CHAIRMAN CONDUCTS THE ACTUAL EVALUATION. COMPARABILITY DATA WAS USED BY THOSE WITHOUT CONFLICT AND THE DECISIONS WERE DOCUMENTED.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC PRIOR YEAR 990S CAN BE OBTAINED BY REQUEST OR THROUGH GUIDESTAR

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 283,529

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE CHIEF FINANCIAL OFFICER ASSUMES OVERSIGHT OF THE AUDIT OF THE ORGANIZATION'S FINANCIAL STATEMENTS THE BOARD OF DIRECTORS WITH THE CHIEF FINANCIAL OFFICER ASSUME RESPONSIBILITY FOR SELECTION OF AN INDEPENDENT ACCOUNTANT

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
LUTHERAN CHARITY ASSOCIATION

Employer identification number
45-0231181

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
(1) JAMESTOWN HOSPITAL FOUNDATION INC 419 5TH ST NE JAMESTOWN, ND 58401 36-3348763	FUNDRAISING	ND	501(C)(3)	LINE 11A, I	LUTHERAN CHARITY ASSOCIATION	Yes	

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) Disproporionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by other organization(s)

f

Sale of assets to other organization(s)

g

Purchase of assets from other organization(s)

h

Exchange of assets

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees

o

Reimbursement paid to other organization for expenses

p

Reimbursement paid by other organization for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

Yes

No

No

No

No

No

No

No

No

Yes

Yes

No

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) JAMESTOWN HOSPITAL FOUNDATION INC	C	650,000	COST
(2) JAMESTOWN HOSPITAL FOUNDATION INC	E	46,000,000	COST
(3) JAMESTOWN HOSPITAL FOUNDATION INC	O	162,202	COST
(4)			
(5)			
(6)			

Schedule R (Form 990) 2010

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

[illegible]

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation
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**Lutheran Charity Association d/b/a
Jamestown Hospital and Affiliate**
Jamestown, North Dakota

Consolidated Financial Statements and Additional Information
Years Ended June 30, 2011 and 2010

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidated Financial Statements and Additional Information
Years Ended June 30, 2011 and 2010

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Independent Auditor's Report

Board of Directors

Lutheran Charity Association d/b/a Jamestown Hospital

Jamestown, North Dakota

We have audited the accompanying consolidated balance sheets of Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate as of June 30, 2011 and 2010, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate as of June 30, 2011 and 2010, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated October --, 2011, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic consolidated financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

October 13, 2011
Minneapolis, Minnesota

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidated Balance Sheets June 30, 2011 and 2010

<i>Assets</i>	2011	2010
Current assets		
Cash and cash equivalents	\$ 3,538,640	\$ 4,525,413
Assets limited as to use - Current portion	1,125,911	1,492,423
Patient accounts receivable - Net	3,595,207	3,467,131
Due from third-party reimbursement programs	-	55,000
Other accounts receivable	183,460	12,954
Pledges receivable - Current portion	91,137	272,327
Supplies	449,477	436,352
Prepaid expenses and other	142,271	187,800
Total current assets	9,126,103	10,449,400
Investments	11,300,107	7,233,470
Assets limited as to use	2,725,441	12,348,520
Property and equipment - Net	52,453,531	21,357,083
Other assets		
Property held for investment, at cost	110,314	110,314
Beneficial interest in perpetual trust	72,989	70,993
Pledges receivable - Net	565,942	361,687
Cash surrender value of life insurance	6,534	6,534
Unamortized debt issue costs	752,378	722,203
Total other assets	1,508,157	1,271,731
TOTAL ASSETS	\$ 77,113,339	\$ 52,660,204

<i>Liabilities and Net Assets</i>	2011	2010
Current liabilities		
Current maturities of long-term debt	\$ 790,000	\$ 765,000
Current portion of obligations under capital leases	133,104	208,459
Accounts payable - Trade	712,019	535,913
Accounts payable - Construction	5,399,777	2,901,517
Due to third-party reimbursement programs	155,000	-
Accrued liabilities		
Salaries and other	1,560,742	1,413,048
Health insurance	115,600	115,600
Interest	520,439	313,733
Pension	346,800	300,390
Other current liabilities	16,340	-
Total current liabilities	9,749,821	6,553,660
Long-term liabilities		
Annuities payable	76,531	61,411
Long-term debt - Less current maturities	36,960,699	18,829,626
Obligations under capital lease - Less current portion	208,742	341,845
Total long-term liabilities	37,245,972	19,232,882
Total liabilities	46,995,793	25,786,542
Net assets		
Unrestricted	26,893,559	24,639,335
Temporarily restricted	2,355,299	1,373,212
Permanently restricted	868,688	861,115
Total net assets	30,117,546	26,873,662
TOTAL LIABILITIES AND NET ASSETS	\$ 77,113,339	\$ 52,660,204

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidated Statements of Operations Years Ended June 30, 2011 and 2010

	2011	2010
Revenue		
Net patient service revenue	\$ 25,823,583	\$ 25,325,550
Other revenue	860,113	898,287
Net assets released from restrictions	57,440	171,405
Total revenue	26,741,136	26,395,242
Expenses		
Salaries and wages	12,894,692	12,492,685
Employee benefits	2,963,691	2,738,120
Supplies and other	8,545,082	8,169,717
Provision for bad debts	1,080,129	834,863
Depreciation and amortization	1,316,849	1,419,140
Interest expense	45,461	75,383
Total expenses	26,845,904	25,729,908
Income (loss) from operations	(104,768)	665,334
Other income		
Investment income	569,652	642,569
Contributions	837,597	2,777
Other	501	5,632
Total other income	1,407,750	650,978
Revenue in excess of expenses	1,302,982	1,316,312
Other changes in unrestricted net assets		
Change in unrealized gains and losses on investments other than trading securities	358,682	392,934
Net assets released from restrictions used for property and equipment	592,560	78,952
Increase in unrestricted net assets	\$ 2,254,224	\$ 1,788,198

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidated Statements of Changes in Net Assets Years Ended June 30, 2011 and 2010

	2011	2010
Unrestricted net assets		
Revenue in excess of expenses	\$ 1,302,982	\$ 1,316,312
Change in unrealized gains and losses on investments other than trading securities	358,682	392,934
Net assets released from restrictions used for property and equipment	592,560	78,952
Increase in unrestricted net assets	2,254,224	1,788,198
Temporarily restricted net assets		
Contributions for specific purposes	1,632,087	1,347,993
Net assets released from restrictions	(650,000)	(250,357)
Increase in temporarily restricted net assets	982,087	1,097,636
Permanently restricted net assets		
Contributions for endowment fund	7,573	12,095
Change in net assets	3,243,884	2,897,929
Net assets at beginning	26,873,662	23,975,733
Net assets at end	\$ 30,117,546	\$ 26,873,662

