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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

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

C Name of organization
AVERA MCKENNAN

Doing Business As

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

City or town, state or country, and ZIP + 4
SIOUX FALLS, SD 571175045

D Employer identification number
46-0224743

E Telephone number
(605) 322-8000

G Gross receipts $ 677,957,932

F Name and address of principal officer
DR DAVID KAPASKA
1325 S CLIFF AVE PO BOX 5045
SIOUX FALLS, SD 571175045

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

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ WWW AVERAMCKENNAN ORG

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

Part I Summary

1 Briefly describe the organization's mission or most significant activities
PROMOTION OF HEALTH

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	19
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	6,090
6	Total number of volunteers (estimate if necessary)	**6**	1,100
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	4,960,309
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	924,940

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	3,451,139	7,931,949
	9 Program service revenue (Part VIII, line 2g)	596,067,216	662,236,185
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	553,875	5,052,503
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,763,167	1,840,244
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	602,835,397	677,060,881
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	3,322,297	4,118,418
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	311,726,810	338,604,378
	16a Professional fundraising fees (Part IX, column (A), line 11e)	54,527	61,855
	b Total fundraising expenses (Part IX, column (D), line 25) ▶841,473		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	256,769,316	285,920,426
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	571,872,950	628,705,077
	19 Revenue less expenses Subtract line 18 from line 12	30,962,447	48,355,804

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	696,072,011	762,444,106
	21 Total liabilities (Part X, line 26)	333,428,534	336,399,684
	22 Net assets or fund balances Subtract line 21 from line 20	362,643,477	426,044,422

Part II Signature Block

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

Sign Here

****** | 2012-05-14
Signature of officer | Date

DR DAVID KAPASKA REGIONAL PRESIDENT
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
KIM HUNWARDSEN CPA	KIM HUNWARDSEN CPA	2012-05-14	☐	

Firm's name ▶ EIDE BAILLY LLP | Firm's EIN ▶

Firm's address ▶ 800 NICOLLET MALL STE 1300
MINNEAPOLIS, MN 554027033 | Phone no ▶ (612) 253-6500

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 296,476,547 including grants of $ 4,076,336) (Revenue $ 429,657,256)

AVERA MCKENNAN HOSPITAL & UNIVERSITY HEALTH CENTERAVERA MCKENNAN PROMOTES THE HEALTH OF THE COMMUNITY BY PROVIDING A VARIETY OF CHARITABLE HEALTH CARE SERVICES AVERA MCKENNAN OPERATES UNDER THE TENETS OF THE ROMAN CATHOLIC CHURCH AND IN ACCORDANCE WITH THE PHILOSOPHY AND VALUES ESTABLISHED FOR AVERA HEALTH, A SPONSORED MINISTRY OF THE BENEDICTINE AND PRESENTATION SISTERS

4b (Code) (Expenses $ 33,353,300 including grants of $ 7,183) (Revenue $ 44,105,195)

RURAL CRITICAL ACCESS HOSPITALSAVERA MCKENNAN OWNS OR LEASES RURAL CRITICAL ACCESS HOSPITALS IN FLANDREAU, GREGORY, DELL RAPIDS, MILBANK AND MILLER (HAND COUNTY), SD AS SUCH, THEY OPERATE AS A DEPARTMENT OF AVERA MCKENNAN THE HOSPITALS IN FLANDREAU, GREGORY AND HAND COUNTY SERVE MEDICALLY UNDERSERVED COUNTIES IN ADDITION TO THE FOLLOWING EXEMPT PURPOSE ACHIEVEMENTS, RURAL HOSPITALS PARTICIPATE IN MANY OF THE ABOVE AS PART OF AVERA MCKENNAN

4c (Code) (Expenses $ 171,490,344 including grants of $ 34,163) (Revenue $ 143,908,502)

CLINICSAVERA MCKENNAN PROVIDES CLINICAL CARE, SECONDARY AND PRIMARY, IN 67 OWNED/JOINT VENTURE CLINICS IN SOUTH DAKOTA, NORTHWEST IOWA, SOUTHWEST MINNESOTA AND NORTHEASTERN NEBRASKA IN ADDITION TO THE FOLLOWING EXEMPT PURPOSE ACHIEVEMENTS, CLINICS PARTICIPATE IN MANY OF THE ABOVE AS PART OF AVERA MCKENNAN CLINIC VISITS IN 2011 TOTALED 988,817

4d Other program services (Describe in Schedule O) **See also Additional Data for Description**

(Expenses $ 28,945,657 including grants of $ 736) (Revenue $ 40,266,632)

4e **Total program service expenses** ▶ $ 530,265,848

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	Yes	
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	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, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Parts I and IV*	14b		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	Yes	
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**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)? *If "Yes," complete Schedule R, Part V, line 2* ☑ **Yes** ☐ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	418		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	6,090		
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	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			4a		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			5b		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			6b		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			7e		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			7f		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			7h		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			8		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			9b		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b				
c	Enter the amount of reserves on hand	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			14a		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			14b		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	19		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			2 Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .			3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			5	No
6	Does the organization have members or stockholders?			6 Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?			7a Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .			7b Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?			8a Yes	
b	Each committee with authority to act on behalf of the governing body?			8b Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O			9	No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

JULIE NORTON
1325 S CLIFF AVE
SIOUX FALLS, SD 571175045
(605) 322-8000

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

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			
See Additional Data Table										

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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								8,126,898	1,106,472	455,439

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 431

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SIOUX FALLS CONSTRUCTION PO BOX 2728 SIOUX FALLS, SD 571072728	CONSTRUCTION	25,953,949
AVERA HEALTH 3900 WEST AVERA DRIVE SIOUX FALLS, SD 57108	SHARED SERVICES	19,700,213
SANFORD SCHOOL OF MEDICINE 1400 W 22ND ST 120 SIOUX FALLS, SD 571051505	PHYSICIAN SERVICES	2,505,659
HENKIN SCHULTZ INC 6201 S PINNACLE PL SIOUX FALLS, SD 571045716	ADVERTISING	1,841,402
ASSOCIATED REGIONAL & UNIVERSITY PATHOLO PO BOX 27964 SALT LAKE CITY, UT 84127	LAB TESTING	1,720,356

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 ▶ 86

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 47,851				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d 1,520,972				
	e	Government grants (contributions)	1e 1,767,814				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f 4,595,312				
	g	Noncash contributions included in lines 1a-1f $	2,195,260				
	h	**Total.** Add lines 1a-1f		7,931,949			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE RE	622110	614,135,791	614,135,791		
	b	OTHER PATIENT AND CLIN	621500	30,951,899	26,840,021	4,111,878	
	c	INCOME FROM SUBSIDIARI	423000	8,082,750	7,913,058	169,692	
	d	INTEREST IN FOUNDATION	900099	3,042,503	3,042,503		
	e	PROGRAM RENT	900099	1,569,295	1,569,295		
	f	All other program service revenue		4,453,947	4,436,917	17,030	
	g	**Total.** Add lines 2a–2f		662,236,185			
	3	Investment income (including dividends, interest and other similar amounts)		328,471			328,471
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross Rents	939,780				
	b	Less rental expenses	843,679				
	c	Rental income or (loss)	96,101				
	d	Net rental income or (loss)		96,101			96,101
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	4,658,124 / 119,280				
	b	Less cost or other basis and sales expenses	53,372				
	c	Gain or (loss)	4,658,124 / 65,908				
	d	Net gain or (loss)		4,724,032			4,724,032
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	INTEREST INCOME	900099	1,082,434			1,082,434
	b	COMMERCIAL TESTING	621500	621,607		621,607	
	c	MANAGEMENT SERVICES	541610	40,102		40,102	
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		1,744,143			
	12	**Total revenue.** See Instructions		677,060,881	657,937,585	4,960,309	6,231,038

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	4,025,918	4,025,918		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	92,500	92,500		
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	2,035,669	715,178	1,320,491	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	159,354	159,354		
7 Other salaries and wages	271,397,519	247,658,681	23,375,560	363,278
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	15,962,800	14,142,693	1,793,181	26,926
9 Other employee benefits	32,332,544	28,592,137	3,688,448	51,959
10 Payroll taxes	16,716,492	14,976,795	1,714,521	25,176
a Fees for services (non-employees) Management	165,140	165,140		
b Legal	344,969	1,890	343,079	
c Accounting	36,200	3,143	33,057	
d Lobbying	40,235		40,235	
e Professional fundraising services *See Part IV, line 17*	61,855			61,855
f Investment management fees				
g Other	78,658,728	45,828,184	32,829,972	572
12 Advertising and promotion	3,612,945	443,145	3,160,479	9,321
13 Office expenses	9,434,876	4,446,167	4,759,175	229,534
14 Information technology	7,600,092	974,014	6,626,078	
15 Royalties				
16 Occupancy	19,301,477	13,218,277	6,029,759	53,441
17 Travel	2,727,431	2,286,642	435,045	5,744
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	1,720,267	1,487,756	231,440	1,071
20 Interest	7,871,945	7,631,092	240,853	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	29,938,840	23,630,213	6,304,414	4,213
23 Insurance	1,177,597	1,176,937	660	
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a MEDICAL SUPPLIES	94,557,406	93,935,591	617,135	4,680
b BAD DEBT	19,596,381	19,569,519	26,862	
c EQUIPMENT LEASE AND REN	4,667,112	3,714,058	953,054	
d LICENSES AND PERMITS	1,170,752	576,036	594,716	
e UBI TAX	354,297	354,297		
f All other expenses	2,943,736	460,491	2,479,542	3,703
25 **Total functional expenses.** Add lines 1 through 24f	628,705,077	530,265,848	97,597,756	841,473
26 **Joint costs.** Check here ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		24,167,419	2	26,868,405
	3	Pledges and grants receivable, net		3,781,641	3	3,360,173
	4	Accounts receivable, net		80,278,346	4	85,293,914
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		58,333	5	120,833
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net		3,496,249	7	3,431,202
	8	Inventories for sale or use		11,076,812	8	12,517,902
	9	Prepaid expenses and deferred charges		5,172,280	9	5,340,257
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 619,717,477			
	b	Less accumulated depreciation	10b 284,576,477	315,906,702	10c	335,141,000
	11	Investments—publicly traded securities		55,378,107	11	23,658,088
	12	Investments—other securities See Part IV, line 11		152,452,866	12	202,453,890
	13	Investments—program-related See Part IV, line 11		5,104,920	13	6,876,999
	14	Intangible assets		26,488,947	14	42,209,593
	15	Other assets See Part IV, line 11		12,709,389	15	15,171,850
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		696,072,011	16	762,444,106
Liabilities	17	Accounts payable and accrued expenses		65,243,074	17	66,443,712
	18	Grants payable			18	
	19	Deferred revenue		2,156,365	19	519,843
	20	Tax-exempt bond liabilities		215,394,148	20	211,970,759
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		9,188,968	21	803,045
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		9,305,204	23	26,333,662
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		32,140,775	25	30,328,663
	26	**Total liabilities.** Add lines 17 through 25		333,428,534	26	336,399,684
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		353,311,977	27	414,988,501
	28	Temporarily restricted net assets		7,350,458	28	9,034,012
	29	Permanently restricted net assets		1,981,042	29	2,021,909
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		362,643,477	33	426,044,422
	34	Total liabilities and net assets/fund balances		696,072,011	34	762,444,106

Part XI Reconcilliation 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	677,060,881
2	Total expenses (must equal Part IX, column (A), line 25)	2	628,705,077
3	Revenue less expenses Subtract line 2 from line 1	3	48,355,804
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	362,643,477
5	Other changes in net assets or fund balances (explain in Schedule O)	5	15,045,141
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	426,044,422

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 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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

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

1 ☐ A church, convention of churches, or association of churches 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?

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f))	**15**	
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).

Additional Data

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
TOM DEMPSTER CHAIRMAN	2 00	X		X				0	0	0
DAVE ROZENBOOM VICE CHAIR	2 00	X		X				0	0	0
FREDRICK W SLUNECKA PRESIDENT & CEO	40 00	X		X				0	941,800	26,824
DAVE KAPASKA DO PRESIDENT & CEO	40 00	X		X				382,913	80,124	23,051
CATHY CLARK BOARD TRUSTEE	2 00	X						0	0	0
MICHAEL BENDER BOARD TRUSTEE	2 00	X						0	0	0
SISTER JANICE KLEIN BOARD TRUSTEE	2 00	X						0	0	0
GENE JONES JR BOARD TRUSTEE	2 00	X						0	0	0
MITCHELL JOHNSON DO BOARD TRUSTEE	2 00	X						0	0	0
SISTER KATHRYN EASLEY BOARD TRUSTEE	2 00	X						0	0	0
KIM PEDERSON MD BOARD TRUSTEE	40 00	X						309,442	0	32,746
SISTER JOAN REICHELT BOARD TRUSTEE	2 00	X						0	0	0
DAVE STRAND MD BOARD TRUSTEE	2 00	X						0	0	0
BRAD THAEMERT MD BOARD TRUSTEE	2 00	X						0	0	0
FRED THURMAN BOARD TRUSTEE	2 00	X						0	0	0
DAVID FLECK BOARD TRUSTEE	2 00	X						0	0	0
JAMES WIEDERRICH BOARD TRUSTEE	2 00	X						0	0	0
BILL ROSSING MD BOARD TRUSTEE	2 00	X						0	0	0
CINDY WALSH BOARD TRUSTEE	2 00	X						0	0	0
DAVID CHICOINE BOARD TRUSTEE	2 00	X						0	0	0
SISTER CANDYCE CHRYSTAL BOARD TRUSTEE	2 00	X						0	0	0
JULIE N NORTON SEC/TREAS & SRVP FINANCE	40 00			X				348,019	0	38,762
JUDY BLAUWET SR VICE PRESIDENT	40 00				X			324,861	0	31,350
DAVID FLICEK SR VICE PRESIDENT	40 00				X			354,350	84,548	34,537
STEVE PETERSEN DIRECTOR-PHARMACY	40 00				X			173,126	0	29,873

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
PATRICIA JAGOE AVP-SURGERY	40 00				X			173,521	0	29,175
CURT HOHMAN SR VICE PRESIDENT	40 00				X			266,315	0	24,593
MICHAEL PUUMALA MD PHYSICIAN	40 00					X		1,066,397	0	34,602
HAMID ABBASI MD PHYSICIAN	40 00					X		1,260,054	0	37,002
BRIAN KNUTSON MD PHYSICIAN	40 00					X		994,393	0	37,602
DANIEL TYNAN MD PHYSICIAN	40 00					X		1,304,533	0	35,720
STEVEN CONDRON MD PHYSICIAN	40 00					X		1,168,974	0	39,602

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

4d. Other program services

(Code) (Expenses $ 28,945,657 including grants of $ 736) (Revenue $ 40,266,632)

AVERA MCKENNAN ALSO PROVIDES LONG-TERM CARE, HOME MEDICAL EQUIPMENT & OTHER RETAIL, HOME INFUSION, RESEARCH, FITNESS CENTER, REGIONAL LAB, AND MOBILE SERVICES MEDICAL RESEARCH AS A RESEARCH INSTITUTION, AVERA MCKENNAN DRAWS PHYSICIANS WHO ARE COMMITTED TO SEEKING NEW TREATMENTS AND PREVENTIVE MEASURES THE AVERA RESEARCH INSTITUTE IS CURRENTLY CONDUCTING PRE-CLINICAL RESEARCH TO ADD TO THE BODY OF MEDICAL KNOWLEDGE IN THE AREAS OF KIDNEY DISEASE LINKED TO OBESITY, KIDNEY FILTRATION AND GROWTH, AND NEUROSCIENCE RESEARCH IN REGARD TO STRESS AND ADDICTION THE AVERA RESEARCH INSTITUTE ALSO CONTINUES ONGOING APPLIED RESEARCH IN THE AREA OF DEVELOPING A NOVEL PHOTOCHEMICAL TISSUE BONDING TECHNOLOGY THAT HAS SEVERAL CLINICAL APPLICATIONS THROUGH ITS GENETICS LAB, AVERA MCKENNAN IS STUDYING GENETIC PRECURSORS OF MENTAL HEALTH CONDITIONS, WHICH HAS WIDE APPLICATION IN BOTH THE CLINICAL AND RESEARCH ARENAS THE AVERA RESEARCH INSTITUTE IN 2011 PARTICIPATED IN 90 CLINICAL TRIALS, INVOLVING CANCER, ALZHEIMER'S DISEASE, HYPERCHOLESTEROLEMIA, RHEUMATOID ARTHRITIS, AND MORE IN FISCAL YEAR 2011, AVERA MCKENNAN OPERATED THE AVERA RESEARCH INSTITUTE AT A LOSS OF $2,932,000

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

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	Employer identification number
AVERA MCKENNAN	46-0224743

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

5 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		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		32,249
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		7,986
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			40,235
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
EXPLANATION OF OTHER LOBBYING ACTIVITIES	PART II-B, LINE 1I	PART II-B LINE 1F AND 1G AVERA MCKENNAN PARTICIPATES THROUGH VARIOUS HOSPITAL ORGANIZATIONS TO PROMOTE LEGISLATION THAT WOULD RESULT IN STRENGTHENING HEALTH CARE DELIVERY SYSTEMS ON A NATIONAL, REGIONAL, AND LOCAL LEVEL IN ADDITION, AVERA MCKENNAN REPRESENTATIVES HAVE PROVIDED INFORMATION TO THE LEGISLATORS REGARDING THE PURPOSE OF THE MEDICARE CHRONIC CARE PRACTICE RESEARCH NETWORK (MCCPRN) AND PROMOTED THEIR SUPPORT FOR FINANCING OF MCCPRN AN EMPLOYEE OF MCKENNAN MET WITH CONGRESSIONAL MEMBERS TO DISCUSS AND PROMOTE THE 340B DRUG PROGRAM ANOTHER EMPLOYEE OF MCKENNAN ALSO MET WITH CONGRESSIONAL MEMBERS TO DISCUSS DRUG SHORTAGES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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

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

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

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

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

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

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

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

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☑ Yes ☐ No

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

		Amount
c Beginning balance	1c	11,634
d Additions during the year	1d	126,534
e Distributions during the year	1e	128,514
f Ending balance	1f	9,654

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	1,981,042	1,897,334	2,160,515		
b Contributions					
c Investment earnings or losses	40,867	83,708	-263,181		
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	2,021,909	1,981,042	1,897,334		

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	6,159,099	19,064,389		25,223,488
b Buildings	1,313,277	366,696,593	133,692,626	234,317,244
c Leasehold improvements				
d Equipment		215,658,349	145,956,990	69,701,359
e Other		10,825,770	4,926,861	5,898,909
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				335,141,000

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) ASSETS LIMITED AS TO USE - AVERA POOLED INVESTMENTS	170,814,066	F
(B) AVERA HOME MEDICAL EQUIPMENT, LLC	3,858,658	C
(C) INTEREST IN AVERA HEALTH FOUNDATION	9,923,336	F
(D) INVESTMENTS IN AFFILIATED COMPANIES	4,047,826	C
(E) MIDWEST REGIONAL IMAGING SERVICES, LLC	879,073	C
(F) HEART HOSPITAL OF SOUTH DAKOTA, LLC	12,930,931	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	202,453,890	

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
OTHER LIABILITIES	3,037,061
DUE TO OTHER ORGANIZATIONS	1,174,897
MARKET VALUE OF INTEREST SWAP	7,333,347
CAPITAL LEASE OBLIGATION	80,692
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	13,113,706
DUE TO AFFILATE	5,588,960
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	30,328,663

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	677,060,881
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	628,705,077
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	48,355,804
4	Net unrealized gains (losses) on investments	4	15,424,833
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-379,692
9	Total adjustments (net) Add lines 4 - 8	9	15,045,141
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	63,400,945

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	739,797,892
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	15,424,833		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	65,215,380		
e	Add lines **2a** through **2d**			2e	80,640,213
3	Subtract line **2e** from line **1**			3	659,157,679
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	17,903,202		
c	Add lines **4a** and **4b**			4c	17,903,202
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	677,060,881

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

1	Total expenses and losses per audited financial statements			1	677,284,434
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d	48,579,357		
e	Add lines **2a** through **2d**			2e	48,579,357
3	Subtract line **2e** from line **1**			3	628,705,077
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	628,705,077