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidated Statements of Cash Flows Years Ended June 30, 2011 and 2010

	2011	2010
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Change in net assets	\$ 3,243,884	\$ 2,897,929
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,316,849	1,419,140
Provision for bad debts	1,080,129	834,863
Amortization of bond discount	2,131	4,195
Loss on disposal of property and equipment	-	1,726
Change in unrealized gains and losses on investments other than trading securities	(358,682)	(392,934)
Net realized gains on investments	(241,145)	(369,172)
Contributions restricted by donors	(1,639,660)	(1,360,088)
Changes in operating assets and liabilities		
Patient accounts receivable	(1,208,205)	(825,745)
Due from third-party reimbursement programs	55,000	(55,000)
Other accounts receivable	(170,506)	70,392
Supplies	(13,125)	(46,911)
Prepaid expenses and other	45,529	(34,131)
Pledges receivable	(23,065)	(652,614)
Accounts payable - Trade	176,106	(143,877)
Due to third-party reimbursement programs	155,000	(98,604)
Accrued liabilities	400,810	445,448
Other current liabilities	16,340	-
Total adjustments	(406,494)	(1,203,312)
Net cash provided by operating activities	2,837,390	1,694,617

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidated Statements of Cash Flows (Continued) Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from investing activities		
Purchase of property and equipment	\$ (29,914,125)	\$ (10,074,232)
(Increase) decrease in assets limited as to use	9,989,591	(12,546,740)
(Increase) decrease in investments	(3,466,810)	4,338,423
Decrease in perpetual trust	(1,996)	(5,237)
Increase in cash surrender value of life insurance	-	(98)
Net cash used in investing activities	(23,393,340)	(18,287,884)
Cash flows from financing activities		
Contributions restricted by donors	1,639,660	1,360,088
Increase in annuities payable	15,120	12,667
Proceeds from issuance of long-term debt	18,918,943	18,233,796
Payments of debt issuance costs	(31,087)	(721,291)
Principal payments on long-term debt and capital lease obligations	(973,459)	(964,407)
Net cash provided by financing activities	19,569,177	17,920,853
Net increase (decrease) in cash and cash equivalents	(986,773)	1,327,586
Cash and cash equivalents at beginning	4,525,413	3,197,827
Cash and cash equivalents at end	\$ 3,538,640	\$ 4,525,413
Supplemental cash flow information		
Cash paid during the year for interest, including net capitalized interest of \$1,453,396 and \$286,311, as of June 30, 2011 and 2010, respectively	\$ 1,290,020	\$ 82,658
Noncash investing and financing activities		
Property and equipment in accounts payable	\$ 5,399,777	\$ 2,901,517

See accompanying notes to consolidated financial statements

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

The Entity

Lutheran Charity Association d/b/a Jamestown Hospital ("Jamestown Hospital") is organized as a North Dakota nonprofit corporation and operates a 25-bed critical access hospital in Jamestown, North Dakota

Jamestown Hospital is the sole beneficiary of fund-raising activities sponsored by Jamestown Hospital Foundation, Inc ("Foundation"), a North Dakota nonprofit corporation. Jamestown Hospital's Board of Directors nominates the Foundation's Board members

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Jamestown Hospital and the Foundation (collectively referred to as the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Organization follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP.

Use of Estimates in Preparation of Consolidated Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as assets limited as to use and investments

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payer agreements. The Organization bills third-party payers on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payer, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement.

The Organization does not have a policy to charge interest on past due accounts.

The carrying amounts of patient accounts receivable are reduced by allowances that reflect management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts, primarily uninsured patients and amounts patients are personally responsible for, through a charge to operations and a credit to a valuation allowance based on its assessment of historical collection likelihood and the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

Patient accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and an allowance for doubtful accounts.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Supplies

Supplies are valued at the lower of cost, determined using the first-in, first-out method, or market

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Certificates of deposit are carried at cost plus accrued interest.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) on funds held by a trustee for principal and interest payments are reported as other revenue. All other investment income (including realized gains and losses, interest, and dividends) is reported as investment income and is included in revenue in excess of expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenue in excess of expenses unless the investments are trading securities. Realized gains or losses are determined by specific identification.

The Organization monitors the difference between the cost and fair value of its investments. A decline in market value of an individual investment security below cost that is deemed to be other-than-temporary results in an impairment and the Organization reduces the investment's carrying value to fair value. A new cost basis is established for the investment and any impairment loss is recorded as a realized loss in investment income.

Assets Limited as to Use

Assets limited as to use include assets designated by the Board of Directors for self-funded health insurance benefits, over which the Board retains control and may, at its discretion, subsequently use for other purposes, and assets held by a trustee under the bond indenture agreement. Amounts required to meet current liabilities of the Organization have been classified as current assets.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of 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 with depreciation expense in the accompanying consolidated financial statements. Estimated useful lives range from 2 to 20 years for equipment and from 3 to 52 years for land improvements, buildings, and fixed equipment.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from revenue 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 in temporarily restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported as net assets released from restrictions when the donated or acquired long-lived assets are placed in service.

Asset Impairment

The Organization reviews its property and equipment periodically to determine potential impairment. If an impairment exists, an impairment loss is recognized. No asset impairments were recognized in fiscal 2011 or 2010.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligations

ASC Topic 410, *Accounting for Conditional Asset Retirement Obligations*, clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. The Organization has considered ASC Topic 410 specifically as it relates to its legal obligation to perform asset retirement activities on its existing properties. The Organization believes there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the Organization may settle the obligation is unknown and cannot be estimated. As a result, the Organization cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2011 and 2010.

Unamortized Debt Issue Costs

Costs related to issuance of long-term debt are amortized over the life of the related debt using the bonds outstanding method. Amortization of debt issue costs is included in depreciation and amortization in the accompanying consolidated statements of operations.

Pledges Receivable

Unconditional promises to give with payments due in future periods (i.e., pledges receivable) are reported at the net present value of expected future receipts, less an allowance for estimated uncollectible amounts. Pledges are treated as temporarily restricted net assets until collected (inherent time restriction), unless the donor intended the pledge to be used to support activities of the current period. Pledges intended to support current activities are recorded as unrestricted support in the period the promise is received. Pledges intended to support the endowment fund are included in permanently restricted net assets.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Surrender Value of Life Insurance

The Organization is the owner and sole beneficiary of individual life insurance policies. Increases in the cash surrender value and dividends received from these life insurance policies are recorded as other income in the accompanying consolidated statements of operations. The face value of the life insurance policies at June 30, 2011 and 2010, was approximately \$25,000.

Charitable Gift Annuities

Charitable gift annuities are recorded at fair value at the date received. The Organization records a liability for the present value of the annuities payable using the Internal Revenue Service actuarial assumptions, discounted using the applicable federal rate at the date of the gift.

A contribution is recorded for the difference between the fair value of the gift and the liability recorded. Investment income and gains and losses are charged to the appropriate investment account, and annuity payments are charged to the liability account. Periodically, an adjustment is made to the liability to record gain or loss due to recomputation of the liability based on revised life expectancy. Upon death of the donor annuitant, the Organization recognizes the existing liability as a change in the value of the annuity and the related asset is available for use by the Organization.

Self-Funded Health Insurance

The Organization self-funds health benefits for eligible employees and their dependents. Health insurance expense is recorded on an accrual basis. An accrued liability is recorded at year-end, which estimates the incurred but not yet reported claims. The Organization has stop loss insurance to cover catastrophic claims.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Original Issue Discounts

Original issue discounts on long-term debt are deferred and amortized over the life of the related debt. Amortization of the discount is reflected as a component of interest expense.

Net Assets

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources that have been designated for special use by the Organization's Board of Directors. 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.

Revenue in Excess of Expenses

The accompanying consolidated statements of operations include the classification "revenue in excess of expenses", which is considered the operating indicator. Changes in unrestricted net assets which are excluded from the operating indicator include unrealized gains and losses on investments other than trading securities, permanent transfer of assets to and from affiliates for other than goods and services, contributions of long-lived assets, including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. 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.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Charity Care

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. The Organization maintains records to identify the amount of charges forgone for services and supplies furnished under the charity care policy. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

Contributions 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 a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

Advertising Costs

Advertising costs are expensed as incurred.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

Jamestown Hospital and Foundation are tax-exempt corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code

In order to account for any uncertain tax positions, ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, requires an organization to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of the tax position is not recognized in the consolidated financial statements. Management does not believe the Organization has any material uncertain tax positions or unrecognized tax benefits.

The Organization's federal informational returns for tax years 2007 and subsequent years remain subject to examination by the Internal Revenue Service.

Subsequent Events

Subsequent events have been evaluated through October 13, 2011, which is the date the consolidated financial statements were available to be issued.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 2 Reimbursement Arrangements With Third-Party Payers

The Organization has agreements with third-party payers that provide for reimbursement at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payers follows:

Medicare - Inpatient and outpatient hospital services are paid based upon a cost-reimbursement methodology. Certain professional services provided by physicians are reimbursed based on prospectively determined fee schedules.

Medicaid - Inpatient and outpatient services are paid based on a cost-reimbursement methodology. Inpatient services are reimbursed using Medicare interim per diem rates, decreased by one percent. Outpatient services are paid at Medicare interim payment rates.

Others - The Organization has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider 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.

Accounting for Contractual Arrangements

The Organization is reimbursed for cost-reimbursable items at interim rates with final settlements determined after audit of the Organization's related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying consolidated financial statements. The Organization's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2009.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 2 Reimbursement Arrangements With Third-Party Payers (Continued)

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed. Management believes that the Organization is in compliance with applicable government laws and regulations. While no significant regulatory inquiries have been made of the Organization, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Centers for Medicare & Medicaid Services (CMS) has implemented a project using recovery audit contractors (RACs) as part of its further efforts to ensure accurate payments under the Medicare program. The project uses RACs to search for potentially inaccurate Medicare payments that may have been made to health care providers and were not detected through existing CMS program-integrity efforts. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The organization may either accept or appeal the RACs findings. The Hospital's policy is to adjust revenue for decreases in reimbursement from the RAC reviews when these amounts are estimable and to adjust revenue for increases in reimbursement from the RAC reviews when the increase in reimbursement is agreed upon. RAC reviews of the Organization's Medicare claims are anticipated, however, the outcome of such reviews are unknown, and any financial impact cannot be reasonably estimated at June 30, 2011.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 3 Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30

	2011	2010
Patient accounts receivable	\$ 5,942,248	\$ 5,626,609
Less		
Contractual adjustments	1,370,041	1,289,478
Allowance for doubtful accounts	977,000	870,000
Patient accounts receivable - Net	\$ 3,595,207	\$ 3,467,131

Note 4 Investments and Assets Limited as to Use

Investments, stated at fair value, consisted of the following at June 30

	2011	2010
Money market mutual funds	\$ 50,334	\$ 109,721
Certificates of deposit	1,710,145	700,008
U S Government obligations and mortgage-backed securities	3,118,660	1,474,469
Mutual funds		
Bond funds	683,054	-
Equity funds	964,901	5,996
International funds	727,615	-
Corporate equities	2,277,285	1,916,562
Corporate bonds	1,745,174	2,950,744
Contract for deed	22,381	24,467
Accrued interest receivable	558	51,503
Total investments	\$ 11,300,107	\$ 7,233,470

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 4 Investments and Assets Limited as to Use (Continued)

Assets limited as to use, stated at fair value, consisted of the following at June 30

	2011	2010
Under bond indenture agreement - Held by trustee		
Money market mutual funds	\$ 3,453,979	\$ 13,575,199
Board designated - For self-funded health insurance benefits		
Cash	397,373	265,744
Total assets limited as to use	3,851,352	13,840,943
Less - Assets limited to use - Current	1,125,911	1,492,423
Assets limited as to use - Noncurrent	\$ 2,725,441	\$ 12,348,520

Management assesses individual investment securities as to whether declines in market value are other than temporary and result in an impairment. For equity securities, the Organization considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry the investee operates in. For debt securities, if the Organization has made a decision to sell the security, or if it's more likely than not the Organization will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the Organization has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than-temporary impairment is considered to have occurred.