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
	PART IV, LINE 1B	THE ORGANIZATION HOLDS FUNDS IN TRUST ON BEHALF OF ITS LONG-TERM CARE RESIDENTS MANY SMALL DOLLAR TRANSACTIONS FLOW IN AND OUT OF THIS ACCOUNT THE ACCOUNT IS MANAGED BY THE NURSING HOME STAFF THE STATE HAS STRICT GUIDELINES ON HOW THESE ACCOUNTS ARE MANAGED
	PART IV, LINE 2B	THE ORGANIZATION HOLDS AN AMOUNT IN TRUST RELATED TO A NON-COMPETE AS PART OF AN EMPLOYMENT AGREEMENT FOR AN EMPLOYED PHYSICIAN THE AMOUNT WILL BE HELD AND THEN PAID OUT WHEN THE PHYSICIAN REACHES AGE 65 OR EARLIER ACCORDING TO THE WRITTEN TRUST AGREEMENT
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ORGANIZATION'S ENDOWMENT CONSISTS OF A PORTION OF THEIR INTEREST IN THE NET ASSETS OF AVERA HEALTH FOUNDATION THE AVERA HEALTH FOUNDATION INCLUDES ENDOWMENT FUNDS WHICH HAVE BEEN ESTABLISHED FOR A VARIETY OF PURPOSES AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING FUNDS DESIGNATED BY THE BOARD OF DIRECTORS TO FUNCTION AS ENDOWMENTS (IF ANY), ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS THE ORGANIZATION'S PERMANENTLY RESTRICTED ENDOWMENT FUNDS ARE DONOR RESTRICTED THE ORGANIZATION CURRENTLY DOES NOT HAVE ANY BOARD DESIGNATED ENDOWMENT FUNDS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED THE ORGANIZATION'S FEDERAL FORM 990T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2008
PART XI, LINE 8 - OTHER ADJUSTMENTS		BOOK/TAX ADJUSTMENTS ON PARTNERSHIPS -4,060,453 EQUITY TRANSFERS, NET -699,541 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP 1,346,111 INCOME FROM GRANTOR TRUST NOT INCLUDED ON FINANCIAL STATEMENTS 366,789 LOSS ON RETIREMENT OF DEBT -253,242 CHANGE IN ACCOUNTING PRINCIPLES -1,918,602 OTHER CHANGES IN NET ASSETS 318,029 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP DESIGNATED AS HEDGE -718,740 STEP UP BASIS OF ASSETS FROM ACQUISITION OF HEART HOSPITAL OF SOUTH DAKOTA 5,083,056 CHANGE IN NONCONTROLLING INTEREST OF HEART HOSPITAL OF SOUTH DAKOTA LLC 156,901
PART XII, LINE 2D - OTHER ADJUSTMENTS		REVENUES OF CONSOLIDATED SUBSIDIARIES CONSOLIDATED FOR FINANCIAL STATEMENTS 61,332,017 OCCUPANCY EXPENSES INCLUDED IN NONOPERATING INCOME ON FINANCIAL STATEMENTS -1,911,822 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP RECORDED IN N/A FOR TAX RETURN 1,346,111 RECLASS OF LOSSES ON INTEREST RATE SWAPS RECORDED IN N/A FOR TAX RETURN -380,740 LOSS FROM RETIREMENT OF DEBT RECORDED IN NET ASSETS FOR TAX RETURN -253,242 STEP UP BASIS OF ASSETS FROM ACQUISITION OF HEART HOSPITAL OF SOUTH DAKOTA 5,083,056
PART XII, LINE 4B - OTHER ADJUSTMENTS		CHANGE IN INVESTMENT IN AVERA HEALTH FDTN RECORDED IN FUND BALANCE ON F/S 2,347,440 MINORITY INTEREST SHARE OF GAINS FROM SUBSIDIARIES -46,424 GAIN FROM INVESTMENT IN SUBSIDIARIES RECORDED IN REVENUE FOR TAX RETURN 7,588,472 MANAGEMENT FEES INCLUDED IN EXPENSES ON FINANCIAL STATEMENTS 669,839 BOOK/TAX ADJUSTMENTS ON PARTNERSHIPS 4,060,453 RENTAL EXPENSE INCLUDED IN REVENUES ON FINANCIAL STATEMENTS -843,679 INCOME FROM GRANTOR TRUST NOT INCLUDED ON FINANCIAL STATEMENTS -366,789 CONTRIBUTION OF LONG-LIVED ASSET RECORDED IN NET ASSETS FOR FINANCIAL STMT 4,493,890
PART XIII, LINE 2D - OTHER ADJUSTMENTS		EXPENSES OF CONSOLIDATED SUBSIDIARIES CONSOLIDATED FOR FINANCIAL STATEMENTS 50,317,339 MANAGEMENT FEES INCLUDED IN REVENUE FOR TAX RETURN -669,839 RENTAL EXPENSE INCLUDED IN EXPENSES FOR TAX RETURN 843,679 OCCUPANCY EXPENSES INCLUDED IN NONOPERATING INCOME ON FINANCIAL STATEMENTS -1,911,822

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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

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

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

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

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

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
JON OIEN 600 EAST SUNNYBROOK DRIVE SIOUX FALLS, SD 57105	CONSULTING SERVICES		No	0	19,855	-19,855
THEODORE R MUENSTER 509 LINDEN AVE VERMILLION, SD 57069	CONSULTING SERVICES		No	0	42,000	-42,000
Total . . . . . ▶					61,855	-61,855

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

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

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

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

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

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

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

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

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

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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

7 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)			9,620,376		9,620,376	1 570 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			61,046,028	50,064,558	10,981,470	1 790 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			1,061,747	646,274	415,473	0 070 %
d **Total** Financial Assistance and Means-Tested Government Programs			71,728,151	50,710,832	21,017,319	3 430 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			2,628,443	236,775	2,391,668	0 390 %
f Health professions education (from Worksheet 5)			5,513,068	1,551,377	3,961,691	0 650 %
g Subsidized health services (from Worksheet 6)			56,396,742	48,496,107	7,900,635	1 290 %
h Research (from Worksheet 7)			4,685,516	684,087	4,001,429	0 650 %
i Cash and in-kind contributions to community groups (from Worksheet 8)			2,581,483		2,581,483	0 420 %
j **Total** Other Benefits			71,805,252	50,968,346	20,836,906	3 400 %
k **Total.** Add lines 7d and 7j			143,533,403	101,679,178	41,854,225	6 830 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development			59,457		59,457	0 010 %
3	Community support			950		950	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building			5,000		5,000	0 %
7	Community health improvement advocacy						
8	Workforce development			269,121		269,121	0 040 %
9	Other						
10	**Total**			334,528		334,528	0 050 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense (at cost)	2	10,398,840		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	144,579,444		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	137,438,922		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	7,140,522		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

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

Part V Facility Information

Section A. Hospital Facilities

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

How many hospital facilities did the organization operate during the tax year? 7

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	AVERA MCKENNAN 1325 S CLIFF AVE SIOUX FALLS,SD 57117	X	X	X	X		X	X		14 PROVIDER BASED CLINICS
2	HEART HOSPITAL OF SOUTH DAKOTA LLC 10720 SIKES PLACE SUITE 300 CHARLOTTE,NC 28277	X	X					X		2/3 OWNER IN JOINT VENTURE
3	AVERA MILBANK AREA HOSPITAL 901 VIRGIL AVE MILBANK,SD 57252	X	X			X		X		THREE RURAL HEALTH PROVIDER BASED CLINICS
4	AVERA GREGORY HEALTHCARE CENTER 400 PARK AVE GREGORY,SD 57533	X	X			X		X		FOUR PROVIDER BASED CLINICS
5	AVERA DELLS AREA HEALTH CENTER 909 N IOWA AVENUE DELL RAPIDS,SD 57022	X	X			X		X		THREE PROVIDER BASED CLINICS
6	AVERA FLANDREAU MEDICAL CENTER 214 N PRAIRIE FLANDREAU,SD 57028	X	X			X		X		ONE PROVIDER BASED CLINIC
7	AVERA HAND COUNTY MEMORIAL HOSPITAL 300 W 5TH ST MILLER,SD 57362	X	X			X		X		ONE PROVIDER BASED CLINIC

Part V **Facility Information** *(continued)*

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? **72**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
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 3C A COMBINATION OF INCOME AND ASSETS TEST IS UTILIZED TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE POINTS ARE ASSIGNED BASED ON INCOME AS A PERCENTAGE OF FPG AND NET ASSETS OWNED WITH POINTS DEDUCTED FOR ONGOING MEDICAL EXPENSES SUCH AS DRUGS PATIENTS WITH THE FEWEST POINTS RECEIVE THE LARGEST DISCOUNT 0-1 POINTS RECEIVE 100% DISCOUNT ON BILLS WHILE REMAINING DISCOUNTS RANGE FROM 10-90% DEPENDING ON POINT TOTALS AND DOLLAR AMOUNT OF CHARGES

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7 A COMBINATION OF COSTING METHODOLOGY WAS USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE A COST ACCOUNTING SYSTEM WAS USED TO CALCULATE MEDICAID AND MEANS-TESTED GOVERNMENT PROGRAM EXPENSES AND SHORTFALLS AND SUBSIDIZED HEALTH SERVICES FOR OUR TERTIARY MEDICAL CENTER A COST TO CHARGE RATIO DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES WAS USED TO CALCULATE CHARITY CARE AT COST FOR ALL ENTITIES AND MEDICAID AND MEANS-TESTED GOVERNMENT PROGRAM EXPENSES AND SHORTFALLS AND SUBSIDIZED HEALTH SERVICES FOR ANY OPERATIONS OUTSIDE OF THE TERTIARY MEDICAL CENTER FOR ALL OTHER AMOUNTS, COSTS AND REVENUES AS REFLECTED BY THE GENERAL LEDGER SYSTEM WERE USED

Identifier	ReturnReference	Explanation
		PART I, LINE 7G PHYSICIAN CLINIC COSTS FOR BEHAVIORAL HEALTH SERVICES AND TRANSPLANT SERVICES ARE INCLUDED IN SUBSIDIZED HEALTH SERVICES REVENUES OF $8,759,020 AND COSTS OF $12,018,332 WERE INCLUDED FOR A NET COMMUNITY BENEFIT OF $3,259,312 OUTSIDE OF THE VETERANS ADMINISTRATION HOSPITAL, WE ARE THE SOLE PROVIDER OF HOSPITAL BEHAVIORAL HEALTH SERVICES TO THE COMMUNITY, OF WHICH THE CLINICS ARE AN INTEGRAL PART OF THESE SERVICES OUR FACILITY IS ALSO THE PRINCIPAL PROVIDER OF TRANSPLANT SERVICES THROUGHOUT OUR SERVICE AREA AND THE CLINICS ARE A CRUCIAL COMPONENT OF SUCCESSFUL PRE AND POST TRANSPLANT CARE

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF $19,596,381 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) BUT EXCLUDED FOR PURPOSES OF CALCULATING THIS PERCENTAGE

Identifier	ReturnReference	Explanation
		PART II ECONOMIC DEVELOPMENT, COMMUNITY SUPPORT, AND COALITION BUILDING ARE SUPPORTED MAINLY THROUGH MONETARY DONATIONS IN ADDITION TO SERVICE PREPAREDNESS COMMITTEES THE ORGANIZATION'S WORKFORCE DEVELOPMENT PROGRAM WORKS WITH UNIVERSITIES, TECHNICAL SCHOOLS, AND LOCAL HIGH SCHOOLS TO ADDRESS HEALTHCARE WORKER SHORTFALLS IN THE COMMUNITY THROUGH PARTNERING WITH THESE ORGANIZATIONS, AVERA MCKENNAN PROVIDES SPEAKERS, WORK EXPERIENCE FOR STUDENTS, SHADOWING, CAREER FAIRS AND INFORMATIONAL LITERATURE TO ENCOURAGE STUDENTS TO CONSIDER A CAREER IN HEALTHCARE AND STAY IN THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 4 COSTING METHODOLOGY USED TO REPORT BAD DEBT EXPENSE (AT COST) WAS A COST TO CHARGE RATIO AS OUTLINED IN WORKSHEET 2 RATIO OF PATIENT CARE COSTS TO CHARGES BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR NOTE FROM FINANCIAL STATEMENT PATIENT AND RESIDENT RECEIVABLES ARE UNCOLLATERALIZED PATIENT, RESIDENT AND THIRD-PARTY PAYOR OBLIGATIONS UNPAID PATIENT AND RESIDENT RECEIVABLES, EXCLUDING AMOUNTS DUE FROM THIRD-PARTY PAYORS, WITH INVOICE DATES OVER 90 DAYS OLD HAVE INTEREST ASSESSED AT 1 PERCENT PER MONTH THESE INTEREST CHARGES ARE RECOGNIZED AS INCOME WHEN CHARGED PAYMENTS OF PATIENT AND RESIDENT RECEIVABLES ARE ALLOCATED TO THE SPECIFIC CLAIMS IDENTIFIED ON THE REMITTANCE ADVICE OR, IF UNSPECIFIED, ARE APPLIED TO THE EARLIEST UNPAID CLAIM THE CARRYING AMOUNT OF PATIENT AND RESIDENT RECEIVABLES IS REDUCED BY A VALUATION ALLOWANCE THAT REFLECTS MANAGEMENT'S ESTIMATE OF AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS, RESIDENTS AND THIRD-PARTY PAYORS MANAGEMENT REVIEWS PATIENT AND RESIDENT RECEIVABLES BY PAYOR CLASS AND APPLIES PERCENTAGES TO DETERMINE ESTIMATED AMOUNTS THAT WILL NOT BE COLLECTED FROM THIRD PARTIES UNDER CONTRACTUAL AGREEMENTS AND AMOUNTS THAT WILL NOT BE COLLECTED FROM PATIENTS AND RESIDENTS DUE TO BAD DEBTS MANAGEMENT CONSIDERS HISTORICAL WRITE OFF AND RECOVERY INFORMATION IN DETERMINING THE ESTIMATED BAD DEBT PROVISION MANAGEMENT ALSO REVIEWS ACCOUNTS TO DETERMINE IF CLASSIFICATION AS CHARITY CARE IS APPROPRIATE PART III, LINES 5, 6, AND 7 THE MEDICARE REVENUES RECEIVED (LINE 5), ALLOWABLE COSTS (LINE 6), AND THE RESULTING SURPLUS (LINE 7) DOES NOT INCLUDE A SIGNIFICANT PORTION OF THE ORGANIZATION'S EXPENSES THESE LINES REQUIRE USE OF THE MEDICARE COST REPORT AS PREPARED BY THE REQUIRED GUIDELINES WHICH DISALLOWS NUMEROUS COSTS OF HOSPITALS, PARTICULARLY IF THEY ARE PART OF AN INTEGRATED SYSTEM SUCH AS AVERA MCKENNAN IN THESE CASES THE ENTITY MUST FILE A HOME OFFICE COST REPORT WHICH "STEPS DOWN" OVERHEAD TO NON-COST REPORT ENTITIES DISPROPORTIONATELY TO ACTUAL ALLOWABLE SHARE AND ESSENTIALLY REMOVING THE COSTS FROM THE HOSPITAL'S COST REPORT ENTIRELY EXAMPLES OF A PORTION OF THESE OVERHEAD COSTS WOULD BE FINANCE, BUSINESS OFFICE, INFORMATION TECHNOLOGY, HUMAN RESOURCES AND ADMINISTRATION EXAMPLES OF NON-COST REPORT ENTITIES OPERATED BY AVERA MCKENNAN INCLUDE CLINICS, HOME MEDICAL EQUIPMENT STORES, MOBILE IMAGING SERVICES, LONG-TERM CARE FACILITIES, AND OTHER HEALTH CARE RELATED BUSINESSES THERE ARE ALSO COSTS COMPLETELY DISALLOWED BY COST REPORT RULES SUCH AS BAD DEBT EXPENSE, HOSPITALISTS CARE, MARKETING, CRNA'S, AND INTEREST EXPENSE SCHEDULE H INSTRUCTIONS ALSO REQUIRE THE EXCLUSION OF $991,045 OF MEDICARE LOSSES BECAUSE THEY ARE INCLUDED IN SCHEDULE H, PART 1, LINE 7G INCLUDING THE MEDICARE PERCENTAGE OF DISALLOWED COSTS, ENTITIES WHICH DO NOT FILE A COST REPORT BUT NEVERTHELESS CARE FOR MEDICARE PATIENTS, AND THE IMPACT OF THE HOME OFFICE COST REPORT, THE MEDICARE SHORTFALL IS $25,767,954 AS OPPOSED TO A SURPLUS OF $7,140,522

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

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

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 COMMUNITY NEEDS ASSESSMENT OCCURS AT VARIOUS POINTS IN THE SYSTEM THROUGH ANNUAL STRATEGIC PLANNING SESSIONS, COMMUNITY LEADERS ARE BROUGHT IN TO UPDATE AND EDUCATE AVERA MCKENNAN BOARD MEMBERS AND ADMINISTRATIVE COUNCIL ON THE SUCCESSES, CHALLENGES, AND SERVICE GAPS IN THE COMMUNITY EXAMPLES INCLUDE SCHOOL DISTRICT OFFICIALS, STATE HEALTH DEPARTMENT, AND COMMUNITY HEALTH ORGANIZATIONS LEADERS ALSO SERVE ON BOARDS OF VARIOUS COMMUNITY ORGANIZATIONS WHICH SEEK TO ADDRESS THE HEALTH AND WELL-BEING OF AREA CITIZENS LOCAL GOVERNING BOARDS AT OUTLYING FACILITIES, WHO ARE MEMBERS OF THE COMMUNITY, DISCUSS AND HELP DIRECT RESOURCES TO AREAS OF TARGETED NEEDS AS WELL

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 NOTICES ARE POSTED IN ENGLISH AND SPANISH IN A VISIBLE MANNER IN LOCATIONS WHERE THERE IS A HIGH VOLUME OF INPATIENT OR OUTPATIENT ADMITTING/REGISTRATION, SUCH AS EMERGENCY DEPARTMENTS, BILLING OFFICES, ADMITTING OFFICES, AND OUTPATIENT SERVICE SETTINGS AS WELL AS THE ORGANIZATION WEBSITE POSTED NOTICES STATE THAT THE ORGANIZATION HAS A FINANCIAL ASSISTANCE POLICY FOR LOW-INCOME UNINSURED PATIENTS WHO MAY NOT BE ABLE TO PAY THEIR BILL AND THAT THIS POLICY PROVIDES FOR CHARITY CARE AND REDUCED-PAYMENT FOR HEALTHCARE SERVICES THERE IS ALSO IDENTIFICATION OF A CONTACT PHONE NUMBER THAT A PATIENT CAN CALL TO OBTAIN MORE INFORMATION ABOUT THE FINANCIAL ASSISTANCE POLICY AND ABOUT HOW TO APPLY FOR SUCH ASSISTANCE ADDITIONALLY, ADMITTING STAFF MAKES AVAILABLE A BROCHURE DESIGNED TO HELP PATIENTS UNDERSTAND HOW WE BILL PATIENTS AND PROVIDES SUMMARY INFORMATION ON FINANCIAL ASSISTANCE IF YOU ARE UNABLE TO PAY PATIENT ADVOCATES WORK WITH UNINSURED PATIENTS IN OUR MAIN TERTIARY FACILITY TO ENROLL THEM IN APPLICABLE SOCIAL PROGRAMS AND IDENTIFY CHARITY ELIGIBILITY, ELIGIBILITY AND ENROLLMENT FOR COUNTY, STATE OR FEDERAL RISK POOLS, AND ELIGIBILITY FOR MODIFIED MEDICARE OR MEDICAID PROGRAMS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 AVERA MCKENNAN'S SERVICE AREA IS A LARGELY RURAL POPULATION SERVICES ARE PROVIDED THROUGH A HEALTH CARE NETWORK OF 115 LOCATIONS COVERING 54 COMMUNITIES IN FOUR STATES THE MAIN TERTIARY FACILITY IS LOCATED IN A POPULATION CENTER OF OVER 155,000 SERVED BY ANOTHER NON-PROFIT HOSPITAL OF SIMILAR SIZE, VETERANS ADMINISTRATION HOSPITAL, A HOSPITAL DEDICATED TO DIAGNOSIS AND TREATMENT OF HEART DISEASE, AND A HOSPITAL FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS OUTSIDE OF THIS POPULATION CENTER, MOST OF THE COMMUNITIES SERVED HAVE LESS THAN 4,000 RESIDENTS THE PRIMARY SERVICE AREA INCLUDES FOUR COUNTIES COVERING APPROXIMATELY 2,600 SQUARE MILES AND CONTAINS SEVEN FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS THE 2010 U S CENSUS BUREAU DATA ESTIMATES 10% OF RESIDENTS IN THE PRIMARY SERVICE AREA ARE AT OR BELOW THE POVERTY LEVEL OUR SECONDARY SERVICE AREA COVERS AN ADDITIONAL 17 COUNTIES IN SOUTH DAKOTA, IOWA AND MINNESOTA WITH AN ESTIMATED TOTAL POPULATION OF 226,000 BASED ON U S CENSUS BUREAU PROJECTIONS FOR 2009