Because the Organization has the intent and the ability to hold investment securities until a market price recovery or maturity, investment securities at June 30, 2011 and 2010, are not temporarily impaired. No impairment losses were recognized by the Organization during 2011 and 2010.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 4 Investments and Assets Limited as to Use (Continued)

The following table shows unrealized losses and fair values of investments at June 30, 2011, aggregated by investment category and length of time that individual investment securities have been in a continuous unrealized loss position

Description of Securities	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate equities	\$ 441,665	\$ (29,125)	\$ 6,751	\$ (3,151)	\$ 448,416	\$ (32,276)
Mutual funds	42,994	(686)	-	-	42,994	(686)
Totals	\$ 484,659	\$ (29,811)	\$ 6,751	\$ (3,151)	\$ 491,410	\$ (32,962)

Investment Income

Investment income including gains and losses on cash, investments, and assets limited as to use consisted of the following for the years ended June 30

	2011	2010
Interest and dividend income	\$ 328,507	\$ 273,397
Realized gain on investments - Net	241,145	369,172
Total investment income	\$ 569,652	\$ 642,569

At June 30, 2011 and 2010, changes in unrealized gains and losses on other than trading securities totaled \$358,682 and \$392,934, respectively

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 5 Fair Value Measurements

The following table sets forth the fair value of the Organization's assets at June 30, 2011

	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -	\$ 3,504,313	\$ -	\$ 3,504,313
U S government obligations and mortgage-backed securities	-	3,118,660	-	3,118,660
Mutual funds				
Bond funds	683,054	-	-	683,054
Equity funds	964,901	-	-	964,901
International funds	727,615	-	-	727,615
Corporate equities	2,277,285	-	-	2,277,285
Corporate bonds	-	1,745,174	-	1,745,174
Beneficial interest in perpetual trust	-	72,989	-	72,989
Total	\$ 4,652,855	\$ 8,441,136	\$ -	\$ 13,093,991

The following table sets forth the fair value of the Organization's assets at June 30, 2010

	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ -	\$ 13,684,920	\$ -	\$ 13,684,920
U S government obligations and mortgage-backed securities	-	1,474,469	-	1,474,469
Mutual funds - Equity funds	5,996	-	-	5,996
Corporate equities	1,916,562	-	-	1,916,562
Corporate bonds	-	2,950,744	-	2,950,744
Beneficial interest in perpetual trust	-	70,993	-	70,993
Total	\$ 1,922,558	\$ 18,181,126	\$ -	\$ 20,103,684

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 5 Fair Value Measurements (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value

Money market mutual funds - Money market mutual funds are valued using quotes from pricing vendors based on recent trading activity and other observable market data

Mutual funds and corporate equities - The carrying value of mutual funds and corporate equities are based on quoted market prices

U S government obligations, mortgage-backed securities, corporate bonds , and beneficial interest in perpetual trust - The fair value of fixed-income securities is estimated using a variety of techniques including quoted market prices of similar items, broker/dealer quotes, or models using market interest rates or yield curves The underlying investments of the perpetual trust include both equity and fixed income securities

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date

The carrying value of other current assets and current liabilities are reasonable estimates of their fair value due to the short-term nature of those financial instruments

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 6 Property, Equipment, and Depreciation

Property and equipment consisted of the following at June 30

	2011	2010
Land and improvements	\$ 1,359,249	\$ 1,359,249
Buildings and fixed equipment	14,180,114	14,180,114
Equipment	14,746,807	14,203,635
Equipment under capital leases	1,231,157	1,231,157
Total property and equipment	31,517,327	30,974,155
Less - Accumulated depreciation	24,982,353	23,674,237
Net depreciated value	6,534,974	7,299,918
Construction in progress	45,918,557	14,057,165
Property and equipment - Net	\$ 52,453,531	\$ 21,357,083

Cost of equipment under capital lease obligations was \$1,231,157 at June 30, 2011 and 2010, and accumulated amortization for equipment under capital lease obligations was \$910,928 and \$683,557 at June 30, 2011 and 2010, respectively

Construction in progress at June 30, 2011 and 2010, represents costs associated with the construction of a new hospital building. The budgeted costs for the new hospital are approximately \$52,000,000. Expected costs to complete the construction project at June 30, 2011 amount to approximately \$7,000,000 and are to be funded by approximately \$9,000,000 that is available to draw down on a United States Department of Agriculture (USDA) promissory note.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 7 Pledges Receivable

The Organization has received unconditional promises to give from corporations and individuals in the community. Certain unconditional promises to give are receivable over a period of time.

Pledges receivable consisted of the following at June 30

	2011	2010
Receivable in less than one year	\$ 91,137	\$ 272,327
Receivable in one to five years	609,397	407,658
Pledges receivable	700,534	679,985
Less:		
Unamortized discount	9,455	11,971
Allowance for uncollectible pledges	34,000	34,000
Pledges receivable - Net	657,079	634,014
Less - Current portion	91,137	272,327
Pledges receivable - Noncurrent	\$ 565,942	\$ 361,687

Pledges receivable of \$700,534 and \$679,985 at June 30, 2011 and 2010, respectively, are pledged for a hospital construction project and are recorded as temporarily restricted net assets.

Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows using discount rates ranging from 0.19% to 1.76% at June 30, 2011.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 8 Beneficial Interest in Perpetual Trust

The Organization is the beneficiary of a trust created by a donor, the assets of which are invested by the trustee rather than the Organization. The Organization has legally enforceable rights and claims to such assets, including the right to income therefrom. Net unrealized gains (losses) related to the beneficial interest are reported as changes in permanently restricted net assets based on explicit donor stipulations. The fair value of that beneficial interest was \$72,989 and \$70,993, at June 30, 2011 and 2010, respectively.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 9 Long-Term Debt

Long-term debt consisted of the following at June 30

	2011	2010
Hospital Revenue Refunding Bonds, Series 2003, 1 60%-3 65% serial bonds, due in varying annual installments to July 2011, secured by a mortgage on substantially all property and equipment of Jamestown Hospital	\$ 790,000	\$ 1,555,000
Senior Secured Rural America Bonds, Series 2010, 5 63%-8 58% serial bonds, due in varying annual installments to March 2040, secured by a mortgage on substantially all property and equipment of Jamestown Hospital	15,000,000	15,000,000
USDA Promissory Note, 4% interest, due in varying annual installments to March 2050, secured by a mortgage on substantially all property and equipment of Jamestown Hospital	21,960,699	3,041,757
Totals	37,750,699	19,596,757
Less		
Unamortized bond discounts	-	2,131
Current maturities	790,000	765,000
Long-term portion	\$ 36,960,699	\$ 18,829,626

The bond indentures require the establishment of certain funds to be held by the trustee, which are unavailable for general corporate purposes. Required funds have been established and are shown as "assets limited as to use" in the accompanying consolidated financial statements.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 9 Long-Term Debt (Continued)

The bond indentures provide for various restrictive covenants, including maintenance of various financial ratios and limitations on additional borrowing. Management believes the Organization is in compliance with all restrictive covenants at June 30, 2011.

At June 30, 2011, the balance due on the USDA Promissory Note (the "Note") consists of amounts that have been drawn down for payment of construction in progress. The total funding available to the Organization under terms of the Note is \$31,000,000. Scheduled principal payments on long-term debt in the following table include only amounts drawn on the Note as of June 30, 2011.

Scheduled principal payments on long-term debt at June 30, 2011, including current maturities, are summarized as follows:

2012	\$ 790,000
2013	273,207
2014	497,251
2015	520,965
2016	1,132,975
Thereafter	34,536,301

Total	\$ 37,750,699
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A summary of total interest expense on borrowed funds held by the trustee for the years ended June 30, including amounts capitalized as part of the construction program, follows:

	2011	2010
Interest charged to operations	\$ 45,461	\$ 75,383
Interest capitalized - Net of interest earnings	1,453,396	286,311
Total interest cost	\$ 1,498,857	\$ 361,694

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 10 Capital Lease Obligations

The Organization uses certain equipment under noncancelable lease agreements. Certain leases have been classified as capital leases.

Minimum future payments under capital lease obligations are as follows:

2012	\$	142,842
2013		142,842
2014		52,714
2015		22,260
Total minimum lease payments		360,658
Amount representing interest		18,812
Present value of net minimum lease payments		341,846
Less - Current portion		133,104
Total capital lease obligations		\$ 208,742

Note 11 Operating Leases

The Organization rents medical equipment and medical office space under various operating lease agreements. Future minimum lease payments on non-cancelable operating leases in effect on June 30, 2011, due over the next five years and thereafter are as follows:

2012	\$	566,203
2013		112,247
2014		28,449
2015		25,177
2016		25,177
Thereafter		6,294
Total		\$ 763,547

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 11 Operating Leases (Continued)

Total rent expense was \$602,247 and \$577,879 for 2011 and 2010, respectively

Note 12 Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets include assets set aside in accordance with donor restrictions as to time or use. Temporarily restricted net assets were available for the following purposes at June 30

	2011	2010
New hospital building	\$ 2,098,024	\$ 1,206,407
Nursery	170,618	64,970
Hospice	44,639	57,440
Contract for deed	22,381	24,467
Hospital programs and supplies	19,637	19,928
Total	\$ 2,355,299	\$ 1,373,212

For the years ended June 30, 2011 and 2010, \$650,000 and \$250,357, respectively, of temporarily restricted net assets were used for the purposes intended by donors. Accordingly, these net assets were transferred from the temporarily restricted net assets to unrestricted net assets in the accompanying statements of operations and statements of changes in net assets.

Permanently restricted net assets were as follows at June 30

	2011	2010
Endowment fund	\$ 795,699	\$ 790,122
Beneficial interest in perpetual trust	72,989	70,993
Total	\$ 868,688	\$ 861,115

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 12 Temporarily and Permanently Restricted Net Assets (Continued)

The endowment was established to provide investment income for support of Jamestown Hospital operations. Net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

Donor-Restricted Endowments

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of North Dakota, as requiring the Organization to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 12 Temporarily and Permanently Restricted Net Assets (Continued)

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to preserve the fair value of the endowment assets. Under the Organization's investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and ensure that any risk assumed is commensurate with the given investment vehicle and the Organization's objectives.

To achieve its investment goals, the Organization targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. The Organization's asset allocations include a blend of equity and debt securities and cash equivalents.

Note 13 Net Patient Service Revenue

Net patient service revenue consisted of the following:

	2011	2010
Total patient service revenue	\$ 37,208,706	\$ 36,290,278
Less - Contractual adjustments	11,385,123	10,964,728
Net patient service revenue	\$ 25,823,583	\$ 25,325,550

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 13 Net Patient Service Revenue (Continued)

The following table reflects gross patient service revenue by payer source

	2011	2010
Medicare	39 %	38 %
Blue Cross	33 %	35 %
Medicaid	10 %	8 %
Private pay, commercial insurance, and other	18 %	19 %
Total	100 %	100 %

Note 14 Charity Care

The Organization maintains records to identify and monitor the level of charity care it provides. The amount of charges forgone for services and supplies furnished under the Organization's charity care policy aggregated approximately \$369,709 and \$409,221 for the years ended June 30, 2011 and 2010, respectively.

Note 15 Defined Contribution Retirement Plans

The Organization has a voluntary defined contribution retirement plan covering substantially all employees. The Organization matches employee contributions up to a maximum contribution of 1.5% of the employee's compensation. The Organization's retirement plan expense under this plan totaled \$128,731 and \$115,548 for the years ended June 30, 2011 and 2010, respectively.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 15 Defined Contribution Retirement Plans (Continued)

The Organization also has a noncontributory money purchase pension plan (the "Money Purchase Plan") covering substantially all employees. The Organization's contributions to the Money Purchase Plan are based on annual compensation and integrated with the Social Security Wage Base. The Organization's retirement plan expense under the Money Purchase Plan totaled \$691,493 and \$592,221 for the years ended June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, accrued pension costs were \$346,800 and \$300,390, respectively.

Note 16 Professional Liability Insurance

The Organization's professional liability insurance for claim losses of less than \$1,000,000 per claim and \$5,000,000 per year covers professional liability claims reported during a policy year ("claims-made" coverage). The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through January 1, 2012.

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Organization. Although there exists the possibility of claims arising from services provided to patients through June 30, 2011, which have not yet been asserted, the Organization is unable to determine the ultimate cost, if any, of such possible claims and, accordingly, no provision has been made for them.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 17 Functional Expenses

The Organization provides general health care services to residents within its geographic location. Expenses related to providing these services consisted of the following for the years ended June 30:

	2011	2010
Health care services	\$ 23,131,997	\$ 22,270,024
General and administrative	3,468,544	3,196,995
Fund-raising	245,363	262,889
Total expenses	<u>\$ 26,845,904</u>	<u>\$ 25,729,908</u>

Note 18 Self-Funded Insurance

The Organization has a self-funded health care plan that provides medical and dental benefits to employees and their dependents. Employees share in the cost of health benefits. Health care expense is based upon actual claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The Organization buys reinsurance to cover catastrophic individual claims over \$35,000.

Health care expense was \$1,227,291 and \$1,093,060 for the years ended June 30, 2011 and 2010, respectively. A liability of \$115,600 for claims outstanding at June 30, 2011 and 2010, has been recorded in accrued liabilities in the accompanying consolidated balance sheets. Management believes this liability is sufficient to cover estimated claims, including claims incurred but not yet reported.

Note 19 Commitments and Contingencies

The Organization is subject to legal proceedings and claims that arise in the ordinary course of business. While any proceeding or litigation has an element of uncertainty, management of the Organization believes that the outcome of any pending or threatened actions will not have a material adverse effect on the financial condition of the Organization.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 20 Concentration of Credit Risk

Financial instruments that potentially subject the Organization to possible credit risk consist principally of accounts receivable, cash deposits in excess of insured limits, and investments

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients. The majority of the Organization's patients are from Jamestown, North Dakota, and the surrounding area.