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 SURPLUS FUNDS ARE REINVESTED IN FACILTIES TO IMPROVE PATIENT CARE MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY THE AVERA MCK ENNAN BOARD OF TRUSTEES IS PRINCIPALLY COMPRISED OF COMMUNITY MEMBERS FROM THE PRIMARY SER VICE AREA MEMBERS COME FROM A VARIETY OF BACKGROUNDS RANGING FROM PRIVATE INDUSTRY AND BA NKING TO HEALTHCARE AVERA MCKENNAN IS A VERIFIED LEVEL II TRAUMA CENTER AND OPERATES AN E MERGENCY CENTER STAFFED 24 HOURS A DAY WITH BOARD-CERTIFIED EMERGENCY SPECIALISTS AND PROV IDES EMERGENCY CARE REGARDLESS OF ABILITY TO PAY IN ADDITION THE FACILITY OPERATES BOTH F IXED WING AND HELICOPTER MEDICAL AIR TRANSPORTS COVERING A LARGE GEOGRAPHIC AREA PROVIDING ACCESS TO CRITICAL CARE THROUGH AN INTEGRATED NETWORK OF CLINIC PROVIDERS THE ORGANIZATI ON PROVIDES NON-EMERGENCY SERVICES TO THE COMMUNITIES IT SERVES IT MAKES THESE SERVICES A CCESSIBLE TO THE COMMUNITY THROUGH PARTICIPATION IN GOVERNMENT PROGRAMS SUCH AS MEDICARE A ND MEDICAID AVERA MCKENNAN OWNS OR LEASES FIVE RURAL CRITICAL ACCESS HOSPITALS WHICH PROV IDE A BROAD VARIETY OF INPATIENT AND OUTPATIENT SERVICES AND 24-HOUR EMERGENCY ROOMS TELE MEDICINE CONSULTS ARE ALSO OFFERED AT RURAL LOCATIONS IN A NUMBER OF MEDICAL SPECIALTIES BOTH IN THE TERTIARY MEDICAL CENTER AND IN RURAL FACILITIES, EICU TECHNOLOGY OFFERS CONSTA NT, AROUND-THE-CLOCK MONITORING AND INTERVENTIONS IN THE INTENSIVE CARE UNITS FROM A REMOT E CARE TEAM IN ADDITION TO THE CARE THEY RECEIVE FROM THEIR BEDSIDE TEAM THE SERVICE IS P ROVIDED ON A CONTRACT BASIS TO HOSPITALS SO THERE IS NO ADDITIONAL CHARGE TO THE PATIENT THIS ENABLES CRITICALLY ILL PATIENTS TO RECEIVE THE HIGHEST QUALITY CARE, CLOSE TO HOME, W ITH THE SUPPORT OF FAMILY AND FRIENDS AVERA MCKENNAN HAS MEDICAL SCHOOL RESIDENTS IN TRAIN ING AT AVERA MCKENNAN IN INTERNAL MEDICINE, FAMILY PRACTICE, PSYCHIATRY AND TRANSITIONAL R ESIDENCY PROGRAMS OFFERED IN PARTNERSHIP WITH THE UNIVERSITY OF SOUTH DAKOTA SANFORD SCHOO L OF MEDICINE OVER 800 STUDENTS IN NURSING, PHARMACY, PHYSICIAN ASSISTANT PROGRAMS, RADIO LOGY AND RESPIRATORY THERAPY ALSO COMPLETE ROTATIONS AT AVERA MCKENNAN AVERA MCKENNAN HAS MANY JOINT AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION FOR BOTH CLINICAL AND EDUCATI ONAL PROGRAMMING IN NON-CLINICAL AREAS, AVERA MCKENNAN OFFERS UNPAID INTERNSHIPS IN THE A REAS OF MARKETING, HUMAN RESOURCES, FOUNDATION, NETWORK OPERATIONS AND PROCESS EXCELLENCE, WORKING WITH APPROXIMATELY 22 INSTITUTIONS OF HIGHER EDUCATION AS A RESEARCH INSTITUTION, AVERA MCKENNAN DRAWS PHYSICIANS WHO ARE COMMITTED TO SEEKING NEW TREATMENTS AND PREVENTIV E MEASURES THE AVERA RESEARCH INSTITUTE IS CURRENTLY CONDUCTING PRE-CLINICAL RESEARCH TO ADD TO THE BODY OF MEDICAL KNOWLEDGE IN THE AREAS OF KIDNEY DISEASE LINKED TO OBESITY, KID NEY FILTRATION AND GROWTH, AND NEUROSCIENCE RESEARCH IN REGARD TO STRESS AND ADDICTION TH E AVERA RESEARCH INSTITUTE ALSO CONTINUES ONGOING APPLIED RESEARCH IN THE AREA OF DEVELOPI NG A NOVEL PHOTOCHEMICAL TISSUE BONDING TECHNOLOGY THAT HAS SEVERAL CLINICAL APPLICATIONS THROUGH ITS GENETICS LAB, AVERA MCKENNAN IS STUDYING GENETIC PRECURSORS OF MENTAL HEALTH CONDITIONS, WHICH HAS WIDE APPLICATION IN BOTH THE CLINICAL AND RESEARCH ARENAS THE AVERA RESEARCH INSTITUTE IN 2011 PARTICIPATED IN 90 CLINICAL TRIALS, INVOLVING CANCER, ALZHEIME R'S DISEASE, HYPERCHOLESTEROLEMIA, RHEUMATOID ARTHRITIS, AND MORE AVERA MCKENNAN IS A REGI ONAL LEADER IN OFFERING EDUCATIONAL PROGRAMS FOR A VARIETY OF LEARNERS, LEADERS AND EMPLOY EES UTILIZING ADVANCED TECHNOLOGY, MANY OF THESE PROGRAMS ARE PROVIDED ELECTRONICALLY THR OUGHOUT THE TRI-STATE AREA EDUCATIONAL SESSIONS ARE OFFERED TO MEDICAL STAFF, EMPLOYEES, HEALTH CARE PROFESSIONALS, STUDENTS AT ALL LEVELS AND THE GENERAL PUBLIC UTILIZING AVERA MCKENNAN'S EDUCATION CENTER, A BROAD CROSS-SECTION OF CLASSES INVOLVING DIVERSE AUDIENCES ARE PROVIDED AS A COMMUNITY SERVICE EACH YEAR TO BE WELL FREE EDUCATION EVENTS WERE HELD ON TOPICS INCLUDING ORTHOPEDICS, CANCER, DIABETES, WEIGHT LOSS/HEALTHY EATING, MULTIPLE SC LEROSIS, ANXIETY AND ACUPUNCTURE FORUMS THE AVERA BEHAVIORAL HEALTH CENTER OFFERS FREE F RIDAY FORUMS, IN WHICH SCHOOL COUNSELORS AND THERAPISTS ARE INVITED TO PRESENTATIONS ON CH ILDREN'S MENTAL HEALTH TOPICS SUCH AS CONFLICT CYCLES, REACTIVE ATTACHMENT DISORDER, DEPRE SSION AND BIPOLAR DISORDER IN CHILDREN, AND TEEN SUBSTANCE USE, ABUSE AND ADDICTION THESE SESSIONS, HELD NINE TIMES EACH YEAR, ARE ATTENDED IN PERSON BY APPROXIMATELY 85 PEOPLE T HROUGHOUT 2011, VIDEOS OF THESE PRESENTATIONS WERE VIEWED 583 TIMES ONLINE WOMEN'S & CHILD REN'S SERVICES AVERA MCKENNAN'S WOMEN'S & CHILDREN'S SERVICES OFFER A NUMBER OF PARENTING AND COMMUNITY EDUCATION OPPORTUNITIES, FOR FREE OR AT A MINIMAL COST IN FISCAL YEAR 2011 , 179 CHILDBIRTH EDUCATION CLASSES WERE HELD WITH 975 ATTENDEES A TOTAL OF 39 PARENT AND FAMILY EDUCATION CLASSES WERE HELD WITH 693 ATTENDEES A TOTAL OF 211 CAR SEATS WERE ISSUE D THROUGH PROJECT 8, SOUTH DAKOTA GOVERNOR'S CHILD

Identifier	ReturnReference	Explanation
		SEAT PROGRAM WITH TRAINING ON THEIR CORRECT USE FREE BURN EDUCATION WAS PROVIDED TO 2,86 9 STUDENTS DURING PRESENTATIONS IN SCHOOLS DAYCARE TRAINING FREE OF CHARGE, AVERA MCKENNA N OFFERS FOUR IN-SERVICE TRAINING SESSIONS PER MONTH TO DAYCARE PROVIDERS THROUGH THE YWCA , WITH A TOTAL OF 38 SCHEDULED ANNUALLY, AND ADDITIONAL SESSIONS FOR REQUESTED TOPICS AVE RA MCKENNAN OPERATES A 24-HOUR MEDICAL CALL CENTER, THROUGH WHICH PATIENTS HAVE ACCESS TO THE ASK-A-NURSE PROGRAM PATIENTS CAN CALL A TOLL-FREE NUMBER AND TALK PERSONALLY WITH A R EGISTERED NURSE TO ASK HEALTH QUESTIONS OR RECEIVE GENERAL HEALTH INFORMATION IN 2011, TH E MEDICAL CALL CENTER HANDLED 62,472 CALLS AVERA MCKENNAN'S WEB SITE ALSO PROVIDES AN EXT ENSIVE HEALTH LIBRARY THAT CONSUMERS CAN ACCESS FREE OF CHARGE IN 1992, AVERA MCKENNAN EST ABLISHED A HEALTH CARE CLINIC TO PROVIDE FREE CARE FOR PEOPLE WHO ARE UNINSURED OR UNDERIN SURED IN THE COMMUNITY THE CLINIC IS MANAGED BY A REGISTERED NURSE AND STAFFED BY REGISTE RED NURSES, TWO MIDLEVEL PROVIDERS, MEDICAL RESIDENTS AND VOLUNTEER HEALTH CARE PROVIDERS THE GOAL OF THE CLINIC IS TO PREVENT OR TREAT PATIENTS' MEDICAL CONDITIONS BEFORE THEY BE COME CATASTROPHIC THE CLINIC AVERAGES 733 VISITS PER MONTH, PROVIDING PREVENTATIVE CARE, DIAGNOSIS AND TREATMENT OF ILLNESSES AND INJURIES, MEDICATION ASSISTANCE AND ASSISTANCE IN OBTAINING SPECIALIST CARE FOR PATIENTS WITH COMPLEX CASES THE CLINIC ALSO SERVES TO TRAI N PHYSICIANS, NURSES AND OTHER HEALTH CARE STUDENTS IT PROVIDES A FREE EVENING CLINIC ONE EVENING PER MONTH, STAFFED BY MEDICAL STUDENTS UNDER SUPERVISION OF PHYSICIANS AVERA MCK ENNAN IS THE ONLY HEALTH CARE ORGANIZATION TO PROVIDE FREE SERVICES SUCH AS THIS IN THE ST ATE OF SOUTH DAKOTA THE CLINIC HAD 8,794 VISITS IN FISCAL YEAR 2011 AVERA MCKENNAN OFFERS APPROXIMATELY 10 FREE SUPPORT GROUPS THEY RANGE IN TOPIC FROM CANCER TO LIVER DISEASE, D IABETES, BONE MARROW TRANSPLANT, STROKE AND GRIEF AND LOSS THE ORGANIZATION PROVIDES FREE MEETING SPACE AS WELL AS SPEAKERS AND LEADERS AVERA MCKENNAN EMPLOYS TWO FULL-TIME SPANIS H INTERPRETERS IN-HOUSE, AND THEIR SERVICES ARE OFFERED TO PATIENTS FREE OF CHARGE IN ADD ITION, IN COOPERATION WITH EXTERNAL AGENCIES, AVERA MCKENNAN IS ABLE TO HANDLE 99 DIFFEREN T LANGUAGES AND DIALECTS AVERA MCKENNAN CONTRACTS FOR AN INBOUND CALL-IN SERVICE FOR SPAN ISH SPEAKING INDIVIDUALS THIS IS AVAILABLE AT THE MAIN HOSPITAL SWITCHBOARD, AS WELL AS A VERA MCGREEVY CLINIC AND AVERA WOMEN'S CLINIC ALL THE ABOVE SERVICES ARE PROVIDED AT NO C OST TO THE PATIENT BECAUSE EARLY AND REGULAR PRENATAL CARE IS IMPORTANT TO PREVENT PREMATU RE BIRTH, AVERA MCKENNAN COLLABORATES IN A COMMUNITY EFFORT TO PROVIDE OBSTETRICS CARE FOR WOMEN WHO DO NOT QUALIFY FOR MEDICAID, BUT CANNOT AFFORD HEALTH INSURANCE THE PROGRAM OF FERS PRENATAL CARE, AND HOSPITAL LABOR AND DELIVERY SERVES FOR A LOW FEE OF $950 WOMEN RE CEIVE CARE WHETHER THEY CAN COVER ANY OR ALL OF THE FEE CARE IS PROVIDED PRIMARILY BY FIR ST-YEAR FAMILY PRACTICE RESIDENTS, SUPERVISED BY EXPERIENCED PHYSICIANS THROUGH THIS PROG RAM IN 2011, AVERA MCKENNAN ASSISTED WITH 93 BIRTHS AND PROVIDED 664 PRENATAL AND POST-PAR TUM VISITS

Identifier	ReturnReference	Explanation
		PART VI, LINE 7

Identifier	ReturnReference	Explanation
		AVERA FAMILY WELLNESS PROGRAM COMBINES POSITIVE ACTIVITIES LIKE VIOLIN LESSONS WITH FAMILY COACHING AT NO CHARGE FOR CHILDREN IN EARLY CHILDHOOD PROGRAMS IN THE SIOUX FALLS SCHOOL DISTRICT THE GOAL IS TO PREVENT OR LESSEN THE EFFECTS OF BEHAVIORAL HEALTH CONDITIONS ON CHILDREN AND FAMILIES BY FOSTERING A POSITIVE ENVIRONMENT APPROXIMATELY 200 STUDENTS ARE ENROLLED THE WALSH FAMILY VILLAGE HOSPITALITY HOUSE COMPLEX ADJACENT TO THE AVERA MCKENNAN CAMPUS PROVIDES A HOME AWAY FROM HOME FOR PATIENTS AND THEIR FAMILIES WHO COME FOR CARE AT AVERA MCKENNAN FROM OUTSIDE OF SIOUX FALLS THE PROJECT WAS FUNDED BY DONATIONS AND IS OPERATED BY AVERA MCKENNAN ELEVEN GUEST ROOMS ARE AVAILABLE AVERA MCKENNAN ALSO DONATES USE OF A BUILDING IN THE COMPLEX FOR A RONALD MCDONALD HOUSE FOR FAMILIES OF PEDIATRIC PATIENTS IF THEY CAN AFFORD IT, GUESTS ARE CHARGED A LOW FEE OF $46 50 PER NIGHT IF THEY CANNOT AFFORD THE EXPENSE, THE COST OF THE ROOM IS WAIVED EMPLOYEES REGULARLY DONATE NON-PERISHABLE FOOD ITEMS TO STOCK A FOOD PANTRY FOR GUESTS IN 2011, THE WALSH FAMILY VILLAGE SERVED 7,063 GUESTS, STAYING IN 3,593 NIGHTLY ROOMS IN 2011, AVERA MCKENNAN DELIVERED THREE TRUCKLOADS OF EXCESS MEDICAL EQUIPMENT, FURNITURE, CLOTHING AND SUPPLIES TO INDIAN RESERVATIONS IN SOUTH DAKOTA WITH TRUCK RENTAL AND FUEL EXPENSE, EACH TRIP COST APPROXIMATELY $1,000 IN ADDITION TO THE DONATIONS AVERA MCKENNAN REACHES OUT TO PEOPLE AND COMMUNITIES THROUGHOUT EASTERN SOUTH DAKOTA, SOUTHWESTERN MINNESOTA AND NORTHWEST IOWA THROUGH HOME TOWN CONNECTIONS PROVIDING A CRITICAL FEEDBACK LINK TO LOCAL REFERRING DOCTORS, THIS PROGRAM COMPLETES THE COMMUNICATIONS LINKS NECESSARY TO KEEP LOCAL HEALTH CARE PROVIDERS CURRENT ON THE TREATMENT OF THEIR PATIENTS AT AVERA MCKENNAN

Identifier	ReturnReference	Explanation
	PART VI, LINE 6	THE COMMUNITIES IN WHICH THE AVERA SYSTEM OPERATES ALL HAVE UNIQUE HEALTH AND COMMUNITY BENEFIT NEEDS AND IN KEEPING WITH THE CATHOLIC HEALTHCARE ASSOCIATION GUIDELINES EACH HOSPITAL STRIVES TO MEET ITS COMMUNITY'S IDENTIFIED NEEDS THE AVERA CENTRAL OFFICE ADVOCATES FOR ALL ON COMMUNITY BENEFIT-RELATED MATTERS OF STATE, REGIONAL, AND NATIONAL IMPORTANCE

Additional Data

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? 72

Name and address	Type of Facility (Describe)
AVERA MCKENNAN BEHAVIORAL HEALTH CENTER 4400 W 69TH ST SIOUX FALLS,SD 57108	INPATIENT & OUTPATIENT BEHAVIORAL HEALTH SERVICES
AVERA MEDICAL GROUP (AMG) PIERRE 100 MAC LANE PIERRE,SD 57501	PRIMARY AND SPECIALTY CLINIC, OUTPATIENT SURGERY CENTER
AVERA MEDICAL GROUP MCGREEVY 7TH AVENUE 1200 SOUTH 7TH AVENUE SIOUX FALLS,SD 57105	PRIMARY CARE CLINIC
CORE ORTHOPEDICS AVERA MEDICAL GROUP 2908 EAST 26TH STREET SIOUX FALLS,SD 57103	ORTHOPEDIC CLINIC
AVERA MEDICAL GROUP BROOKINGS 400 - 22ND AVENUE BROOKINGS,SD 57006	PRIMARY AND SPECIALTY CARE CLINIC
AVERA MEDICAL GROUP WORTHINGTON 508 TENTH STREET WORTHINGTON,MN 56187	PRIMARY AND SPECIALTY CARE CLINIC
AVERA MEDICAL GROUP SPENCER 116 EAST 11TH SUITE 101 SPENCER,IA 51301	PRIMARY CARE CLINIC
AVERA MCKENNAN HOME INFUSION 1020 S CLIFF AVENUE SIOUX FALLS,SD 57105	COMPREHENSIVE HOME INFUSION THERAPIES & SUPPLIES
AVERA PRINCE OF PEACE 4500 S PRINCE OF PEACE PLACE SIOUX FALLS,SD 57103	SKILLED NURSING FACILITY AND SENIOR HOUSING
PET CT LLC 6001 SHARON AVENUE SIOUX FALLS,SD 57108	RADIOLOGY PET/CT SERVICES
AVERA MEDICAL GROUP OB GYN 1417 SOUTH CLIFF AVENUE SUITE 401 SIOUX FALLS,SD 57105	WOMENS SERVICES CLINIC
MCKENNAN REGIONAL LABORATORY 1325 S CLIFF AVENUE SIOUX FALLS,SD 57105	LABORATORY SERVICES
AVERA MEDICAL GROUP NEUROSURGERY 1301 SOUTH CLIFF AVENUE SUITE 610 SIOUX FALLS,SD 57105	NEUROSURGERY CLINIC
AVERA MEDICAL GROUP GASTROENTEROLOGY 1417 SOUTH CLIFF AVENUE SUITE 300 SIOUX FALLS,SD 57105	GASTROENTEROLOGY CLINIC
AVERA PLAZA 2 PHARMACY 1301 S CLIFF AVENUE SIOUX FALLS,SD 57105	RETAIL PHARMACY
AVERA HOME MEDICAL EQUIPMENT 2400 S MINNESOTA AVE SIOUX FALLS,SD 57105	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
RADIATION THERAPY 1417 S MINNESOTA AVE SIOUX FALLS,SD 57105	RADIATION THERAPY SERVICES
AVERA MEDICAL GROUP MCGREEVY W 41ST ST 6000 WEST 41ST STREET SIOUX FALLS,SD 57106	PRIMARY CARE CLINIC
AMG MATERNAL FETAL MEDICINE 1417 SOUTH CLIFF AVENUE SUITE 100 SIOUX FALLS,SD 57105	HIGH-RISK PREGNANCY CARE CLINIC
AVERA MEDICAL GROUP SPIRIT LAKE MEDICAL 2700 - 23RD STREET SUITE A SPIRIT LAKE,IA 51360	PRIMARY AND SPECIALTY CARE CLINIC
AVERA MEDICAL GROUP PEDIATRIC SPECIALIST 1417 S CLIFF AVENUE SUITE 010 SIOUX FALLS,SD 57105	PEDIATRIC SPECIALTIES CLINIC
AVERA MCKENNAN HOSP & UNIVERSITY HEALTH 1325 S CLIFF AVENUE SIOUX FALLS,SD 57105	RETAIL PHARMACY
DOUGHERTY HOSPICE HOUSE 4509 PRINCE OF PEACE PLACE SIOUX FALLS,SD 57103	HOSPICE CARE
AMG MCGREEVY 69TH & WESTERN 1910 WEST 69TH STREET SIOUX FALLS,SD 57108	PRIMARY CARE CLINIC
AVERA MCKENNAN FITNESS CENTER 3400 S SOUTHEASTERN DRIVE SIOUX FALLS,SD 57105	FITNESS CENTER
AMG LAKES FAMILY PRACTICE 2700 - 23RD STREET SUITE C SPIRIT LAKE,IA 51360	PRIMARY CARE CLINIC
AVERA MEDICAL GROUP MCGREEVY SOUTHEASTER 3400 SOUTH SOUTHEASTERN AVENUE SIOUX FALLS,SD 57103	PRIMARY CARE CLINIC
AVERA ROSEBUD COUNTRY CARE CENTER 300 PARK AVENUE GREGORY,SD 57533	SKILLED NURSING FACILITY
AVERA MEDICAL GROUP WINDOM 820 - 2ND AVENUE WINDOM,MN 56101	PRIMARY CARE CLINIC
AVERA HOME MEDICAL EQUIPMENT 1104 EAST COLLEGE DR MARSHALL,SD 56258	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA MEDICAL GROUP MCGREEVY BRANDON 1101 EAST HOLLY BOULEVARD BRANDON,SD 57005	PRIMARY CARE CLINIC
AVERA MEDICAL GROUP UROGYNECOLOGY 1417 SOUTH CLIFF AVENUE SUITE 101 SIOUX FALLS,SD 57105	UROLOGY & OB/GYN DISORDERS CLINIC
AVERA HOME MEDICAL EQUIPMENT 418 S 2ND STREET ABERDEEN,SD 57401	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA HOME MEDICAL EQUIPMENT 1001 W 9TH STREET YANKTON,SD 57078	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA INSTITUTE FOR HUMAN GENETICS 4400 W 69TH ST SUITE 200 SIOUX FALLS,SD 57108	GENETIC RESEARCH PROGRAM
AVERA HOME MEDICAL EQUIPMENT 1307 N MAIN MITCHELL,SD 57301	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
LAUREL OAKS APARTMENTS 4510 S PRINCE OF PEACE PLACE SIOUX FALLS,SD 57103	INDEPENDENT LIVING APARTMENTS
AVERA RESEARCH INSTITUTE 2020 S NORTON AVE SIOUX FALLS,SD 57105	CLINICAL RESEARCH STUDIES
AVERA HOME MEDICAL EQUIPMENT 1411 WELLS AVE PIERRE,SD 57501	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AMG OCCUPATIONAL MEDICINE 4928 NORTH CLIFF AVENUE SIOUX FALLS,SD 57104	BUSINESS AND CORPORATE HEALTH CARE CLINIC
AVERA HOME MEDICAL EQUIPMENT 1508 4TH STREET NE WATERTOWN,SD 57201	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA HOME MEDICAL EQUIPMENT 903 N WASHINGTON MADISON,SD 57042	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA MEDICAL GROUP SIBLEY 600-9TH AVENUE NORTH SIBLEY,IA 51249	PRIMARY CARE CLINIC
AVERA HOME MEDICAL EQUIPMENT (HME) 602 CENTRAL AVE ESTHERVILLE,IA 51334	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AMG TRANSPLANT & LIVER SURGERY 1315 SOUTH CLIFF AVENUE SUITE 1100 SIOUX FALLS,SD 57105	VASCULAR AND SOLID ORGAN TRANSPLANT CLINIC
AVERA HME FLOYD VALLEY HOSPITAL 190 6TH AVE NE LEMARS,IA 51031	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA HOME MEDICAL EQUIPMENT 38 19TH STREET SW SIOUX CENTER,IA 51250	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA MEDICAL GROUP LARCHWOOD 916 HOLDER STREET PO BOX 8 LARCHWOOD,IA 51241	PRIMARY CARE CLINIC
AVERA MEDICAL GROUP WOMEN'S MIDLIFE CARE 911 EAST 20TH STREET - SUITE 200 SIOUX FALLS,SD 57105	WOMEN'S SERVICES CLINIC
AVERA MEDICAL GROUP HARRISBURG 220 SOUTH CLIFF SUITE 120 HARRISBURG,SD 57032	PRIMARY CARE CLINIC
AVERA HOME MEDICAL EQUIPMENT 800 E 21ST STREET SIOUX FALLS,SD 57117	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA HOME MEDICAL EQUIPMENT 102 WEST MAIN SUITE A PARKSTON,SD 57366	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
AVERA MEDICAL GROUP TEA 725 FIGZEL COURT - SUITE 100 TEA,SD 57064	PRIMARY CARE CLINIC
AVERA LEE MABEE OBGYN 1910 WEST 69TH SUITE 100 SIOUX FALLS,SD 57108	OBSTETRIC AND GYNECOLOGY CLINIC
AVERA MEDICAL GROUP MCGREEVY SALEM 740 SOUTH HILL SALEM,SD 57058	PRIMARY CARE CLINIC
AVERA HOME MEDICAL EQUIPMENT 1565 DAKOTA AVE S HURON,SD 57350	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
PIPESTONE MEDICAL GROUP AVERA 920 - 4TH AVENUE SW PIPESTONE,MN 56164	PRIMARY CARE CLINIC
CURAQUICK AVERA CLINIC 3000 S MINNESOTA AVE SIOUX FALLS,SD 57105	PRIMARY CARE CLINIC
AVERA MEDICAL GROUP BIG STONE CITY 451 MAIN STREET BIG STONE CITY,SD 57216	PRIMARY CARE CLINIC
COMMUNITY BLOOD BANK 1301 SOUTH CLIFF AVENUE SUITE 3 SIOUX FALLS,SD 57105	COMMUNITY BLOOD SERVICES
HEGG MEDICAL CLINIC AVERA 2121 HEGG DRIVE ROCK VALLEY,IA 51247	PRIMARY CARE CLINIC
AVERA HME OF SPENCER HOSPITAL 716 GRAND AVE SPENCER,IA 51301	RENTAL & SALE OF HOME MEDICAL EQUIPMENT
YORKSHIRE EYE CLINIC 2311 YORKSHIRE DRIVE BROOKINGS,SD 57006	OPHTHALMOLOGY AND OPTOMETRY CLINIC
RURAL MEDICAL CLINICS 301 SOUTH WALNUT STREET FREEMAN,SD 57029	PRIMARY CARE CLINIC
AVERA MEDICAL GROUP ESTHERVILLE 926 NORTH 8TH STREET ESTHERVILLE,IA 51334	PRIMARY CARE CLINIC
AVERA MEDICAL GROUP CHAMBERLAIN 101 SOUTH FRONT PO BOX 27 CHAMBERLAIN,SD 57325	PRIMARY CARE CLINIC
HEALTH CARE CLINIC 300 NORTH DAKOTA AVENUE SUITE 117 SIOUX FALLS,SD 57104	FREE HEALTHCARE CLINIC
AVERA MEDICAL GROUP BUTTE 730 WILSON STREET BUTTE,NE 68722	SATELLITE PRIMARY CARE CLINIC
AVERA MEDICAL GROUP LAKEFIELD 221 - 3RD AVENUE LAKEFIELD,MN 56150	SATELLITE PRIMARY CARE CLINIC
AVERA MEDICAL GROUP VOLGA 210 KASAN AVENUE VOLGA,SD 57071	SATELLITE PRIMARY CARE CLINIC
AVERA MEDICAL GROUP ELKTON 203 ELK STREET ELKTON,SD 57026	SATELLITE PRIMARY CARE CLINIC
AVERA MEDICAL GROUP FULDA 201 N ST PAUL AVENUE FULDA,MN 56131	SATELLITE PRIMARY CARE CLINIC

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . . ▶ ☐

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

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

3 Enter total number of other organizations . . . . . ▶ 2

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) SCHOLARSHIPS	39	92,500			

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE GOVERNING BOARD AND MANAGEMENT DEVELOP PROGRAMS WHICH ENHANCE THE CHARITABLE MISSION OF THE ORGANIZATION DISBURSEMENT FOR GRANTS OR ASSISTANCE FOR THESE PROGRAMS ARE MADE IN ACCORDANCE WITH PRESCRIBED PROCEDURES AND ARE SUBJECT TO CONDITIONS ESTABLISHED BY THE ORGANIZATION'S GOVERNING BOARD AND MANAGEMENT, WHICH ARE DESIGNED TO ENSURE THAT INDIVIDUALS AND ORGANIZATIONS RECEIVING GRANTS OR ASSISTANCE ARE ADEQUATELY INVESTIGATED TO ENSURE THAT THEY ARE QUALIFIED RECIPIENTS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SIOUX FALLS CATHOLIC SCHOOLS3100 W 41ST STREET SIOUX FALLS,SD 57105	51-0145184	501(C)(3)	600,000				DONATION
RONALD MCDONALD HOUSE2001 S NORTON SIOUX FALLS,SD 57105	46-0371152	501(C)(3)	45,000	147,252	FMV	RENTED SPACE	DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
USD FOUNDATION1100 N DAKOTA VERMILLION,SD 57069	46-6018891	501(C)(3)	246,000				DONATION
FORWARD SIOUX FALLSPO BOX 907 SIOUX FALLS,SD 57101	46-0396647	501(C)(6)	450,265				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SIOUX EMPIRE UNITED WAY1000 N WEST AVE 120 SIOUX FALLS,SD 57104	46-0233701	501(C)(3)	25,215				DONATION
SOUTH DAKOTA STATE UNIVERSITY FOUNDATION PO BOX 2218 BROOKINGS,SD 57007	46-0273801	501(C)(3)	1,050,892				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CATHOLIC DIOCESE523 N DULUTH AVE SIOUX FALLS,SD 57104	46-6000424	501(C)(3)	125,196				DONATION
YWCA300 W 11TH STREET SIOUX FALLS,SD 57104	46-0234998	501(C)(3)	35,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
FACE IT SIOUX FALLSPO BOX 5127 SIOUX FALLS,SD 57117	94-3472044	501(C)(3)	180,830				DONATION
RIVER OF HOPEPO BOX 1597 SIOUX FALLS,SD 57101	26-3130719	501(C)(3)	110,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
WASHINGTON PAVILION PO BOX 984 SIOUX FALLS,SD 57101	46-0435791	501(C)(3)	44,548				DONATION
HARRISBURG ACTIVITIES FOUNDATIONPO BOX 479 HARRISBURG,SD 57032	06-1749081	501(C)(3)	20,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN CANCER SOCIETY4904 S TECHNOPOLIS DRIVE SIOUX FALLS,SD 57106	13-1788491	501(C)(3)	26,290				DONATION
TRANSITIONAL LIVING CORPORATION2601 S MINNESOTA AVE STE 105-378 SIOUX FALLS,SD 57105	20-0293050	501(C)(3)	30,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SOUTH DAKOTA SYMPHONY315 N MAIN AVE SUITE 204 SIOUX FALLS,SD 571046078	46-6017026	501(C)(3)	77,000				DONATION
NATIONAL KIDNEY FOUNDATION1100 E 21ST STREET AVERA DOCTORS PLAZA 2 STE 210 SIOUX FALLS,SD 57105	46-0448030	501(C)(3)	9,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SIOUX FALLS JAZZ & BLUES SOCIETY123 S MAIN AVE SUITE 204 SIOUX FALLS,SD 571046430	46-0418356	501(C)(3)	10,000				DONATION
DAKOTA STATE UNIVERSITY800 N WASHINGTON AVENUE MADISON,SD 570421799	23-7299995	501(C)(3)	13,659				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
JUNIOR ACHIEVEMENT OF SOUTH DAKOTA1000 N WEST AVE SUITE 110 SIOUX FALLS,SD 57104	46-0306352	501(C)(3)	11,800				DONATION
WORTHINGTON YMCA211 11TH ST WORTHINGTON,MN 56187	41-6007596	501(C)(3)	9,600				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SOUTH DAKOTA HUMANITIES COUNCIL 1215 TRAIL RIDGE RD BROOKINGS,SD 57006	46-0316222	501(C)(3)	9,000				DONATION
NAMI OF SOUTH DAKOTA PO BOX 88808 SIOUX FALLS,SD 57109	36-3593027	501(C)(3)	7,500				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SOUTH DAKOTA ACHIEVE 4100 S WESTERN AVE SIOUX FALLS,SD 57105	23-7072116	501(C)(3)	7,500				DONATION
PRESENTATION SISTERS 1500 N 2ND ST ABERDEEN,SD 57401	46-0253283	501(C)(3)	7,500				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HELPLINE CENTER1000 N WEST AVE STE 310 SIOUX FALLS,SD 57104	23-7424387	501(C)(3)	6,400				DONATION
FURNITURE MISSION OF SOUTH DAKOTA209 N NESMITH SIOUX FALLS,SD 57104	81-0584500	501(C)(3)	6,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SALES & MARKETING EXECUTIVESPO BOX 90310 SIOUX FALLS,SD 57109	46-6012934	501(C)(6)	5,650				DONATION
FAMILY VISITATION CENTER311 E 14TH ST SIOUX FALLS,SD 57104	26-3654937	501(C)(3)	6,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SOUTH DAKOTA CHORALE 300 S MINNESOTA AVE SIOUX FALLS,SD 57104	46-0225435	501(C)(3)	10,000				DONATION
AMYOTTOPHIC LATERAL SCLEROSIS ASSOCIATION MINNESOTA CHAPTER333 WASHINGTON AVE N STE 105 MINNEAPOLIS,MN 554011352	41-1756085	501(C)(3)	50,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ZOOLOGICAL SOCIETY OF SIOUX FALLS GREAT PLAINS ZOO & MUSEUM 805 S KIWANIS AVE SIOUX FALLS,SD 57104	46-6015015	501(C)(3)	30,000				DONATION
CHILDRENS HOME FOUNDATIONPO BOX 1749 SIOUX FALLS,SD 571011749	46-0366277	501(C)(3)	12,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MCCROSSAN BOYS RANCH 47135 260TH STREET SIOUX FALLS,SD 57107	46-0311913	501(C)(3)	10,834				DONATION
SOUTH DAKOTA ASSOCIATION FOR CAREER AND TECHINICAL EDUCATION INC230 11TH ST N WATERTOWN,SD 572012869	46-0427245	501(C)(3)	10,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SOUTH DAKOTA LIONS EYE BANK4501 W 61ST ST N SIOUX FALLS,SD 571076411	46-0413527	501(C)(3)	10,000				DONATION
VOLUNTEERS OF AMERICA DAKOTAS1401 W 51ST SIOUX FALLS,SD 57105	23-7353508	501(C)(3)	10,000				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BOYS AND GIRLS CLUB OF THE SIOUX EMPIRE824 E 14TH ST SIOUX FALLS,SD 571045221	46-0399482	501(C)(3)	9,000				DONATION
SIOUX EMPIRE BASEBALL ASSOCIATION1601 W 44TH PL SUITE 3 SIOUX FALLS,SD 57105	41-1903475	501(C)(3)	8,667				DONATION

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SIOUX FALLS STATE THEATRE COMPANY101 N MAIN AVE SIOUX FALLS,SD 58101	20-3473359	501(C)(3)	44,983				DONATION

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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) FREDRICK W SLUNECKA	(i)	0	0	0	0	0	0	0
	(ii)	927,393	0	14,407	12,250	16,488	970,538	0
(2) DAVE KAPASKA DO	(i)	375,995	0	6,918	4,900	13,680	401,493	0
	(ii)	79,013	0	1,111	2,042	2,737	84,903	0
(3) KIM PEDERSON MD	(i)	304,993	0	4,449	18,498	14,249	342,189	0
	(ii)	0	0	0	0	0	0	0
(4) JULIE N NORTON	(i)	347,089	0	930	18,498	20,265	386,782	0
	(ii)	0	0	0	0	0	0	0
(5) JUDY BLAUWET	(i)	319,089	0	5,772	13,598	17,753	356,212	0
	(ii)	0	0	0	0	0	0	0
(6) DAVID FLICEK	(i)	352,702	0	1,648	13,598	13,540	381,488	0
	(ii)	84,267	0	281	3,062	4,667	92,277	0
(7) STEVE PETERSEN	(i)	171,595	0	1,531	9,768	20,105	202,999	0
	(ii)	0	0	0	0	0	0	0
(8) PATRICIA JAGOE	(i)	172,707	0	814	13,071	16,105	202,697	0
	(ii)	0	0	0	0	0	0	0
(9) CURT HOHMAN	(i)	265,434	0	881	18,498	6,095	290,908	0
	(ii)	0	0	0	0	0	0	0
(10) MICHAEL PUUMALA MD	(i)	1,061,335	0	5,062	18,498	16,105	1,101,000	0
	(ii)	0	0	0	0	0	0	0
(11) HAMID ABBASI MD	(i)	1,257,064	0	2,990	18,498	18,505	1,297,057	0
	(ii)	0	0	0	0	0	0	0
(12) BRIAN KNUTSON MD	(i)	991,448	0	2,945	18,498	19,105	1,031,996	0
	(ii)	0	0	0	0	0	0	0
(13) DANIEL TYNAN MD	(i)	1,297,453	0	7,080	18,498	17,222	1,340,253	0
	(ii)	0	0	0	0	0	0	0
(14) STEVEN CONDRON MD	(i)	1,166,624	0	2,350	18,498	21,105	1,208,577	0
	(ii)	0	0	0	0	0	0	0
(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
SUPPLEMENTAL INFORMATION	PART III	SCHEDULE J, PART I LINE 3 THE PRESIDENT & CEO'S COMPENSATION IS PAID BY A RELATED ORGANIZATION, AVERA HEALTH AVERA MCKENNAN RELIED ON THE RELATED ORGANIZATION FOR DETERMINING THE COMPENSATION FOR THE PRESIDENT & CEO USING THE METHODS DESCRIBED IN PART I, LINE 3

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
(1) MICHAEL PUUMALA PHYSICIAN RECRUITMENT		X	100,000	6,250		No	Yes		Yes	
(2) DANIEL TYNAN PHYSICIAN RECRUITMENT		X	100,000	2,083		No	Yes		Yes	
(3) HAMID ABBASI PHYSICIAN RECRUITMENT		X	100,000	37,500		No	Yes		Yes	
(4) STEVEN CONDRON PHYSICIAN RECRUITMENT		X	200,000	75,000		No	Yes		Yes	
Total . . . . . ▶ $				120,833						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV **Business Transactions Involving Interested Persons.**

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

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

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction $	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
MICHAEL BENDER	BOARD MEMBER	208,716	PROPERTY LEASE		No
SURGICAL INSTITUTE OF SD	ENTITY CONTROLLED BY TWO BOARD MEMBERS	968,635	TRAUMA CONTRACT AND ACUTE SURGICAL SERVICES CONTRACT		No
VICTORIA PETERSEN	FAMILY OF KEY EMPLOYEE	34,299	EMPLOYEE COMPENSATION		No
AGNES KLEIN	FAMILY OF BOARD MEMBER	31,420	EMPLOYEE COMPENSATION		No
ALEXANDER PETERSEN	FAMILY OF KEY EMPLOYEE	26,570	EMPLOYEE COMPENSATION		No
JAMES HARTUNG	FAMILY OF KEY EMPLOYEE	77,696	EMPLOYEE COMPENSATION		No
SIOUX FALLS CONSTRUCTION CO	BOARD MEMBER IS AN OFFICER OF THE ENTITY	13,156,813	CONSTRUCTION		No
STEVEN REICHELT	FAMILY OF BOARD MEMBER	22,376	EMPLOYEE COMPENSATION		No
NEUROLOGY ASSOCIATES	BOARD MEMBER IS A GREATER THAN 5% PARTNER IN THE ENTITY	492,890	ER CALL COVERAGE		No
US BANK	BOARD MEMBER IS AN OFFICER OF THE ENTITY	797,875	BANK FEES AND INTEREST		No
NEUROLOGY ASSOCIATES	BOARD MEMBER IS A GREATER THAN 5% PARTNER IN THE ENTITY	-769,296	RENTED SPACE AND RENTED EQUIPMENT FROM MCKENNAN		No