The mix of receivables from patients and third-party payers was as follows at June 30:

	2011	2010
Medicare	31 %	31 %
Medicaid	10 %	9 %
Blue Cross	17 %	14 %
Managed care and commercial insurances	7 %	10 %
Other third-party payers and patients	35 %	36 %
Totals	100 %	100 %

The Organization maintains depository relationships with area financial institutions that are Federal Depositary Insurance Corporation (FDIC) insured institutions. On November 9, 2010, the FDIC issued a final rule implementing section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of non-interest-bearing transaction accounts through December 31, 2012. The Organization maintains cash in interest-bearing accounts at these institutions which are insured by the FDIC up to \$250,000. At June 30, 2011, the Organization exceeded the insured limits by approximately \$4,160,000. In addition, other investments held by financial institutions are uninsured.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Consolidated Financial Statements

Note 21 Subsequent Events

Effective August 1, 2011, Jamestown Hospital began operations at a new hospital building and began doing business as Jamestown Regional Medical Center. Effective August 1, 2011, the Foundation also began doing business as Jamestown Regional Medical Center Foundation.

Subsequent to June 30, 2011, Organization also acquired radiology equipment and financed the acquisitions under capital lease agreements. Total minimum lease payments due under the agreements are approximately \$957,000.

Additional Information



Independent Auditor's Report on Additional Information

Board of Directors
Lutheran Charity Association d/b/a Jamestown Hospital
Jamestown, North Dakota

Our report on our audit of the basic consolidated financial statements of Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate for the years ended June 30, 2011 and 2010, appears on page 1. Those audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional information appearing on pages 41 through 52 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

October 13, 2011
Minneapolis, Minnesota

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidating Balance Sheets

June 30, 2011

<i>Assets</i>	Hospital	Foundation	Elimination	Total
Current assets				
Cash and cash equivalents	\$ 2,602,969	\$ 935,671	\$ -	\$ 3,538,640
Assets limited as to use - Current portion	1,125,911	-	-	1,125,911
Patient accounts receivable - Net	3,595,207	-	-	3,595,207
Related-party receivable	162,202	-	(162,202)	-
Other accounts receivable	183,460	-	-	183,460
Pledges receivable - Current portion	-	91,137	-	91,137
Supplies	449,477	-	-	449,477
Prepaid expenses and other	142,271	-	-	142,271
Total current assets	8,261,497	1,026,808	(162,202)	9,126,103
Investments	8,900,115	2,399,992	-	11,300,107
Assets limited as to use	2,725,441	-	-	2,725,441
Property and equipment - Net	52,453,531	-	-	52,453,531
Other assets				
Property held for investment, at cost	110,314	-	-	110,314
Beneficial interest in perpetual trust	-	72,989	-	72,989
Pledges receivable - Net	-	565,942	-	565,942
Cash surrender value of life insurance	-	6,534	-	6,534
Unamortized debt issue costs	752,378	-	-	752,378
Total other assets	862,692	645,465	-	1,508,157
TOTAL ASSETS	\$ 73,203,276	\$ 4,072,265	\$ (162,202)	\$ 77,113,339

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidating Balance Sheets (Continued)

June 30, 2011

<i>Liabilities and Net Assets</i>	Hospital	Foundation	Elimination	Total
Current liabilities				
Current maturities of long-term debt	\$ 790,000	\$ -	\$ -	\$ 790,000
Current portion of obligations under capital leases	133,104	-	-	133,104
Accounts payable - Trade	712,019	-	-	712,019
Accounts payable - Construction	5,399,777	-	-	5,399,777
Due to third-party reimbursement programs	155,000	-	-	155,000
Related-party payable	-	162,202	(162,202)	-
Accrued liabilities				
Salaries and other	1,560,742	-	-	1,560,742
Health insurance	115,600	-	-	115,600
Interest	520,439	-	-	520,439
Pension	346,800	-	-	346,800
Other current liabilities	-	16,340	-	16,340
Total current liabilities	9,733,481	178,542	(162,202)	9,749,821
Long-term liabilities				
Annuities payable	-	76,531	-	76,531
Long-term debt - Less current maturities	36,960,699	-	-	36,960,699
Obligations under capital lease - Less current portion	208,742	-	-	208,742
Total long-term liabilities	37,169,441	76,531	-	37,245,972
Total liabilities	46,902,922	255,073	(162,202)	46,995,793
Net assets				
Unrestricted	26,300,354	593,205	-	26,893,559
Temporarily restricted	-	2,355,299	-	2,355,299
Permanently restricted	-	868,688	-	868,688
Total net assets	26,300,354	3,817,192	-	30,117,546
TOTAL LIABILITIES AND NET ASSETS	\$ 73,203,276	\$ 4,072,265	\$ (162,202)	\$ 77,113,339

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidating Balance Sheets

June 30, 2010

<i>Assets</i>	Hospital	Foundation	Elimination	Total
Current assets				
Cash and cash equivalents	\$ 3,581,392	\$ 944,021	\$ -	\$ 4,525,413
Assets limited as to use - Current portion	1,492,423	-	-	1,492,423
Patient accounts receivable - Net	3,467,131	-	-	3,467,131
Due from third-party reimbursement programs	55,000	-	-	55,000
Related-party receivable	229,127	-	(229,127)	-
Other accounts receivable	12,954	-	-	12,954
Pledges receivable - Current portion	-	272,327	-	272,327
Supplies	436,352	-	-	436,352
Prepaid expenses and other	187,800	-	-	187,800
Total current assets	9,462,179	1,216,348	(229,127)	10,449,400
Investments	5,713,653	1,519,817	-	7,233,470
Assets limited as to use	12,348,520	-	-	12,348,520
Property and equipment - Net	21,357,083	-	-	21,357,083
Other assets				
Property held for investment, at cost	110,314	-	-	110,314
Beneficial interest in perpetual trust	-	70,993	-	70,993
Pledges receivable - Net	-	361,687	-	361,687
Cash surrender value of life insurance	-	6,534	-	6,534
Unamortized debt issue costs	722,203	-	-	722,203
Total other assets	832,517	439,214	-	1,271,731
TOTAL ASSETS	\$ 49,713,952	\$ 3,175,379	\$ (229,127)	\$ 52,660,204

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidating Balance Sheets (Continued)