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining oncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other	X	1	1,629,495	INDEPENDENT APPRAISAL
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (ECARE EQUIPMENT)	X	1	565,765	COST OF DONATED PROPERTY
26 Other ▶ ( )				
27 Other ▶ ( )				
28 Other ▶ ( )				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?		No
b	If "Yes," describe in Part II		
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	AVERA MCKENNAN OPENED THE PRAIRIE CENTER ON ITS MAIN CAMPUS IN THE FALL OF 2010 THIS FIVE-STORY, 260,000-SQUARE-FOOT FACILITY IS HOME TO THE AVERA CANCER INSTITUTE AND AVERA SURGERY CENTER THE AVERA CANCER INSTITUTE IS A COMPREHENSIVE HEALING ENVIRONMENT, WITH VIRTUALLY ALL CANCER SERVICES PROVIDED UNDER ONE ROOF PROGRAMS ARE DESIGNED TO SEE PATIENTS THROUGH THE ENTIRE REALM OF CANCER CARE FROM PREVENTION AND DIAGNOSIS TO VARIOUS TREATMENT MODES TO SURVIVORSHIP CARE THE AVERA SURGERY CENTER IS AN OUTPATIENT SURGERY CENTER WITH EIGHT STATE-OF-THE-ART SURGICAL SUITES THE DESIGN OFFERS THE CONVENIENCE AND AMENITIES OF A FREE-STANDING SURGICAL CENTER ALONG WITH THE BACKING PROVIDED BY A TERTIARY HOSPITAL AVERA MCKENNAN EXPANDED OUR OWNED SPECIALTY CLINIC OFFERINGS TO INCLUDE ORTHOPEDICS AND OPHTHALMOLOGY

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4A	MAJOR SERVICE LINES INCLUDE ONCOLOGY, SURGERY, ORTHOPEDICS, OBSTETRICS, PEDIATRICS, NEONAT OLOGY, EMERGENCY AND TRAUMA, CRITICAL CARE INCLUDING EICU, RADIOLOGY AND DIAGNOSTIC IMAGIN G, PSYCHIATRY, PULMONARY, NEUROLOGY, CARDIOLOGY, AND GASTROENTEROLOGY TRANSPLANT SERVICES INCLUDE SOLID ORGAN (KIDNEY AND PANCREAS) AND BONE MARROW TRANSPLANT THE FOLLOWING ARE S PECIFIC EXEMPT PURPOSE ACHIEVEMENTS FOR AVERA MCKENNAN HOSPITAL CHARITY AND UNCOMPENSATED CARE AVERA MCKENNAN PROVIDES NECESSARY MEDICAL SERVICES (DIAGNOSTIC AND TREATMENT) FOR W HOEVER COMES TO US FOR CARE, REGARDLESS OF THEIR ABILITY TO PAY IN FISCAL YEAR 2011, SERV ICES PROVIDED TO THOSE WHO ARE UNABLE TO PAY TOTALED $25,687,000, BASED ON CHARGES FOREGON E ELIGIBILITY FOR DISCOUNTED OR FREE SERVICES UNDER THE CHARITY CARE POLICY IS BASED ON I NCOME LEVELS GENERALLY, INDIVIDUALS EARNING INCOME OF UP TO 400% OF THE FEDERAL POLICY IN COME GUIDELINES ARE ELIGIBLE FOR VARYING LEVELS OF DISCOUNTS, INCLUDING FULL DISCOUNTS FOR CERTAIN INCOME LEVELS APPLICATION FOR COVERAGE UNDER THE PROGRAM MAY BE OBTAINED AT ANY AVERA MCKENNAN PATIENT REGISTRATION AREA OR BY CALLING AVERA MCKENNAN PATIENT FINANCIAL SE RVICES ACCESSIBILITY TO HEALTH CARE AVERA MCKENNAN MAKES MEDICAL CARE ACCESSIBLE TO THE ENTIRE COMMUNITY IT SERVES IN 2011 AVERA MCKENNAN HAD 20,647 HOSPITAL DISCHARGES, 107,713 PATIENT DAYS AND 205,850 OUTPATIENT VISITS AVERA MCKENNAN IS A VERIFIED LEVEL II TRAUMA CENTER AND WAS THE FIRST SUCH CENTER IN THE STATE OF SOUTH DAKOTA AVERA MCKENNAN'S EMERGE NCY DEPARTMENT IS STAFFED 24 HOURS A DAY WITH BOARD-CERTIFIED EMERGENCY SPECIALISTS AND PR OVIDES EMERGENCY CARE REGARDLESS OF ABILITY TO PAY AVERA MCKENNAN HAD 24,719 EMERGENCY DE PARTMENT VISITS IN FY 2011 OPERATING BOTH FIXED WING AND HELICOPTER MEDICAL AIR TRANSPORT S, AVERA MCKENNAN'S FLIGHT TEAMS COVER A LARGE GEOGRAPHIC AREA PROVIDING STATE-OF-THE-ART AIR TRANSPORT SERVICES AND ACCESS TO CRITICAL CARE, WITH 1,371 FLIGHTS IN THE PAST YEAR H EALTH CARE CLINIC IN 1992, AVERA MCKENNAN ESTABLISHED A HEALTH CARE CLINIC TO PROVIDE FRE E CARE FOR PEOPLE WHO ARE UNINSURED OR UNDERINSURED IN THE COMMUNITY THE CLINIC IS MANAGE D BY A REGISTERED NURSE AND STAFFED BY REGISTERED NURSES, TWO MIDLEVEL PROVIDERS, MEDICAL RESIDENTS, AND VOLUNTEER HEALTH CARE PROVIDERS THE GOAL OF THE CLINIC IS TO PREVENT OR TR EAT PATIENTS' MEDICAL CONDITIONS BEFORE THEY BECOME CATASTROPHIC THE CLINIC AVERAGES 733 VISITS PER MONTH, PROVIDING PREVENTATIVE CARE, DIAGNOSIS AND TREATMENT OF ILLNESSES AND IN JURIES, MEDICATION ASSISTANCE AND ASSISTANCE IN OBTAINING SPECIALIST CARE FOR PATIENTS WIT H COMPLEX CASES THE CLINIC ALSO SERVES TO TRAIN PHY SICIANS, NURSES AND OTHER HEALTH CARE STUDENTS IT PROVIDES A FREE EVENING CLINIC ONE EVENING PER MONTH, STAFFED BY MEDICAL STUD ENTS UNDER SUPERVISION OF PHY SICIANS AVERA MCKENNAN IS THE ONLY HEALTH CARE ORGANIZATION TO PROVIDE FREE SERVICES SUCH AS THIS IN THE STATE OF SOUTH DAKOTA THE CLINIC HAD 8,794 V ISITS IN FISCAL YEAR 2011 RESIDENCY/HEALTH PROFESSIONS TRAINING AND INTERNSHIPS IN 2011, AVERA MCKENNAN HAD 80 MEDICAL SCHOOL RESIDENTS IN TRAINING AT AVERA MCKENNAN IN INTERNAL MEDICINE, FAMILY PRACTICE, PSY CHIATRY, GERIATRICS AND TRANSITIONAL RESIDENCY PROGRAMS OFFE RED IN PARTNERSHIP WITH THE UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE OVER 800 STUDEN TS IN NURSING, PHARMACY, PHY SICIAN ASSISTANT PROGRAMS, RADIOLOGY AND RESPIRATORY THERAPY A LSO COMPLETED ROTATIONS AT AVERA MCKENNAN AVERA MCKENNAN HAS MANY JOINT AGREEMENTS WITH I NSTITUTIONS OF HIGHER EDUCATION FOR BOTH CLINICAL AND EDUCATIONAL PROGRAMMING IN NON-CLIN ICAL AREAS, AVERA MCKENNAN OFFERED 40 UNPAID INTERNSHIPS IN 2011 IN THE AREAS OF MARKETING , HUMAN RESOURCES, FOUNDATION, NETWORK OPERATIONS AND PROCESS EXCELLENCE, WORKING WITH APP ROXIMATELY 22 INSTITUTIONS OF HIGHER EDUCATION COMMUNITY EDUCATION AVERA MCKENNAN IS A R EGIONAL LEADER IN OFFERING EDUCATIONAL PROGRAMS FOR A VARIETY OF LEARNERS, LEADERS AND EMP LOYEES UTILIZING ADVANCE TECHNOLOGY, MANY OF THESE PROGRAMS ARE PROVIDED ELECTRONICALLY T HROUGHOUT THE TRI-STATE AREA EDUCATIONAL SESSIONS ARE OFFERED TO MEDICAL STAFF, EMPLOYEES , HEALTH CARE PROFESSIONALS, STUDENTS AT ALL LEVELS AND THE GENERAL PUBLIC UTILIZING AVER A MCKENNAN'S EDUCATION CENTER, A BROAD CROSS-SECTION OF CLASSES INVOLVING DIVERSE AUDIENCE S ARE PROVIDED AS A COMMUNITY SERVICE EACH YEAR -TO BE WELL FREE EDUCATION EVENTS WERE HE LD ON TOPICS INCLUDING ORTHOPEDICS, CANCER, DIABETES, WEIGHT LOSS/HEALTHY EATING, MULTIPLE SCLEROSIS, ANXIETY AND ACUPUNCTURE - FORUMS THE AVERA BEHAVIORAL HEALTH CENTER OFFERS F REE FRIDAY FORUMS, IN WHICH SCHOOL COUNSELORS AND THERAPISTS ARE INVITED TO PRESENTATIONS ON CHILDREN'S MENTAL HEALTH TOPICS SUCH AS CONFLICT CYCLES, REACTIVE ATTACHMENT DISORDER, DEPRESSION AND BIPOLAR DISORDER IN CHILDREN, AND TEEN SUBSTANCE USE, ABUSE AND ADDICTION THESE SESSIONS, HELD NINE TIMES EACH YEAR, ARE ATTENDED IN PERSON BY APPROXIMATELY 85 THR OUGHOUT 2011, VIDEOS OF THESE PRESENTATIONS WERE V

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4A	IEWED 583 TIMES ONLINE - WOMEN'S & CHILDREN'S SERVICES AVERA MCKENNAN'S WOMEN'S & CHILDR EN'S SERVICES OFFER A NUMBER OF PARENTING AND COMMUNITY EDUCATION OPPORTUNITIES, FOR FREE OR AT A MINIMAL COST IN FISCAL YEAR 2011, 179 CHILDBIRTH EDUCATION CLASSES WERE HELD WITH 975 ATTENDEES A TOTAL OF 39 PARENT AND FAMILY EDUCATION CLASSES WERE HELD WITH 693 ATTEN DEES A TOTAL OF 211 CAR SEATS WERE ISSUED THROUGH PROJECT 8, SOUTH DAKOTA GOVERNOR'S CHIL D SEAT PROGRAM WITH TRAINING ON THEIR CORRECT USE FREE BURN EDUCATION WAS PROVIDED TO 2,8 69 STUDENTS DURING PRESENTATIONS IN SCHOOLS -DAYCARE TRAINING FREE OF CHARGE, AVERA MCKE NNAN OFFERS FOUR IN-SERVICE TRAINING SESSIONS PER MONTH TO DAYCARE PROVIDERS THROUGH THE Y WCA, WITH A TOTAL OF 38 SCHEDULED ANNUALLY, AND ADDITIONAL SESSIONS FOR REQUESTED TOPICS SUPPORT GROUPS AVERA MCKENNAN OFFERS APPROXIMATELY 10 FREE SUPPORT GROUPS THEY RANGE IN TOPIC FROM CANCER TO LIVER DISEASE, DIABETES, BONE MARROW TRANSPLANT, STROKE AND GRIEF AND LOSS THE ORGANIZATION PROVIDES FREE MEETING SPACE AS WELL AS SPEAKERS AND LEADERS INFOR MATION AND ASSISTANCE AVERA MCKENNAN OPERATES A 24-HOUR MEDICAL CALL CENTER, THROUGH WHIC H PATIENTS HAVE ACCESS TO THE ASK-A-NURSE PROGRAM PATIENTS CAN CALL A TOLL-FREE NUMBER AN D TALK PERSONALLY WITH A REGISTERED NURSE TO ASK HEALTH QUESTIONS OR RECEIVE GENERAL HEALT H INFORMATION IN 2011, THE MEDICAL CALL CENTER HANDLED 62,472 CALLS AVERA MCKENNAN'S WEB SITE ALSO PROVIDES AN EXTENSIVE HEALTH LIBRARY THAT CONSUMERS CAN ACCESS FREE OF CHARGE INTERPRETER SERVICE AVERA MCKENNAN EMPLOYS TWO FULL-TIME SPANISH INTERPRETERS IN-HOUSE, A ND THEIR SERVICES ARE OFFERED TO PATIENTS FREE OF CHARGE IN ADDITION, IN COOPERATION WITH EXTERNAL AGENCIES, AVERA MCKENNAN IS ABLE TO HANDLE 99 DIFFERENT LANGUAGES AND DIALECTS AVERA MCKENNAN CONTRACTS FOR AN INBOUND CALL-IN SERVICE FOR SPANISH SPEAKING INDIVIDUALS THIS IS AVAILABLE AT THE MAIN HOSPITAL SWITCHBOARD, AS WELL AS AVERA MCGREEVY CLINIC AND A VERA WOMEN'S CLINIC ALL THE ABOVE SERVICES ARE PROVIDED AT NO COST TO THE PATIENT PRENAT AL AND DELIVERY CARE BECAUSE EARLY AND REGULAR PRENATAL CARE IS IMPORTANT TO PREVENT PREM ATURE BIRTH, AVERA MCKENNAN COLLABORATES IN A COMMUNITY EFFORT TO PROVIDE OBSTETRICS CARE FOR WOMEN WHO DO NO QUALIFY FOR MEDICAID, BUT CANNOT AFFORD HEALTH INSURANCE THE PROGRAM OFFERS PRENATAL CARE, AND HOSPITAL LABOR AND DELIVERY FOR A LOW FEE OF $950 WOMEN RECEIVE CARE WHETHER THEY CAN COVER ANY OR ALL OF THE FEE CARE IS PROVIDED PRIMARILY BY FIRST-YE AR FAMILY PRACTICE RESIDENTS, SUPERVISED BY EXPERIENCED PHY SICIANS THROUGH THIS PROGRAM I N 2011, AVERA MCKENNAN ASSISTED WITH 93 BIRTHS AND PROVIDED 664 PRENATAL AND POST-PARTUM V ISITS

Identifier	Return Reference	Explanation
		AVERA FAMILY WELLNESS THIS PROGRAM COMBINES POSITIVE ACTIVITIES LIKE VIOLIN LESSONS WITH FAMILY COACHING AT NO CHARGE FOR CHILDREN IN EARLY CHILDHOOD PROGRAMS IN THE SIOUX FALLS SCHOOL DISTRICT THE GOAL IS TO PREVENT OR LESSEN THE EFFECTS OF BEHAVIORAL HEALTH CONDITIONS ON CHILDREN AND FAMILIES BY FOSTERING A POSITIVE ENVIRONMENT APPROXIMATELY 200 STUDENTS ARE ENROLLED THE WALSH FAMILY VILLAGE THIS HOSPITALITY HOUSE COMPLEX ADJACENT TO THE AVERA MCKENNAN CAMPUS PROVIDES A HOME AWAY FROM HOME FOR PATIENTS AND THEIR FAMILIES WHO COME FOR CARE AT AVERA MCKENNAN FROM OUTSIDE OF SIOUX FALLS THE PROJECT WAS FUNDED BY DONATIONS AND IS OPERATED BY AVERA MCKENNAN ELEVEN GUEST ROOMS ARE AVAILABLE AVERA MCKENNAN ALSO DONATES USE OF A BUILDING IN THE COMPLEX FOR A RONALD MCDONALD HOUSE FOR FAMILIES OF PEDIATRIC PATIENTS IF THEY CAN AFFORD IT, GUESTS ARE CHARGED A LOW FEE OF $46 50 PER NIGHT IF THEY CANNOT AFFORD THE EXPENSE, THE COST OF THE ROOM IS WAIVED EMPLOYEES REGULARLY DONATE NON-PERISHABLE FOOD ITEMS TO STOCK A FOOD PANTRY FOR GUESTS IN 2011 THE WALSH FAMILY VILLAGE SERVED 7,063 GUESTS, STAYING IN 3,593 NIGHTLY ROOMS SUPPORT OF INDIAN RESERVATIONS IN 2011, AVERA MCKENNAN DELIVERED THREE TRUCKLOADS OF EXCESS MEDICAL EQUIPMENT, FURNITURE, CLOTHING AND SUPPLIES TO INDIAN RESERVATIONS IN SOUTH DAKOTA WITH TRUCK RENTAL AND FUEL EXPENSE, EACH TRIP COST APPROXIMATELY $1,000 IN ADDITION TO THE DONATIONS COMMUNITY CONNECTIONS AVERA MCKENNAN REACHES OUT TO PEOPLE AND COMMUNITIES THROUGHOUT EASTERN SOUTH DAKOTA, SOUTHWESTERN MINNESOTA AND NORTHWEST IOWA THROUGH HOME TOWN CONNECTIONS PROVIDING A CRITICAL FEEDBACK LINK TO LOCAL REFERRING DOCTORS, THIS PROGRAM COMPLETES THE COMMUNICATIONS LINKS NECESSARY TO KEEP LOCAL HEALTH CARE PROVIDERS CURRENT ON THE TREATMENT OF THEIR PATIENTS AT AVERA MCKENNAN COMMUNITY BENEFITS AVERA MCKENNAN PROVIDES ADDITIONAL COMMUNITY BENEFITS INCLUDING SUPPORT OF YOUTH PROGRAMS, HOMELESS PROGRAMS, COMMUNITY ARTS PROGRAMMING, HEALTH PREVENTION, AWARENESS AND EDUCATION ABOUT CANCER, HEART DISEASE AND OTHER CONDITIONS, AND SUPPORT OF THE SIOUX EMPIRE UNITED WAY AND OTHER SERVICES IN THE REGION DONATIONS TOWARD THESE EFFORTS TOTALED $2,368,472 IN 2011 PRESCHOOL VISION AND HEARING SCREENING AVERA MCKENNAN PROVIDED FREE SCREENING FOR 336 PRESCHOOL CHILDREN IN FISCAL YEAR 2011

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4B, DESCRIPTION OF PROGRAM SERVICES	AMONG SERVICES OFFERED BY RURAL HOSPITALS ARE RADIOLOGY AND IMAGING, COLONOSCOPY AND ENDOSCOPY, THERAPY AND REHABILITATION, 24-HOUR EMERGENCY CARE, CHEMOTHERAPY, ORTHOPEDICS, CARDIOVASCULAR TESTING AND CARE, OBSTETRICS, SURGERY, AND DIALYSIS CHARITY AND UNCOMPENSATED CARE AS PART OF AVERA MCKENNAN, THESE FACILITIES PROVIDE NECESSARY MEDICAL SERVICES (DIAGNOSTIC AND TREATMENT) FOR WHOEVER COMES TO US FOR CARE, REGARDLESS OF THEIR ABILITY TO PAY IN FISCAL YEAR 2011, CHARITY AND UNCOMPENSATED CARE PROVIDED BY RURAL HOSPITALS TOTALED $546,000, BASED ON CHARGES FOREGONE ACCESSIBILITY TO HEALTH CARE AVERA MCKENNAN REGIONAL HOSPITALS MAKE MEDICAL CARE ACCESSIBLE TO THE ENTIRE COMMUNITY THEY SERVE REGARDLESS OF A PATIENT'S ABILITY TO PAY IN 2011 RURAL HOSPITALS HAD 1,971 DISCHARGES, 7,899 PATIENT DAYS AND 58,134 OUTPATIENT VISITS EACH OF THE HOSPITALS PROVIDES 24-HOUR EMERGENCY CARE WITH EEMERGENCY SERVICES THROUGH AVERA MCKENNAN EICU SERVICES ARE ALSO AVAILABLE AT THESE HOSPITALS, PROVIDING ACCESS TO CRITICAL CARE MEDICINE NEAR HOME AND LESSENING THE NEED FOR TRANSPORT THERE IS NO ADDITIONAL BILLING TO PATIENTS TELEMEDICINE CONSULTS ARE ALSO OFFERED AT RURAL LOCATIONS IN A NUMBER OF MEDICAL SPECIALTIES

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4C, DESCRIPTION OF PROGRAM SERVICES	CLINICS PROVIDE PRIMARY CARE AND URGENT CARE, AND AMONG SPECIALITIES ARE CARDIOLOGY, DERMATOLOGY, ENDOCRINOLOGY, GASTROENTEROLOGY, HEMATOLOGY, HEPATOLOGY, INFECTIOUS DISEASE, INTERNAL MEDICINE, NEONATOLOGY, NEPHROLOGY, NEUROLOGY AND NEUROSURGERY, OB/GYN, ONCOLOGY, OPHTHALMOLOGY, ORTHOPEDICS, PAIN MANAGEMENT, PEDIATRICS, PSYCHIATRY, PULMONOLOGY, SPORTS MEDICINE, SURGERY, AND VASCULAR SERVICES CHARITY AND UNCOMPENSATED CARE AS PART OF AVERA MCKENNAN, CLINICS PROVIDE NECESSARY MEDICAL SERVICES (DIAGNOSTIC AND TREATMENT) FOR WHOEVER COMES TO US FOR CARE, REGARDLESS OF THEIR ABILITY TO PAY IN FISCAL YEAR 2011, CHARITY AND UNCOMPENSATED CARE PROVIDED BY CLINICS TOTALED $1,275,000, BASED ON CHARGES FOREGONE ACCESSIBILITY TO HEALTH CARE IN ADDITION TO REGULAR CLINIC HOURS, AVERA MCGREEVY CLINIC PROVIDES URGENT CARE, SEEING PATIENTS ON A WALK-IN BASIS AT TWO LOCATIONS DURING THE EVENING HOURS ON WEEKDAYS, AND THROUGHOUT THE DAYTIME HOURS ON SATURDAYS AND SUNDAYS THIS PROVIDES GREATER ACCESSIBILITY WITHOUT HAVING TO RELY ON EMERGENCY ROOM CARE IN ADDITION, THROUGH OUR CURAQUICK CLINICS, AVERA OFFERS CONVENIENT, AFFORDABLE CLINIC CARE IN LOCAL HYVEE PHARMACIES IN 2011, AVERA DONATED APPROXIMATELY 80 CURAQUICK AVERA CARDS, GOOD FOR ONE FREE VISIT, TO STUDENTS OF SIOUX FALLS CATHOLIC SCHOOLS AND YWCA DAYCARE, EACH VALUED AT $59 HEALTH SCREENINGS AVERA MCKENNAN CLINICS OFFERED THREE FREE HEALTH SCREENINGS IN 2011 INCLUDING A SKIN CANCER SCREENING IN COOPERATION WITH ANOTHER LOCAL HOSPITAL AND PHARMACY, SERVING 151 PERSONS, AND MEN'S AND WOMEN'S HEALTH SCREENINGS, PROVIDING FREE CHOLESTEROL, BLOOD SUGAR, BLOOD PRESSURE AND BODY-MASS INDEX SCORING THESE SCREENINGS SERVED 105 MEN AND 85 WOMEN

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2		GENE JONES JR , CINDY WALSH, AND FRED THURMAN - BUSINESS RELATIONSHIP DAVE STRAND MD AND BRAD THAEMERT MD - BUSINESS RELATIONSHIP TOM DEMPSTER, FRED SLUNECKA, AND FRED THURMAN - BUSINESS RELATIONSHIP

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

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

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

Identifier	Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11		FORM 990 IS REVIEWED BY THE CEO, CFO AND DIRECTOR OF FINANCIAL REPORTING AFTER THE INITIAL REVIEW, A DRAFT IS PROVIDED TO THE FINANCE COMMITTEE FOR THEIR REVIEW THE RETURN IS PROVIDED TO THE FULL BOARD PRIOR TO FILING

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

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15B	THE CEO IS COMPENSATED BY AVERA HEALTH SYSTEM ANNUALLY THE COMPENSATION COMMITTEE OF AVERA HEALTH, WHICH IS COMPRISED OF SIX (6) SYSTEM MEMBERS APPOINTED BY THE RELIGIOUS ORDERS, MEETS WITH AN INDEPENDENT CONSULTANT REGARDING FAIR MARKET VALUE FOR COMPENSATION OF OFFICERS AND KEY EMPLOYEES THE COMPENSATION COMMITTEE APPROVES ALL SALARIES BASED ON COMPARABLE DATA AND DOCUMENTS THE BASIS FOR THEIR DECISION IN MEETING MINUTES THE CFO AND KEY EMPLOYEES ARE COMPENSATED BY AVERA MCKENNAN ANNUALLY, THE COMPENSATION COMMITTEE OF AVERA MCKENNAN, WHICH IS COMPRISED OF BOARD MEMBERS, MEETS TO REVIEW THE COMPENSATION OF EXECUTIVES AND PHYSICIANS AVERA MCKENNAN COMPARES ITS COMPENSATION PLAN TO OTHER HEALTHCARE ORGANIZATIONS SIMILAR IN SIZE AND COMPLEXITY TO AVERA MCKENNAN ON A NATIONAL BASIS TO ENSURE COMPENSATION IS COMPARABLE AVERA MCKENNAN UTILIZES MULTIPLE SALARY SURVEYS AND AN INDEPENDENT COMPENSATION CONSULTANT TO PROVIDE A MARKET ANALYSIS FOR EACH EXECUTIVE'S SUGGESTED PAY OR PAY RANGE INDIVIDUAL SALARIES REFLECT RELATED EDUCATION AND EXPERIENCE, AS WELL AS THE SCOPE OF THE DUTIES TO ASSURE AMOUNTS PAID ARE REASONABLE

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

Identifier	Return Reference	Explanation
	FORM 990, PART VII, SECTION A, COLUMN (B)	IN ADDITION TO THE AVERAGE OF 2 HOURS PER WEEK THAT SISTER JOAN REICHELT DEDICATES AS A BOARD MEMBER OF AVERA MCKENNAN, SISTER JOAN REICHELT DEDICATES AN AVERAGE OF AN ADDITIONAL 1 3 HOURS PER WEEK AS A BOARD MEMBER TO ANOTHER RELATED ORGANIZATION, AVERA MARSHALL

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED GAINS ON INVESTMENTS 15,424,833 BOOK/TAX ADJUSTMENTS ON PARTNERSHIPS -4,060,453 EQUITY TRANSFERS, NET -699,541 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP 1,346,111 INCOME FROM GRANTOR TRUST NOT INCLUDED ON FINANCIAL STATEMENTS 366,789 LOSS ON RETIREMENT OF DEBT -253,242 CHANGE IN ACCOUNTING PRINCIPLES -1,918,602 OTHER CHANGES IN NET ASSETS 318,029 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP DESIGNATED AS HEDGE -718,740 STEP UP BASIS OF ASSETS FROM ACQUISITION OF HEART HOSPITAL OF SOUTH DAKOTA 5,083,056 CHANGE IN NONCONTROLLING INTEREST OF HEART HOSPITAL OF SOUTH DAKOTA LLC 156,901 TOTAL TO FORM 990, PART XI, LINE 5 15,045,141

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE AUDIT COMMITTEE OF AVERA HEALTH, PARENT ORGANIZATION, SELECTS THE AUDITOR AND REVIEWS THE AUDITED FINANCIAL STATEMENTS FOR AVERA MCKENNAN ALSO, THE FINANCE COMMITTEE AT AVERA MCKENNAN TAKES RESPONSIBILITY FOR REVIEWING THE AUDITED FINANCIAL STATEMENTS

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

Identifier	Return Reference	Explanation
	FORM 990, PART X, LINE 20	THE ISSUE PRICE INCLUDES THE FILING ORGANIZATION'S SHARE OF THE ENTIRE BOND ISSUE, WHICH WAS ISSUED TO AVERA HEALTH ON BEHALF OF THE AVERA OBLIGATED GROUP THE AVERA OBLIGATED GROUP CONSISTS OF AVERA MCKENNAN, AVERA ST LUKE'S, AVERA QUEEN OF PEACE, AND AVERA SACRED HEART IN ACCORDANCE WITH IRS INSTRUCTIONS, INFORMATION RELATED TO THE TAX EXEMPT BOND REPORTING IS BEING REPORTED ON AVERA HEALTH'S TAX RETURN (EIN 46-0422673)

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) SIOUX FALLS HOSPITAL MANAGMENT LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 571175045 56-2141521	MANAGEMENT COMPANY OF HEART HOSPITAL	NC	0	6,415,591	WEST 69TH STREET LLC
(2) WEST 69TH STREET LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 571175045	HOLDING COMPANY	SD	0	6,415,591	N/A

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ACCOUNTS MANAGEMENT INC 5132 S CLIFF AVE SUITE 101 SIOUX FALLS, SD57108 46-0373021	COLLECTION AGENCY	SD	N/A	C			
(2) AVERA HEALTH PLANS INC 3900 WEST AVERA DRIVE SUITE 101 SIOUX FALLS, SD57108 46-0451539	HEALTH FINANCING AND HEALTH PLAN ADMINISTRATION	SD	N/A	C			
(3) AVERA PROPERTY INSURANCE INC 610 W 23RD ST STE 1 PO BOX 38 YANKTON, SD57078 46-0463155	INSURANCE	SD	N/A	C			
(4) VALLEY HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD57078 46-0357149	MEDICAL EQUIPMENT	SD	N/A	C			

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

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

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

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

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

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

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

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

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
	FORM 990, SCHEDULE R, PART V, LINE 2, COLUMN C	THE AMOUNTS REPORTED IN COLUMN C ARE REPORTED BASED ON A REVIEW OF GENERAL LEDGER ACTIVITY IN INTERCOMPANY ACCOUNTS, AND REVIEW OF EQUITY ACCOUNTS FOR CONTRIBUTIONS AND DISTRIBUTIONS

Additional Data Return to Form

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
AVERA ST ANTHONY'S HOSPITAL 300 N 2ND STREET ONEILL, NE68763 47-0463911	HEALTHCARE SERVICES	NE	501(C)(3)	LINE 3	AVERA HEALTH		No
AVERA HOLY FAMILY 826 NORTH 8TH STREET ESTHERVILLE, IA51334 42-0680370	HEALTHCARE SERVICES	IA	501(C)(3)	LINE 3	AVERA HEALTH		No
AVERA HOLY FAMILY FOUNDATION 826 NORTH 8TH STREET ESTHERVILLE, IA51334 42-1317452	FUNDRAISING	IA	501(C)(3)	LINE 9	AVERA HOLY FAMILY		No
ST BENEDICT HEALTH CENTER 401 WEST GLYNN DRIVE PARKSTON, SD57366 46-0226738	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
ST BENEDICT HEALTH CENTER FOUNDATION WEST GLYNN DRIVE PO BOX B PARKSTON, SD57366 46-0458725	SUPPORT HEALTH RELATED SERVICES	SD	501(C)(3)	LINE 11A, I	ST BENEDICT HEALTH CENTER		No
AVERA HEALTH 3900 WEST AVERA DRIVE STE 300 SIOUX FALLS, SD57108 46-0422673	PROMOTION OF HEALTH	SD	501(C)(3)	LINE 9	N/A		No
AVERA QUEEN OF PEACE 525 NORTH FOSTER MITCHELL, SD57301 46-0224604	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
SACRED HEART HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD57078 46-0225483	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
SACRED HEART RURAL HEALTH CLINICS 501 SUMMIT STREET YANKTON, SD57078 46-0423930	CLINIC SERVICES	SD	501(C)(3)	LINE 3	SACRED HEART HEALTH SERVICES		No
HEALTH MANAGEMENT SERVICES 501 SUMMIT STREET YANKTON, SD57078 46-0399291	ADULT DAYCARE AND HOMEMAKING SERVICES	SD	501(C)(3)	LINE 9	SACRED HEART HEALTH SERVICES		No
LEWIS AND CLARK HEALTH EDUCATION AND SERVICE AGENCY 1000 W 4TH STREET SUITE 9 YANKTON, SD57078 46-0337013	HEALTHCARE EDUCATION	SD	501(C)(3)	LINE 9	SACRED HEART HEALTH SERVICES		No
AVERA ST LUKE'S 305 SOUTH STATE STREET ABERDEEN, SD57401 46-0224598	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
AVERA WORKERS' COMPENSATION TRUST 3900 WEST AVERA DRIVE SIOUX FALLS, SD57108 46-0407148	ECONOMICAL COVERAGE OF WORKERS' COMPENSATION CLAIMS	SD	501(C)(3)	LINE 11B, II	AVERA HEALTH		No
AVERA MARSHALL 300 S BRUCE STREET MARSHALL, MN56258 41-0919153	HEALTHCARE SERVICES	MN	501(C)(3)	LINE 3	AVERA HEALTH		No
AVERA MARSHALL FOUNDATION 300 SOUTH BRUCE STREET MARSHALL, MN56258 41-1784801	FUNDRAISING	MN	501(C)(3)	LINE 7	AVERA MARSHALL		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
AVERA HOME MEDICAL EQUIPMENT LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD57117 46-0488198	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A	RELATED	587,510	4,759,475	Yes		152,794	Yes		78 630 %
MIDWEST REGIONAL IMAGING SERVICES LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD57117 47-0874983	HEALTH CARE - MEDICAL IMAGING	SD	N/A	RELATED	-131,935	1,312,577		No		Yes		51 000 %
MERSCO MEDICAL OF PIERRE LLC 329 E DAKOTA PIERRE, SD57501 46-0444002	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	N/A	RELATED	67,242	234,584		No	17,030	Yes		50 000 %
AVERA HOME MEDICAL EQUIPMENT OF FLOYD VALLEY HOSPITAL LLC 714 LINCOLN ST NE LEMARS, IA51031 82-0582350	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	22,791	86,468	Yes		5,953	Yes		39 320 %
AVERA HOME MEDICAL EQUIPMENT OF ESTHERVILLE LLC PO BOX 5045 SIOUX FALLS, SD57117 20-1686097	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	27,191	135,786	Yes		7,837	Yes		39 320 %
AVERA HOME MEDICAL EQUIPMENT OF SIOUX CENTER LLC 38 19TH ST SW SIOUX CENTER, IA51250 75-3203100	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	33,944	93,068	Yes		11,817	Yes		39 320 %
AVERA HOME MEDICAL EQUIPMENT OF MARSHALL LLC 1104 EAST COLLEGE DRIVE MARSHALL, MN56258 20-5271924	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	68,864	220,928	Yes		19,737	Yes		39 320 %
Q&M PROPERTIES LLC 525 NORTH FOSTER MITCHELL, SD57301 73-1652049	MEDICAL CLINIC BUILDING	SD	AVERA QUEEN OF PEACE	RELATED	-15,277	426,344		No			No	50 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC 310 S PENNSYLVANIA ST ABERDEEN, SD57401 46-0461429	SURGICAL ASSOCIATES	SD	N/A									
AVERA HOME MEDICAL EQUIPMENT OF SPENCER HOSPITAL LLC 2400 S MINNESOTA AVENUE 102 SIOUX FALLS, SD57117 80-0619999	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	-51,943	63,503	Yes		-28,446	Yes		39 320 %
HEART HOSPITAL OF SOUTH DAKOTA LLC 10720 SIKES PLACE SUITE 300 CHARLOTTE, NC28277 56-2143771	HEALTHCARE SERVICES	NC	N/A	RELATED	2,718,435	24,740,500	Yes			Yes		66 670 %

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	AVERA HOME MEDICAL EQUIPMENT LLC	A	304,740	INTERCOMPANY DETAIL FROM GL
(2)	MIDWEST REGIONAL IMAGING SERVICES LLC	K	104,849	INTERCOMPANY DETAIL FROM GL
(3)	AVERA HOME MEDICAL EQUIPMENT LLC	K	134,743	INTERCOMPANY DETAIL FROM GL
(4)	MIDWEST REGIONAL IMAGING SERVICES LLC	Q	219,069	INTERCOMPANY DETAIL FROM GL
(5)	AVERA HOME MEDICAL EQUIPMENT LLC	Q	4,367,477	INTERCOMPANY DETAIL FROM GL
(6)	MIDWEST REGIONAL IMAGING SERVICES LLC	R	577,079	INTERCOMPANY DETAIL FROM GL
(7)	AVERA HOME MEDICAL EQUIPMENT LLC	R	4,684,842	INTERCOMPANY DETAIL FROM GL
(8)	AVERA HEART HOSPITAL OF SOUTH DAKOTA LLC	R	1,753,245	INTERCOMPANY DETAIL FROM GL
(9)	MIDWEST REGIONAL IMAGING SERVICES LLC	C	3,774,357	INTERCOMPANY DETAIL FROM GL
(10)	AVERA HOME MEDICAL EQUIPMENT LLC	C	427,350	INTERCOMPANY DETAIL FROM GL
(11)	AVERA HEART HOSPITAL OF SOUTH DAKOTA LLC	C	11,428,310	INTERCOMPANY DETAIL FROM GL
(12)	AVERA HEART HOSPITAL OF SOUTH DAKOTA LLC	K	924,680	INTERCOMPANY DETAIL FROM GL
(13)	AVERA HEART HOSPITAL OF SOUTH DAKOTA LLC	Q	474,158	INTERCOMPANY DETAIL FROM GL

Consolidated Financial Statements
June 30, 2011 and 2010

Avera McKennan

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Avera McKennan
Sioux Falls, South Dakota

We have audited the accompanying consolidated balance sheets of Avera McKennan and subsidiaries (Organization) 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 consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Avera McKennan and subsidiaries as of June 30, 2011 and 2010, and the consolidated results of their operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Fargo, North Dakota
September 27, 2011

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	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	$ 34,729,907	$ 27,493,032
Assets limited as to use	5,041,704	7,452,552
Deferred compensation trust	-	9,188,968
Receivables		
Patient and resident, net of estimated uncollectibles, charity, and other allowances of $132,800,000 in 2011 and $110,300,000 in 2010	93,276,292	82,756,230
Other	16,613,714	12,243,799
Supplies	14,660,356	12,203,041
Prepaid expenses	5,765,368	5,315,593
Total current assets	170,087,341	156,653,215
Assets Limited as to Use		
Under indenture agreements	6,715,013	40,531,511
By Board for capital improvements and debt redemption	191,188,343	134,257,041
Interest in net assets of Avera Health Foundation	9,923,336	7,264,057
	207,826,692	182,052,609
Less portion in current assets	(5,041,704)	(7,452,552)
Noncurrent assets limited as to use	202,784,988	174,600,057
Property and Equipment	368,164,217	310,890,352
Other Assets		
Goodwill	29,146,279	16,350,311
Intangible assets, net of accumulated amortization of $6,700,000 in 2011 and $4,600,000 in 2010	15,732,186	15,138,789
Investments in affiliated organizations	4,680,620	12,419,333
Noncurrent receivables	6,280,470	5,387,332
Property held for future use	6,696,542	6,749,389
Deferred financing costs, net of accumulated amortization of $1,400,000 in 2011 and $1,200,000 in 2010	1,879,739	1,885,682
Due from related party	1,250,000	1,250,000
Other assets	3,538,723	1,106,513
Total other assets	69,204,559	60,287,349
Total assets	$ 810,241,105	$ 702,430,973

See Notes to Consolidated Financial Statements

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 11,048,478	$ 4,167,196
Accounts payable		
Trade	30,418,070	33,468,597
Estimated third-party payor settlements	13,113,706	13,033,700
Accrued expenses		
Salaries and wages	21,419,698	15,891,932
Paid time off benefits	17,089,373	13,025,039
Taxes and other	1,310,829	1,026,939
Interest	2,195,088	2,312,502
Deferred revenue	519,843	2,156,365
Deferred compensation due to employees	-	9,188,968
Other	3,961,652	1,401,928
Total current liabilities	101,076,737	95,673,166
Long-Term Debt, Less Current Maturities	256,297,449	226,464,271
Other Liabilities		
Due to other organizations	1,174,897	1,925,398
Other	12,698,395	10,435,620
Total liabilities	371,247,478	334,498,455
Net Assets		
Unrestricted	414,988,501	353,311,977
Temporarily restricted	9,034,012	7,350,458
Permanently restricted	2,021,909	1,981,042
	426,044,422	362,643,477
Noncontrolling interest	12,949,205	5,289,041
Total net assets	438,993,627	367,932,518
Total liabilities and net assets	$ 810,241,105	$ 702,430,973

	2011	2010
Unrestricted Revenue, Gains and Other Support		
Net patient and resident service revenue	$ 676,830,018	$ 572,733,428
Other revenue	38,599,331	38,373,428
Total unrestricted revenue, gains and other support	715,429,349	611,106,856
Expenses		
Salaries and wages	305,182,752	262,823,238
Employee benefits	71,981,985	64,945,610
Medical fees	10,690,769	9,378,240
Purchased services	19,700,359	17,096,534
Supplies	108,663,057	90,836,608
Repairs and maintenance	11,492,882	9,058,293
Other expenses	72,064,214	64,375,078
Insurance	5,701,104	5,363,026
Utilities and telephone	9,097,521	8,036,050
Interest	8,101,297	5,372,450
Depreciation and amortization	33,050,610	24,456,532
Provision for bad debts	21,557,884	19,919,938
Total expenses	677,284,434	581,661,597
Operating Income	38,144,915	29,445,259
Other Income (Losses)		
Investment income	20,585,520	5,202,257
Change in fair value of interest rate swaps not designated as hedges	1,346,111	(2,111,045)
Reclassification of accumulated losses on interest rate swaps	(380,740)	(380,740)
Other nonoperating	(2,012,162)	(217,771)
Gain on step acquisition	5,083,056	-
Loss from extinguishment of debt	(253,242)	-
Other income, net	24,368,543	2,492,701
Revenues in Excess of Expenses	62,513,458	31,937,960
Change in Interest in Net Assets of Avera Health Foundation	623,019	985,075
Change in Net Assets Attributable to Noncontrolling Interest	(3,315,729)	(924,069)
Reclassification of Accumulated Losses on Interest Rate Swaps	380,740	380,740
Contributions of Long Lived Assets	4,493,890	-
Change in Fair Value of Interest Rate Swap Designated as Hedge	(718,740)	-
Cumulative Effect of Change in Accounting Principle - Goodwill	(1,918,602)	-
Equity Transfers	(699,541)	(2,136,931)
Other Changes in Unrestricted Net Assets	318,029	-
Increase in Unrestricted Net Assets	$ 61,676,524	$ 30,242,775