June 30, 2010

<i>Liabilities and Net Assets</i>	Hospital	Foundation	Elimination	Total
Current liabilities				
Current maturities of long-term debt	\$ 765,000	\$ -	\$ -	\$ 765,000
Current portion of obligations under capital leases	208,459	-	-	208,459
Accounts payable - Trade	535,913	-	-	535,913
Accounts payable - Construction	2,901,517	-	-	2,901,517
Related-party payable	-	229,127	(229,127)	-
Accrued liabilities				
Salaries and other	1,413,048	-	-	1,413,048
Health insurance	115,600	-	-	115,600
Interest	313,733	-	-	313,733
Pension	300,390	-	-	300,390
Total current liabilities	6,553,660	229,127	(229,127)	6,553,660
Long-term liabilities				
Annuities payable	-	61,411	-	61,411
Long-term debt - Less current maturities	18,829,626	-	-	18,829,626
Obligations under capital lease - Less current portion	341,845	-	-	341,845
Total long-term liabilities	19,171,471	61,411	-	19,232,882
Total liabilities	25,725,131	290,538	(229,127)	25,786,542
Net assets				
Unrestricted	23,988,821	650,514	-	24,639,335
Temporarily restricted	-	1,373,212	-	1,373,212
Permanently restricted	-	861,115	-	861,115
Total net assets	23,988,821	2,884,841	-	26,873,662
TOTAL LIABILITIES AND NET ASSETS	\$ 49,713,952	\$ 3,175,379	\$ (229,127)	\$ 52,660,204

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidating Statements of Operations

Year Ended June 30, 2011

	Hospital	Foundation	Elimination	Total
Revenue				
Net patient service revenue	\$ 25,823,583	\$ -	\$ -	\$ 25,823,583
Other revenue	860,113	-	-	860,113
Net assets released from restrictions	-	57,440	-	57,440
Total revenue	26,683,696	57,440	-	26,741,136
Expenses				
Salaries and wages	12,760,441	134,251	-	12,894,692
Employee benefits	2,954,203	9,488	-	2,963,691
Supplies and other	8,443,459	101,623	-	8,545,082
Provision for bad debts	1,080,129	-	-	1,080,129
Depreciation and amortization	1,316,849	-	-	1,316,849
Interest expense	45,461	-	-	45,461
Total expenses	26,600,542	245,362	-	26,845,904
Income (loss) from operations	83,154	(187,922)	-	(104,768)
Other income				
Investment income	474,273	95,379	-	569,652
Contributions	820,076	17,521	-	837,597
Other	501	-	-	501
Total other income	1,294,850	112,900	-	1,407,750
Revenue in excess (deficiency) of expenses	1,378,004	(75,022)	-	1,302,982
Other changes in unrestricted net assets				
Change in unrealized gains and losses on investments other than trading securities	283,529	75,153	-	358,682
Net assets released from restrictions used for property and equipment	-	592,560	-	592,560
Transfer from (to) related party	650,000	(650,000)	-	-
Increase (decrease) in unrestricted net assets	\$ 2,311,533	\$ (57,309)	\$ -	\$ 2,254,224

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidating Statements of Operations

Year Ended June 30, 2010

	Hospital	Foundation	Elimination	Total
Revenue				
Net patient service revenue	\$ 25,325,550	\$ -	\$ -	\$ 25,325,550
Other revenue	898,007	280	-	898,287
Net assets released from restrictions	-	171,405	-	171,405
Total revenue	26,223,557	171,685	-	26,395,242
Expenses				
Salaries and wages	12,358,845	133,840	-	12,492,685
Employee benefits	2,728,540	9,580	-	2,738,120
Supplies and other	8,084,248	85,469	-	8,169,717
Provision for bad debts	800,863	34,000	-	834,863
Depreciation and amortization	1,419,140	-	-	1,419,140
Interest expense	75,383	-	-	75,383
Total expenses	25,467,019	262,889	-	25,729,908
Income (loss) from operations	756,538	(91,204)	-	665,334
Other income				
Investment income	574,328	68,241	-	642,569
Contributions	-	2,777	-	2,777
Other	5,632	-	-	5,632
Total other income	579,960	71,018	-	650,978
Revenue in excess (deficiency) of expenses	1,336,498	(20,186)	-	1,316,312
Other changes in unrestricted net assets				
Change in unrealized gains and losses on investments other than trading securities	361,944	30,990	-	392,934
Net assets released from restrictions used for property and equipment	-	78,952	-	78,952
Transfer from (to) related party	249,151	(249,151)	-	-
Increase (decrease) in unrestricted net assets	\$ 1,947,593	\$ (159,395)	\$ -	\$ 1,788,198

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidating Statements of Changes in Net Assets Year Ended June 30, 2011

	Hospital	Foundation	Total
Unrestricted net assets			
Revenue in excess (deficiency) of expenses	\$ 1,378,004	\$ (75,022)	\$ 1,302,982
Change in unrealized gains and losses on investments other than trading securities	283,529	75,153	358,682
Net assets released from restrictions used for property and equipment	-	592,560	592,560
Transfers from (to) related party	650,000	(650,000)	-
Increase (decrease) in unrestricted net assets	2,311,533	(57,309)	2,254,224
Temporarily restricted net assets			
Contributions for specific purposes	-	1,632,087	1,632,087
Net assets released from restrictions	-	(650,000)	(650,000)
Increase in temporarily restricted net assets	-	982,087	982,087
Permanently restricted net assets			
Contributions for endowment fund	-	7,573	7,573
Change in net assets	2,311,533	932,351	3,243,884
Net assets at beginning	23,988,821	2,884,841	26,873,662
Net assets at end	\$ 26,300,354	\$ 3,817,192	\$ 30,117,546

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Consolidating Statements of Changes in Net Assets Year Ended June 30, 2010

	Hospital	Foundation	Total
Unrestricted net assets			
Revenue in excess (deficiency) of expenses	\$ 1,336,498	\$ (20,186)	\$ 1,316,312
Change in unrealized gains and losses on investments other than trading securities	361,944	30,990	392,934
Net assets released from restrictions used for property and equipment	-	78,952	78,952
Transfers from (to) related party	249,151	(249,151)	-
Increase (decrease) in unrestricted net assets	1,947,593	(159,395)	1,788,198
Temporarily restricted net assets			
Contributions for specific purposes	-	1,347,993	1,347,993
Net assets released from restrictions	-	(250,357)	(250,357)
Increase in temporarily restricted net assets	-	1,097,636	1,097,636
Permanently restricted net assets			
Contributions for endowment fund	-	12,095	12,095
Change in net assets	1,947,593	950,336	2,897,929
Net assets at beginning	22,041,228	1,934,505	23,975,733
Net assets at end	\$ 23,988,821	\$ 2,884,841	\$ 26,873,662

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Detail Schedule of Gross Patient Service Revenue