	2011	2010
Unrestricted Net Assets		
Revenues in excess of expenses	$ 62,513,458	$ 31,937,960
Change in interest in net assets of Avera Health Foundation	623,019	985,075
Reclassification of accumulated losses on interest rate swaps	380,740	380,740
Contributions of long lived assets	4,493,890	-
Change in fair value of interest rate swap designated as hedge	(718,740)	-
Cumulative effect of change in accounting principle - goodwill	(1,918,602)	-
Equity transfers	(699,541)	(2,136,931)
Other changes in unrestricted net assets	318,029	-
Increase in unrestricted net assets	64,992,253	31,166,844
Change in net assets attributable to noncontrolling interest	(3,315,729)	(924,069)
Increase in unrestricted net assets attributable to Avera McKennan	61,676,524	30,242,775
Temporarily Restricted Net Assets		
Change in interest in net assets of Avera Health Foundation	1,683,554	659,223
Permanently Restricted Net Assets		
Change in interest in net assets of Avera Health Foundation	40,867	83,708
Noncontrolling Interest		
Increase in unrestricted net assets attributable to noncontrolling interest	3,315,729	924,069
Initial recognition of noncontrolling interest in step acquisition	13,812,583	-
Investment by noncontrolling interests, and distributions of earnings to noncontrolling interests, net	(9,468,148)	2,160,398
Increase in noncontrolling interest	7,660,164	3,084,467
Increase in Net Assets	71,061,109	34,070,173
Net Assets, Beginning of Year	367,932,518	333,862,345
Net Assets, End of Year	$ 438,993,627	$ 367,932,518

	2011	2010
Operating Activities		
Change in net assets	$ 71,061,109	$ 34,070,173
Adjustments to reconcile change in net assets to net cash from operating activities		
Change in unrealized gains on investments	(15,424,834)	(3,340,040)
Change in fair value of interest rate swaps not designated as hedges	(1,346,111)	2,111,045
Cumulative effect of change in accounting principle - goodwill	1,918,602	-
Equity transfers	699,541	2,136,931
Loss on disposal of property and equipment	2,319,728	165,695
Depreciation and amortization	33,752,219	25,181,057
Loss on extinguishment of debt	253,242	-
Earnings on equity method investments	(3,311,718)	(2,581,610)
Restricted contributions	(5,324,617)	(1,873,350)
Gain on step acquisition	(5,083,056)	-
Distributions to noncontrolling interest, net of investments by noncontrolling interests	9,468,148	(2,160,398)
Initial recognition of noncontrolling interest in step acquisition	(13,812,583)	-
Change in assets and liabilities		
Receivables	335,122	1,162,333
Supplies	(1,333,328)	(1,926,910)
Prepaid expenses	122,412	(1,145,319)
Accounts payable and estimated third-party payors	(2,698,308)	8,797,177
Accrued expenses	6,547,776	1,235,649
Other current liabilities	(9,493,061)	5,968,214
Net Cash from Operating Activities	68,650,283	67,800,647
Investing Activities		
Purchase of property and equipment	(48,691,756)	(63,083,741)
Decrease in assets limited as to use	(10,349,249)	2,052,162
Investments in affiliated organizations	(453,406)	(2,949,228)
Cash paid in business acquisitions, net of cash acquired in acquisition of controlling interest	(9,211,326)	(5,960,670)
Distributions from affiliated organizations	2,774,269	6,313,349
Decrease in other assets	(3,716,547)	355,766
Proceeds from disposal of property and equipment	119,680	333,377
Net Cash used for Investing Activities	(69,528,335)	(62,938,985)

	2011	2010
Financing Activities		
Equity transfers	$ (699,541)	$ (2,136,931)
Repayment of long-term debt	(9,019,321)	(3,935,439)
Proceeds from issuance of long-term debt	21,503,760	-
Distributions to noncontrolling interest, net of investments by noncontrolling interests	(9,468,148)	2,160,398
Restricted contributions	5,324,617	1,873,350
Other long-term liabilities	670,569	186,873
Payment of deferred financing costs	(197,009)	-
Net Cash from (used for) Financing Activities	8,114,927	(1,851,749)
Net Increase in Cash and Cash Equivalents	7,236,875	3,009,913
Cash and Cash Equivalents, Beginning of Year	27,493,032	24,483,119
Cash and Cash Equivalents, End of Year	$ 34,729,907	$ 27,493,032
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest, net of interest capitalized of $671,647 during the year ended June 30, 2011 and $1,806,034 during the year ended June 30, 2010	$ 8,069,090	$ 5,288,880
Supplemental Disclosure of Noncash Investing and Financing Activities		
Accounts payable - construction in progress	$ -	$ 1,834,911
Business acquisitions		
Receivables	$ 6,036,131	$ -
Supplies	1,123,987	-
Prepaid expenses and other	770,554	-
Property and equipment, net	39,412,160	752,177
Goodwill	8,943,490	5,208,493
Other assets	2,801,222	-
Accounts payable	(1,562,698)	-
Accrued expenses	(3,210,800)	-
Other current liabilities	(1,227,295)	-
Notes and bonds payable	(24,228,472)	-
Other noncurrent liabilities	(2,187,816)	-
Noncontrolling interest	(8,729,569)	-
Investment in affiliated organization	(8,729,568)	-
Net cash paid	$ 9,211,326	$ 5,960,670

Note 1 - Organization and Significant Accounting Policies

Organization

Avera McKennan (Organization) operates a 505-bed acute care hospital, 90-bed nursing home and congregate housing facility, 16-bed hospice home, and as of October 1, 2010, a 55-bed cardiology and cardiovascular surgical hospital in Sioux Falls, South Dakota; an 18-bed acute care hospital in Flandreau, South Dakota; a 23-bed acute care hospital in Dell Rapids, South Dakota; a 25-bed acute care hospital and a 55-bed nursing home in Gregory, South Dakota; a 25-bed acute care hospital in Milbank, South Dakota; and a 25-bed acute care hospital in Miller, South Dakota. The Organization is organized as a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values established for Avera Health, the sole member of the Organization and a sponsored ministry of the Benedictine and Presentation Sisters.

Consolidation

The consolidated financial statements for the years ended June 30, 2011 and 2010, include the accounts of Avera McKennan and the following controlled organizations. Significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Avera Home Medical Equipment LLC
Midwest Regional Imaging Services LLC
Heart Hospital of South Dakota LLC (as of October 1, 2010)

Avera McKennan owns 77% of Avera Home Medical Equipment LLC, 51% of Midwest Regional Imaging Services LLC, and 66 2/3 % of Heart Hospital of South Dakota LLC.

Effective October 1, 2010, the Organization acquired a controlling interest in the Heart Hospital of South Dakota LLC (HHSD). Accordingly, HHSD has been consolidated from the acquisition date forward.

Use of Estimates

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

Cash and Cash Equivalents

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

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations. Unpaid patient and resident receivables, excluding amounts due from third-party payors, with invoice dates over 90 days old have interest assessed at 1 percent per month. These interest charges are recognized as income when charged.

Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

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

Supplies

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

Investments and Investment Income

Investments with readily determinable market values are stated at fair value. The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national and foreign securities exchanges. The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 825. ASC 825 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on all investments with readily determinable market values are recorded in earnings as a component of revenues in excess of expenses. These investments were previously held as available-for-sale securities with unrealized gains and losses excluded from earnings until realized. Investment income or loss (including interest income, dividends, net changes in unrealized gains and losses, and net realized gains and losses) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Investment income on funds held under indenture agreements is recorded as other operating revenue while all other investment income is recorded as nonoperating revenue in the statement of operations.

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

Investments in Affiliated Organizations

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

Physician Notes Receivable and Guarantees

A consolidated subsidiary of the Organization has entered into notes receivable and guaranteed salary commitments with certain physicians. These contracts are limited in duration, and serve the purpose of recruiting new physicians. Notes receivable with physicians are recorded as other accounts receivable in the consolidated balance sheet. Guaranteed salary commitments are recorded as other current and noncurrent liabilities.

Assets Limited as to Use

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

Fair Value Measurements

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

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

Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Property and Equipment

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. The estimated useful lives of property and equipment are as follows:

Land Improvements	3-25 years
Buildings and improvements	5-100 years
Equipment	3-20 years

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

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the effective interest method and the straight-line method. Amortization of deferred financing costs is included in interest expense in the consolidated financial statements.

Internal Use Software

The Organization capitalizes expenses related to the acquisition and development of the software used for financial reporting, billing, processing, and patient care in conformity with ASC 350, *Internal-Use Software* Costs incurred, subsequent to a determination that the technology needed to achieve performance requirements exists, are capitalized if it is probable development efforts will be completed and the software will be deployed. As of June 30, 2011 and 2010, the Organization had capitalized approximately $5,449,098 and $4,968,685, related to software in development. During the years ended June 30, 2011 and 2010, portions of the project were completed and placed in service. The portion of the project related to the Organization's clinic business line remains in the application development stage. Costs of maintenance, training, and minor upgrades are expensed as incurred upon deployment of the software.

Goodwill

Goodwill represents the excess of cost over the fair value of the net assets acquired. Through June 30, 2010, the Organization amortized goodwill on a straight-line basis over a period not to exceed twenty-five years. As of June 30, 2010, the Organization had goodwill of $16,350,311, net of accumulated amortization of $4,138,820. Beginning in fiscal year 2011, on an annual basis and at interim periods when circumstances require, the Organization tests the recoverability of its goodwill. The goodwill testing utilizes a two-step impairment analysis, whereby the Organization compares the carrying value of each identified reporting unit to its fair value. If the carrying value of the reporting unit is greater than its fair value, the second step is performed, where the implied fair value of goodwill is compared to its carrying value. The Organization recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value. The fair value of the reporting unit is estimated using the net present value of discounted cash flows, excluding any financing costs or dividends, generated by each reporting unit. The Organization's discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of the Organization's reporting unit.

As of July 1, 2010, the Organization was required, under accounting standards, to cease amortization of goodwill and perform an annual test for impairment of the goodwill balance. As of July 1, 2010, management performed a transitional goodwill impairment evaluation, similar to the two-step annual impairment analysis, in accordance with generally accepted accounting principles. Management recorded goodwill impairment totaling $1,918,602 as part of the transitional analysis. The Organization performs its test for recoverability for goodwill on an annual basis and no further impairments resulted from this review.

Intangible Assets

The Organization amortizes other intangible assets over their estimated useful life using the straight-line method over a period not to exceed fifteen years. Amortization of other intangible assets, excluding amortization of deferred financing costs, is included in depreciation and amortization in the consolidated financial statements.

Deferred Compensation

Prior to July 1, 2009, the Organization maintained a deferred compensation program for the benefit of physicians and key management executives. The plan was discontinued effective July 1, 2009. As of June 30, 2010, plan assets and liabilities were classified as current within the consolidated balance sheet as the plan assets were distributed during the year ended June 30, 2011.

Deferred Revenue

The Organization recognizes deferred revenue for amounts received for which the services have not yet been performed. Grants are also recorded as deferred revenue when the Organization receives grant money in advance of qualifying grant expenditures. Grant revenue is recognized and included in income at the time qualifying expenditures are made by the Organization.

Temporarily and Permanently Restricted Net Assets

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

Noncontrolling Interest

The accompanying consolidated financial statements reflect the adoption of guidance within ASC 810 requiring that a noncontrolling interest in a subsidiary be reported as net assets in the consolidated financial statements. The guidance also requires that that net income attributable to the parent and the noncontrolling interest be clearly identifiable; that changes in a parent's ownership interest be accounted for as equity transactions; and that disclosures be expanded to clearly identify and distinguish between the interest of the parent and interests of the noncontrolling owners.

Interest in Net Assets of Avera Health Foundation

Avera Health Foundation, an affiliate of the Organization, solicits contributions and holds funds on behalf of the Organization. The Organization's interest in these funds is recorded in assets limited as to use in the accompanying consolidated financial statements. Changes in the funds held by the Foundation are recorded as change in interest in net assets of Avera Health Foundation in the accompanying consolidated financial statements.

Revenues in Excess of Expenses

Revenues in excess of expenses excludes changes in interest in net assets of Avera Health Foundation related to distributions from the Foundation for capital expenditures, reclassifications of accumulated losses on interest rate swaps, contributions of long-lived assets, including assets acquired using contributions which were restricted by donors, change in the fair value of the interest rate swap designated as a hedge, the cumulative effect of change in accounting principle related to goodwill, transfers of assets to and from related parties for other than goods and services, and other changes in unrestricted net assets.

Advertising Costs

The Organization expenses advertising costs as incurred.

Net Patient and Resident Service Revenue

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

Charity Care

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

Donor-Restricted Gifts

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

Contributions Made

Unconditional promises to give cash and other assets are reported at fair value and recorded as liabilities at the date the promise is made. Conditional promises to give and indications of intentions to give are reported at fair value at the date the conditions have been met or the date the gift is made.

Income Taxes

The Organization is organized as a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is required to file a Return of Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS). The Organization files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income. For the years ended June 30, 2011 and 2010, cash paid for income taxes was $112,143 and $384,817, respectively.

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

Market Risk

The Organization's policy for managing risk related to its exposure to variability in interest rates and other relevant market rates and prices include consideration of entering into derivative instruments (freestanding derivatives), or contracts or instruments containing features or terms that behave in a manner similar to derivative instruments (embedded derivatives) in order to mitigate its risks. The Organization recognizes all derivatives as either assets or liabilities in the consolidated balance sheet and measures those instruments at fair value (See also Note 12).

Note 2 - Charity Care and Community Benefit

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

The amounts of charges foregone, based on established rates, were approximately $28,000,000 and $27,400,000 for the years ended June 30, 2011 and 2010.

The Organization also provides community benefit health activities at less than or at no cost to support those in the area served. These activities include, but are not limited to, community education and health services, health professionals' education, subsidized services, cash and in-kind donations to community organizations, health research, and community building activities. For the years ended June 30, 2011 and 2010, specific examples include a free health clinic, diabetes education and management programs; ASK A NURSE health information service; clinical settings for resident physicians and nursing and pharmacy students; community blood bank partnership; subsidized emergency transportation and hospice services; medication, transportation and lodging support for needy patients and families; community screenings; and clinical research.

Note 3 - Net Patient and Resident Service Revenue

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

Medicare - PPS: Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare fiscal intermediary. The Organization's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2009.

Medicare - CAH: Several Organization facilities are licensed as Critical Access Hospitals (CAH). These hospitals are reimbursed for most inpatient and outpatient services on a cost-based methodology with final settlement determined after submission of annual cost reports by the hospitals and are subject to audits thereof by the Medicare intermediary. The Organization's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2009.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Clinical and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Organization is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid program. The Organization's Medicaid cost reports have been settled by the Medicaid program through June 30, 2010.

Wellmark Blue Cross: Services rendered to Wellmark Blue Cross subscribers are reimbursed under prospectively determined percentage of charges and fixed payment rate methodologies.

Nursing Home – Medicare and Medicaid: The Organization participates in the Medicare program for which payments for resident services is made on a prospectively determined per diem rate which varies based on a case-mix resident classification system. The Organization is reimbursed for Medicaid nursing home resident services at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by the South Dakota Department of Social Services regulations. These rates are subject to retroactive adjustment by field audit.

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

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is an ongoing level of uncertainty relative to the estimated liability for prior period cost reports. There is a reasonable possibility that recorded estimates will change by a material amount in the near term.

A summary of patient and resident service revenue, contractual adjustments and cost of goods sold for the years ended June 30, 2011 and 2010, is as follows:

	2011	2010
Total patient and resident service revenue	$ 1,432,892,269	$ 1,168,671,643
Contractual adjustments		
Medicare	(376,326,382)	(284,272,028)
Medicaid	(87,447,611)	(73,411,047)
Blue Cross	(113,197,031)	(99,827,570)
Other	(170,655,082)	(131,367,351)
Cost of goods sold	(8,436,145)	(7,060,219)
Total contractual adjustments and cost of goods sold	(756,062,251)	(595,938,215)
Net patient and resident service revenue	$ 676,830,018	$ 572,733,428

Note 4 - Business Combinations

Heart Hospital of South Dakota

On October 1, 2010, the Organization acquired an additional 33 1/3% ownership interest in the Heart Hospital of South Dakota LLC in a transaction accounted for as an acquisition. The HHSD is an acute-care hospital, specializing in cardiology and cardiovascular surgery. The HHSD shares the Organization's mission of making a positive impact in the lives and health of persons and communities by providing quality services guided by Christian values. The acquisition resulted in the Organization holding a 66 2/3% ownership interest in HHSD as of the acquisition date. The aggregate purchase price of the additional interest acquired was approximately $22.5 million. The acquisition price includes approximately $16.7 million of goodwill attributable to the increased ownership interest and expectations of future cash flows and operational synergies across the market. As a result of the additional ownership interest acquired, the operations of the HHSD have been consolidated in the accompanying consolidated financial statements from the acquisition date forward.

Prior to the acquisition date, the Organization's fair value interest in the HHSD was approximately $13.8 million. The pre-acquisition fair value of the Organization's interest in the HHSD exceeded the carrying value of the interest, resulting in a non-operating gain of approximately $5.1 million. Fair value of the pre-acquisition ownership share was determined based on accepted business valuation methodologies.

The following table summarizes the revenues and changes in net assets attributable to the HHSD for the period from the acquisition date through June 30, 2011:

Net Revenue	$ 49,818,874
Changes in Net Assets	
Change in unrestricted net assets	$ (4,846,214)
Change in noncontrolling interest	(2,470,839)

The following table summarizes pro forma information as though the HHSD had been a consolidated entity for the years ending June 30, 2011 and 2010:

	2011	2010
Net Revenue	$ 65,309,427	$ 66,857,349
Changes in Net Assets		
Change in unrestricted net assets	$ (2,647,335)	$ (586,207)
Change in noncontrolling interest	(1,373,048)	(292,664)

Other Acquisitions

During the year ended June 30, 2011, the Organization closed on purchase agreements for the acquisition of various clinic practices, and a 49% share in a radiation therapy center and mobile MRI business. The aggregate acquisition price for these business combinations was $4.5 million.

Note 5 - Investments and Investment Income

Assets Limited as to Use

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

	2011	2010
Under indenture agreements - held by trustee		
Cash and cash equivalents	$ 5,166,259	$ 17,826,577
U.S. Government Agency bonds	1,537,677	22,439,715
Interest receivable	11,077	265,219
	6,715,013	40,531,511
Less amount shown as current	(5,041,704)	(7,452,552)
	$ 1,673,309	$ 33,078,959
By board for capital improvements and debt redemption		
Cash and cash equivalents	$ 16,943,075	$ 5,657,628
Interest in Pooled Investment Fund *	170,814,066	125,103,164
Notes receivable	3,431,202	3,496,249
	$ 191,188,343	$ 134,257,041
Interest in net assets of Avera Health Foundation		
Interest in Pooled Investment Fund *	$ 9,923,336	$ 7,264,057

Pooled Investment Fund *

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

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

	2011	2010
Fair value - Level 1 inputs	56.7%	74.2%
Fair value - Level 2 inputs	27.9%	6.8%
Fair value - Level 3 inputs	0.0%	0.0%
Cost basis or equity method	15.4%	19.0%
	100.0%	100.0%

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

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

Investment Income

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

	2011	2010
Other revenue		
Interest income	$ 1,164,570	$ 1,545,158
Realized gains on investments, net	119,624	15,401
	$ 1,284,194	$ 1,560,559
Other income		
Interest income	$ 70,631	$ 9,115
Realized gains on investments, net	5,090,055	1,853,102
Change in unrealized gains and losses on investments	15,424,834	3,340,040
	$ 20,585,520	$ 5,202,257

Note 6 - Fair Value Measurements

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

	2011	2010
Cash equivalents	$ 5,038,698	$ 16,744,599
U.S. Government Agency bonds	1,537,677	22,439,715
Deferred compensation trust - mutual funds	-	9,188,968
Physician guarantees asset	2,898,510	-
Pledges receivable	3,360,173	3,781,641
Total assets	$ 12,835,058	$ 52,154,923
Pledge commitments	$ 728,129	$ 321,000
Physician guarantees liability	2,898,510	-
Interest rate swap agreements	9,046,231	8,679,458
Total liabilities	$ 12,672,870	$ 9,000,458

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

	Active Markets (Level 1)	Inputs (Level 2)	Inputs (Level 3)
June 30, 2011			
Cash equivalents	$ 5,038,698	$ -	$ -
U.S. Government Agency bonds	1,537,677	-	-
Physician guarantees asset	-	-	2,898,510
Pledges receivable	-	-	3,360,173
Total assets	$ 6,576,375	$ -	$ 6,258,683
Pledge commitments	$ -	$ -	$ 728,129
Physician guarantees liability	-	-	2,898,510
Interest rate swap agreement	-	9,046,231	-
Total liabilities	$ -	$ 9,046,231	$ 3,626,639
June 30, 2010			
Cash equivalents	$ 16,744,599	$ -	$ -
U.S. Government Agency bonds	22,439,715	-	-
Deferred compensation trust - mutual funds	9,188,968	-	-
Pledges receivable	-	-	3,781,641
Total assets	$ 48,373,282	$ -	$ 3,781,641
Pledge commitments	$ -	$ -	$ 321,000
Interest rate swap agreements	-	8,679,458	-
Total liabilities	$ -	$ 8,679,458	$ 321,000

The fair value for cash equivalents, U.S. Government Agency bonds, and deferred compensation trust assets is determined by reference to quoted market prices. The fair value of the interest rate swaps are based upon estimates of the related LIBOR swap rates during the term of the swap agreement. The fair value of physician guarantees is estimated based on expected future cash flows.

The following tables present the reconciliation of activity for assets and liabilities measured at fair value based upon significant unobservable (non-market) information:

	2011	2010
Pledges receivable		
Balance, beginning of year	$ 3,781,641	$ 3,842,192
New pledges	632,840	1,023,199
Cash received	(1,149,861)	(852,911)
Write-offs and adjustments	95,553	(230,839)
Balance, end of year	$ 3,360,173	$ 3,781,641

	2011	2010
Pledge commitments		
Balance, beginning of year	$ 321,000	$ 344,280
New pledges	650,000	105,000
Cash paid	(179,000)	(129,000)
Write-offs and adjustments	(63,871)	720
Balance, end of year	$ 728,129	$ 321,000

	2011
Physician guarantees asset	
Balance, beginning of year	$ -
New guarantees	2,898,510
Balance, end of year	$ 2,898,510

	2011
Physician guarantees liability	
Balance, beginning of year	$ -
New guarantees	2,898,510
Balance, end of year	$ 2,898,510

Note 7 - Fair Value of Financial Instruments

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

The Organization's fixed rate long-term debt, including current portion, has a carrying amount that differs from its estimated fair value. The fair value of the Organization's fixed rate long-term debt is determined by references to trading activity for underlying debt instruments or if unavailable, estimated using discounted cash flow analyses, based on the Organization's effective borrowing rates at respective reporting dates for similar types of arrangements. The carrying value of the Organization's fixed rate debt is $97,638,586 and $76,273,070 as of June 30, 2011 and 2010. The fair value of the Organization's fixed rate debt is estimated to be $97,498,055 and $77,582,105 as of June 30, 2011 and 2010.

Note 8 - Property and Equipment

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

	2011		2010	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 20,670,087	$ -	$ 17,995,249	$ -
Land improvements	7,139,800	4,994,251	6,754,026	4,633,770
Buildings and improvements	400,743,070	141,264,979	284,050,273	122,330,019
Equipment	244,039,198	163,934,111	182,616,007	132,446,318
Construction in progress	5,765,403	-	78,884,904	-
	$ 678,357,558	$ 310,193,341	$ 570,300,459	$ 259,410,107
Net property and equipment		$ 368,164,217		$ 310,890,352

Construction in progress at June 30, 2011, consists of various remodeling and equipment projects. The estimated cost to complete these projects is $3 million which will be financed with Organization funds.

Note 9 - Investments in Affiliated Organizations

The Organization is a participant in the following investments:

Organization Name	Percent Ownership/ Control
Estherville Medical Clinic	50.0%
Pipestone Clinic	50.0%
Center for Family Medicine	50.0%
Heart Hospital of South Dakota, LLC (through October 1, 2010)	33.3%
Hegg Clinic	50.0%
Q and M Properties LLC	50.0%
Brookings MRI Services	49.0%
Worthington CT Services	25.0%
Worthington MRI Services	49.0%
Chamberlain Clinic	50.0%
Rural Medical Clinics	50.0%
Mersco Medical of Pierre LLC	50.0%
Avera Home Medical Equipment of Floyd Valley Hospital LLC	50.0%
Avera Home Medical Equipment of Estherville LLC	50.0%
Avera Home Medical Equipment of Sioux Center LLC	50.0%
Avera Home Medical Equipment of Marshall LLC	50.0%
Avera Home Medical Equipment of Spencer Hospital LLC	50.0%
Avera Nuclear Medicine Services of Mitchell	50.0%
Yorkshire Eye Clinic	49.0%
Diagnostic Technical Services LLC	50.0%

The Organization's investments are accounted for on the equity method of accounting that approximates the Organization's equity in the underlying net book value of these organizations. Summary financial information, on a combined basis, as of and for the years ended June 30, 2011 and 2010, is as follows:

	2011	2010
Cash and cash equivalents	$ 883,755	$ 15,159,183
Other current assets	5,555,472	13,267,094
Land, buildings, and equipment - net	2,809,097	38,401,306
Other non-current assets	336,235	872,301
Total assets	$ 9,584,559	$ 67,699,884
Total current liabilities	$ 1,558,202	$ 10,972,595
Long-term debt	-	23,839,026
Net assets/stockholders' equity	8,026,357	32,888,263
Total liabilities and net assets/stockholders' equity	$ 9,584,559	$ 67,699,884
Total revenues	$ 39,243,466	$ 89,187,815
Total expenses	(35,975,127)	(77,964,098)
Net income	$ 3,268,339	$ 11,223,717

As disclosed in Note 4, the Heart Hospital of South Dakota LLC became a consolidated entity on October 1, 2010.

Note 10 - Long-Term Debt

Long-term debt consists of:

	2011	2010
Avera McKennan Revenue Refunding Bonds, Series 1996, 6.25% interest, due in varying installments through July 1, 2010	$ -	$ 2,120,000
Avera Health Revenue Refunding Bonds Series 2002, 5.00% to 5.75%, due annually in increasing amounts through July 1, 2027	17,414,622	18,034,560
Unamortized bond premium	86,037	95,358
Avera Health Variable Rate Demand Revenue Bonds Payable, Series 2008A, (0.10% to 0.34% during the fiscal year for a weighted average interest rate of 0.25%, 0.10% to 0.11% at June 30, 2011) varying annual installments to July 1, 2038	99,085,087	99,770,080
Avera Health Demand Revenue Bonds Payable, Series 2008B, 5.25% to 5.50%, interest only until July 1, 2033, then varying annual installments to July 1, 2038	50,320,000	50,320,000
Unamortized bond discount	(269,983)	(280,850)
Avera Health Variable Rate Demand Revenue Bonds Payable, Series 2008C, (0.98% to 3.25% during the fiscal year for a weighted average interest rate of 1.82%, 0.98% at June 30, 2011), interest only until July 1, 2014, then varying annual installments to July 1, 2033	45,335,000	45,335,000
Notes payable, 5.25% fixed interest through December 31, 2011, resets January 1, 2012 and every three years thereafter at prime rate plus 1%, subject to 5.25% floor		
Monthly principal and interest payments due as follows:		
Payments of $46,663 to July 1, 2024	7,727,311	7,871,690
Payments of $20,184 to December 15, 2015	967,176	1,152,507
Payments of $13,436 to April 1, 2012	131,123	281,007
Note payable, Avera Health, dated January 1, 2009, 4% fixed interest rate, original amount of $6,000,000, annual principal and interest payments of $441,491 to January 1, 2029	5,588,960	5,798,510

	2011	2010
Note payable, dated October 1, 2010, 3% fixed interest rate, original amount of $20,000,000, monthly principal and interest payments of $359,375 to October 1, 2015	$ 17,508,052	$ -
Note payable, dated February 2006, variable interest at LIBOR + 1.25% (5.21% at June 30, 2011), monthly principal and interest payments of $125,492 due through February 2, 2016	16,564,900	-
Notes payable to equipment lender, annual fixed rates of interest from 3.4% to 6.4%, original amounts totaling $8,367,000, due in monthly principal and interest payments through June 1, 2016	6,806,954	-
Capital lease obligation - Note 11	80,688	133,605
	267,345,927	230,631,467
Less current maturities	(11,048,478)	(4,167,196)
Total long-term debt, less current maturities	$ 256,297,449	$ 226,464,271

Long-term debt maturities are as follows:

Year Ending June 30,	
2012	$ 11,048,478
2013	11,137,375
2014	11,149,424
2015	10,944,733
2016	16,759,573
Thereafter	206,490,290
Unamortized bond premiums and discounts	(183,946)
	$ 267,345,927

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

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

The note payable loan agreements contain certain restrictive covenants, which require the maintenance of specific financial ratios and amounts. The Organization was in compliance with these covenants at June 30, 2011.

Note 11 - Leases

The Organization leases certain operations, equipment, and space under various lease agreements with varying terms, most of which are cancelable upon written notice. The Organization also has a lease that has been recorded as a capital lease. The leased asset has a net book value of $69,343 and $121,351 as of June 30, 2011 and 2010.

Total lease expense for all operating leases and rental agreements for the years ended June 30, 2011 and 2010, was $12,920,073 and $11,859,609.

Minimum future lease payments for the capital and non-cancelable operating leases are as follows:

Year Ending June 30,	Capital Lease	Operating Leases
2012	$ 59,600	$ 6,722,340
2013	24,833	5,993,995
2014	-	5,445,809
2015	-	4,229,963
2016	-	2,777,297
Thereafter	-	6,381,142
Total minimum lease payments	84,433	$ 31,550,546
Less interest	(3,745)	
Present value of minimum lease payments - Note 10	$ 80,688	

Note 12 - Interest Rate Swaps

In accordance with its market-risk policy, the Organization has developed a risk management strategy to maintain acceptable levels of exposure to the risk of changes in future expected variable cash flows resulting from interest rate fluctuation. As part of this strategy, the Organization has entered into the following interest rate swap agreements:

Reference	Maturity Date	Notional Amount	Organization Pays	Organization Receives	Fair Value 2011	Fair Value 2010
Swap A	2028	$ 5,269,984	3.870%	67% of LIBOR	$ (827,232)	$ (965,319)
Swap B	2033	$ 37,077,092	3.915%	67% of LIBOR	$ (6,506,115)	$ (7,714,139)
Swap C	2015	$ 13,251,920	5.210%	LIBOR + 1.25%	$ (1,712,884)	$ -

The Organization entered into Swap A to effectively convert $5,269,984 of the variable rate Series 2008A bonds to synthetic fixed rate debt at the rate of 3.87%. The Organization entered into Swap B to effectively convert $37,077,092 of the variable rate Series 2008C bonds into synthetic fixed rate debt at a rate of 3.915%. The Organization entered into Swap C to effectively convert 80% of a variable rate mortgage agreement, currently $13,251,920, into synthetic fixed rate debt at a rate of 5.21%.

Effective July 1, 2009, the Organization elected to discontinue the designation of Swap A and Swap B as cash flow hedges. The net unrealized loss on the date of hedge accounting discontinuance of $6,568,413 is being prospectively reclassified into revenues in excess of expenses as future interest payments are made over the remaining term of the swap agreements. For each of the years ended, June 30, 2011 and 2010, $380,740 was reclassified into revenues in excess of expenses in relation to the hedging discontinuance. The aggregate fair values of the swap agreements were recorded as long term liabilities of $7,333,347 and $8,679,458 as of June 30, 2011 and 2010, respectively. The changes in fair value of $1,346,111 and $(2,111,045) were recorded to revenues in excess of expenses for the years ended June 30, 2011 and 2010, respectively.

The Organization has designated Swap C as a cash flow hedging instrument, and determined the agreement to be highly effective. The fair value of the swap agreement was recorded as a long term liability of $1,712,884 at June 30, 2011. For the year ended June 30, 2011, the change in fair value of $(718,740), of the swap was recorded to other changes in net assets.

The following table summarizes the derivative transactions reflected in the Organization's consolidated balance sheets and consolidated statements of operations for the years ended June 30, 2011 and 2010:

	2011	2010
Long-term Liability		
Fair value of interest rate swap agreements	$ (9,046,231)	$ (8,679,458)
Revenues in Excess of Expenses		
Change in fair value of interest rate swaps not designated as hedging instruments	$ 1,346,111	$ (2,111,045)
Reclassification of accumulated losses on interest rate swaps	(380,740)	(380,740)
Interest expense	2,097,832	1,387,025
Other Changes in Net Assets		
Change in fair value of interest rate swaps designated as hedging instruments	$ (718,740)	$ -
Reclassification of accumulated losses on interest rate swaps	380,740	380,740

Note 13 - Commitments

The Organization has entered into several agreements that are accounted for as unconditional and conditional promises to give. Unconditional promises to give are recorded as other current and non-current liabilities in the balance sheet and totaled approximately $728,000 and $321,000 at June 30, 2011 and 2010, respectively. A consolidated subsidiary of the Organization has also entered into physician guarantee contracts and contracts that are considered exchange transactions resulting in purchase commitments.

A summary of outstanding commitments under unconditional promises to give, conditional promises to give, physician contracts, and purchase commitments is as follows:

Year Ending June 30,	
2012	$ 2,993,334
2013	2,865,834
2014	2,302,500
2015	944,000
2016	1,034,000
Thereafter	3,930,000
	$ 14,069,668

Note 14 - Temporarily and Permanently Restricted Net Assets

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

	2011	2010
Various programs and capital projects, including hospice, hospitality center, and others	$ 9,034,012	$ 7,350,458

Permanently restricted net assets at June 30, 2011 and 2010, are restricted to:

	2011	2010
Investments to be held in perpetuity, the income from which is expendable to support various health care services	$ 2,021,909	$ 1,981,042

Note 15 - Endowment

The Organization's endowment consists of a portion of their interest in the net assets of Avera Health Foundation. The Avera Health Foundation includes endowment funds which have been established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization's permanently restricted endowment funds are donor restricted and totaled $2,021,909 and $1,981,042 at June 30, 2011 and 2010, respectively. The Organization currently does not have any board-designated endowment funds.

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds 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 gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent 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 fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(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
(7) The investment policies of the Organization

Changes in endowment net assets for the years ended June 30, 2011 and 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2009	$ -	$ -	$ 1,897,334	$ 1,897,334
Change in interest in net assets of Avera Health Foundation	-	-	83,708	83,708
Endowment net assets, June 30, 2010	-	-	1,981,042	1,981,042
Change in interest in net assets of Avera Health Foundation	-	-	40,867	40,867
Endowment net assets, June 30, 2011	$ -	$ -	$ 2,021,909	$ 2,021,909

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies that were deemed material as of June 30, 2011 and 2010.

Return Objectives and Risk Parameters

Through its affiliation with the Avera Health Foundation, 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 endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet the price and yield investment returns established by the Avera Pooled Investment Committee while assuming a moderate level of investment risk. The Organization expects its endowment funds with the Avera Health Foundation, over time, to provide an average rate of return of approximately 6%-8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation including equity securities, fixed-income securities, hedge funds, and private equity to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Avera Health Foundation Board of Directors determines the annual spending rate and distribution amounts based on a review of the average market value of the endowment funds over the most recent 20 quarters. Local governing boards review the spending rate and distribution information and determine if payouts that would invade the corpus would be fiscally responsible.

Note 16 - Self-Insurance Programs

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

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

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

	2011	2010
Health and dental	$ 32,947,244	$ 28,337,201
Professional liability	1,533,497	1,460,473
Workers' compensation	2,395,720	1,983,621
	$ 36,876,461	$ 31,781,295

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

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

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

Note 17 - Employee Benefit Plans

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

Defined Benefit Pension Plan (Career Average)

The expenses of the Organization for contributions into the noncontributory defined benefit pension plan were $9,355,918 and $9,539,406 for the years ended June 30, 2011 and 2010.

Defined Benefit Pension Plan (Cash Balance)

All employees whose employment or reemployment began after June 30, 2000 and employees who elected not to remain in the defined benefit pension plan are provided retirement benefits under a new cash balance pension plan and an additional employer match retirement savings plan which became effective January 1, 2001. The expenses of the Organization for contributions into the cash balance pension plan and retirement savings plan were $6,835,564 and $6,458,781 for the years ended June 30, 2011 and 2010.

Career Average and Cash Balance Accumulated Plan Benefits

The latest available information on the accumulated plan benefits and plan net assets available for benefits for the noncontributory defined benefit pension plan is presented below:

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

The Organization had 6,449 participants out of a total of 11,121 participants covered by the pension plan as of January 1, 2011.

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8% for 2011 and 2010.

Subsidiary 401(k) Retirement Plan

A subsidiary of the Organization sponsors a defined contribution retirement savings plan (the "401(k) Plan"), which covers all employees of the subsidiary. The 401(k) Plan allows eligible employees to contribute from 1% to 50% of their annual compensation on a pretax basis, up to the annual limit determined by the IRS. The subsidiary, at its discretion, may make an annual contribution equal to a uniform percentage or dollar amount of an employee's elective deferral each plan year, up to a maximum of 6% of compensation. The expense related to the employer's share of the 401(k) contributions totaled $230,135 during the year ended June 30, 2011.

Note 18 - Loan Guarantees

The Organization has entered into agreements whereby it is the guarantor, as of June 30, 2011, for the following loans:

Avera Holy Family Health Revenue Bonds, Series 2000, 5.6% to 6.3%, due annually in increasing amounts through July 1, 2026	$ 4,585,000

The Organization is jointly and severally obligated for various bond issues as of June 30, 2011, under a Master Trust Indenture as follows:

Avera Health Revenue Refunding Bonds, Series 2002, 5.00% to 5.75%, due annually in increasing amounts through July 1, 2027	$ 30,480,378
Avera Health Variable Rate Demand Revenue Bonds Payable, Series 2008A, (0.10% to 0.34% during the fiscal year for a weighted average interest rate of 0.25%, 0.10% to 0.11% at June 30, 2011) varying annual installments to July 1, 2038	38,289,913
Avera Health Variable Rate Demand Revenue Bonds Payable, Series 2008C, (0.98% to 3.25% during the fiscal year for a weighted average interest rate of 1.82%, 0.98% at June 30, 2011), interest only until July 1, 2014, then varying annual installments to July 1, 2033	16,160,000
	$ 84,930,291

The Master Trust Indenture places limits on the incurrence of additional borrowings and requires that the Obligated Group satisfy certain measures of financial performance as long as the bonds are outstanding.

Note 19 - Malpractice Insurance

As discussed in Note 16, the Organization participates in a self-insured professional liability program which provides malpractice insurance coverage for professional liability losses subject to a self-insured retention of $2 million per claim and $6 million annual aggregate. The Organization is also insured under an excess umbrella liability claims-made policy with a limit of $35 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured subject to the self-insured retention only.

Note 20 - Related Party Transactions

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

	2011	2010
Payments to related organizations recorded by the Organization:		
Equity transfers	$ 699,541	$ 2,136,931
Management and other services	30,359,991	26,681,319
Employee benefit programs	45,782,761	41,191,490
Professional liability and workers' compensation insurance programs	3,929,217	3,444,094
Balance sheet items:		
Due from related party	1,250,000	1,250,000
Prepaid expenses	79,540	1,046,972
Other receivables	1,019,900	968,882
Accounts payable	4,048,909	3,201,319
Long-term debt (including current portion)	5,588,960	5,798,510
Interest payable	111,779	120,000

Note 21 - Concentrations of Credit Risk

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

	2011	2010
Medicare	27%	26%
Blue Cross	13%	16%
Medicaid	8%	10%
Commercial insurance	6%	6%
Other third-party payors, patients and residents	46%	42%
	100%	100%

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

Note 22 - Functional Expenses

The Organization provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended June 30, 2011 and 2010 are as follows:

	2011	2010
Health care services	$ 565,793,241	$ 487,141,575
General and administrative	110,609,526	93,722,341
Fundraising	881,667	797,681
	$ 677,284,434	$ 581,661,597

Note 23 - Subsequent Events

The Organization has evaluated subsequent events through September 27, 2011, the date which the financial statements were available to be issued. During the period, the Organization did not have any material recognizable subsequent events.