Year Ended June 30, 2011

	Inpatient	Outpatient	Total
Patient service revenue			
Routine services			
Adults and pediatrics	\$ 3,477,932	\$ 582,056	\$ 4,059,988
Coronary care	214,819	32,196	247,015
Nursery	516,868	1,915	518,783
Total routine services	4,209,619	616,167	4,825,786
Ancillary services			
Operating room	668,887	2,726,001	3,394,888
Recovery room	119,145	1,026,154	1,145,299
Delivery room	256,505	(230)	256,275
Anesthesiology	330,259	773,605	1,103,864
Radiology	243,776	4,390,224	4,634,000
CT scan	308,239	3,317,079	3,625,318
Nuclear medicine	10,597	827,059	837,656
Laboratory	529,492	1,421,351	1,950,843
Blood bank	122,650	147,465	270,115
Respiratory therapy	157,800	115,685	273,485
Rehabilitation	110,444	1,310,575	1,421,019
Cardiac rehabilitation	568	230,412	230,980
Audiology	17,440	572,732	590,172
Electrocardiology	16,590	78,960	95,550
Central service supplies	429,810	511,506	941,316
Pharmacy	785,159	2,328,189	3,113,348
Emergency room	242,131	4,424,836	4,666,967
Endoscopy	48,366	2,089,518	2,137,884
Home health	-	606,674	606,674
Hospice	9,000	633,685	642,685
Podiatrist	5,823	546,092	551,915
Other	61,065	201,311	262,376
Total ancillary services	4,473,746	28,278,883	32,752,629
Gross patient service revenue	\$ 8,683,365	\$ 28,895,050	\$ 37,578,415

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Detail Schedule of Gross Patient Service Revenue

Year Ended June 30, 2010

	Inpatient	Outpatient	Total
Patient service revenue			
Routine services			
Adults and pediatrics	\$ 3,469,624	\$ 543,699	\$ 4,013,323
Coronary care	193,005	15,332	208,337
Nursery	488,119	720	488,839
Total routine services	4,150,748	559,751	4,710,499
Ancillary services			
Operating room	722,867	2,487,992	3,210,859
Recovery room	95,537	893,924	989,461
Delivery room	274,475	-	274,475
Anesthesiology	367,197	755,191	1,122,388
Radiology	276,804	4,484,658	4,761,462
CT scan	381,742	3,514,141	3,895,883
Nuclear medicine	3,431	821,295	824,726
Laboratory	566,157	1,411,634	1,977,791
Blood bank	139,235	110,635	249,870
Respiratory therapy	214,093	108,151	322,244
Rehabilitation	82,856	1,094,721	1,177,577
Cardiac rehabilitation	-	208,956	208,956
Audiology	9,921	452,612	462,533
Electrocardiology	20,090	75,460	95,550
Central service supplies	492,854	558,587	1,051,441
Pharmacy	802,558	2,038,040	2,840,598
Emergency room	272,438	4,156,669	4,429,107
Endoscopy	45,707	1,632,312	1,678,019
Home health	7	707,337	707,344
Hospice	39,310	781,966	821,276
Podiatrist	5,784	633,193	638,977
Other	14,213	234,250	248,463
Total ancillary services	4,827,276	27,161,724	31,989,000
Gross patient service revenue	\$ 8,978,024	\$ 27,721,475	\$ 36,699,499

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Schedules of Net Patient Service Revenue

Years Ended June 30, 2011 and 2010

	2011	2010
Gross patient service revenue	\$ 37,578,415	\$ 36,699,499
Less - Charity care	369,709	409,221
Total patient service revenue	37,208,706	36,290,278
Less contractual adjustments		
Medicare	5,999,685	4,722,046
Medicaid	1,261,018	1,695,045
Blue Cross	3,020,187	3,316,880
Other	1,104,233	1,230,757
Total contractual adjustments	11,385,123	10,964,728
Net patient service revenue	\$ 25,823,583	\$ 25,325,550

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Detail Schedules of Other Revenue

Years Ended June 30, 2011 and 2010

	2011	2010
Other revenue		
Wellness and lifeline programs	\$ 183,406	\$ 182,103
Cafeteria	162,897	157,104
Consultation services	61,870	96,177
ESRD unit lease	65,799	53,621
Radiologist billing	26,424	27,102
ER coverage reimbursement	59,137	76,670
In-house rent	49,579	50,194
Telepharmacist	14,000	18,571
Sleep studies	18,950	30,500
Purchase discounts	7,252	5,227
Sales of supplies and drugs	18,414	20,350
Gift shop	29,598	33,375
Grants	18,793	19,641
Linen contract	1,248	1,228
Other	142,746	126,424
Total other revenue	\$ 860,113	\$ 898,287

A-133 Information



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Lutheran Charity Association d/b/a Jamestown Hospital
Jamestown, North Dakota

We have audited the financial statements of Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate (the "Organization") as of and for the year ended June 30, 2011, and have issued our report thereon dated October 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, 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 an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and granting agencies, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

October 13, 2011
Minneapolis, Minnesota



Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors

Lutheran Charity Association d/b/a Jamestown Hospital
Jamestown, North Dakota

Compliance

We have audited the compliance of Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate (the "Organization") with the types of compliance requirements described in the *US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Organization's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express any opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid, with the letters "W", "i", "p", "f", and "l" being particularly prominent.

Wipfli LLP

October 13, 2011
Minneapolis, Minnesota

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

Federal Grantor/ Program Title	Entity Passed Through	Federal CFDA Number	Grantor's Time Period	Program or Award Amount	Federal Expenditures
U S Department of Agriculture Community Facilities Loans and Grants - American Recovery and Reinvestment Act	N/A	10 766	N/A	\$31,000,000	\$ 18,918,942
U S Department of Health and Human Services Specially Selected Health Projects	University of North Dakota	93 888	November 1, 2009, to August 31, 2010	18,676	6,413
Total expenditures of federal awards					\$ 18,925,355

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant and loan activity of Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 Subrecipients

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate provided no federal awards to subrecipients for federal expenditures presented in the schedule.

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

Section I - Summary of Audit Results

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting

Material weakness identified?

_____ yes X no

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to the financial statements?

_____ yes X no

Federal Awards

Internal control over compliance

Material weakness identified?

_____ yes X no

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ yes X none reported

Type of auditor's report issued on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section 510(1)?

_____ yes X no

Identification of major federal program

CFDA Number

Name of Federal Program or Cluster

10 766

Community Facilities Loans and Grants -
American Recovery and Reinvestment Act

Dollar threshold used to distinguish between Type A and Type B programs

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes X no

Lutheran Charity Association d/b/a Jamestown Hospital and Affiliate

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2011

Section II - Financial Statement Findings

None

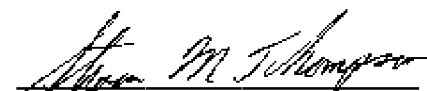
Section III - Federal Award Findings and Questioned Costs

None

Section IV – Prior-Year Findings

None

Name and signature of partner


Steven M Thompson

Date of report

October 13, 2011