



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Part IIISTatement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

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

2

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

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

3

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

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured 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 \$ 3,686,974 including grants of \$) (Revenue \$ 3,180,605)

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

4b

(Code) (Expenses \$ 2,035,757 including grants of \$) (Revenue \$ 2,062,640)

FIRSTSOLUTIONS HAS A CONTRACT WITH SEVERAL OTHER INSURERS TO PROVIDE HEALTH MANAGEMENT SERVICES. HEALTH MANAGEMENT SERVICES IS DESIGNED TO IMPROVE MEMBER’S HEALTH OUTCOMES AND LOWER HEALTH CARE COSTS. RN CARE NAVIGATORS ASSIST MEMBERS IN UNDERSTANDING THEIR HEALTH STATUS, PROVIDE PERSONAL GUIDANCE, AND OFFER INSIGHTFUL ADVICE AND EDUCATION OPPORTUNITIES TO MAINTAIN AND IMPROVE HEALTH. CARE NAVIGATORS HELP PARTICIPANTS TRACK THEIR STATUS TO REDUCE THE LIKELIHOOD OF A MAJOR HEALTH EVENT, THEREBY REDUCING WORKPLACE ABSENTEEISM, INCREASING PRODUCTIVITY, AND IMPROVING OVERALL BODY/MIND WELLNESS. THE FOLLOWING SERVICES ARE OFFERED: CASE MANAGEMENT, UTILIZATION MANAGEMENT, CARE COORDINATION, PERSONAL HEALTH ADVOCACY, PREDICTIVE AND CHRONIC DISEASE MANAGEMENT, WORKPLACE WELLNESS PROGRAMS, PRENATAL SUPPORT, PEDIATRIC SUPPORT, AND PHARMACEUTICAL MANAGEMENT. FIRSTSOLUTIONS, BY BOARD ACTION, CEASED THE HEALTH MANAGEMENT SERVICE BUSINESS AS OF 12/31/11.

4c

(Code) (Expenses \$ 394,904 including grants of \$) (Revenue \$ 454,552)

FIRSTSOLUTIONS HAS A CONTRACT TO PROCESS ELDERLY WAIVER CLAIMS. OUR CLAIMS SYSTEM FACILITATES PROMPT, ACCURATE PROCESSING OF NON-TRADITIONAL CLAIMS MEETING ALL REGULATORY REQUIREMENTS. WE PROVIDE PAYERS WITH STRONG REPORTING THAT ENABLES THEM TO IDENTIFY COST TRENDS, AREAS OF OPPORTUNITY FOR SAVINGS AS WELL AS FRAUD AND ABUSE MONITORING.

(Code) (Expenses \$ 126,230 including grants of \$) (Revenue \$ 140,025)

FIRSTSOLUTIONS CEASED QUOTING AND WRITING INSURED POLICIES AS A HEALTH MAINTENANCE ORGANIZATION (HMO) IN 2009. DISCONTINUED OPERATIONS ON THE FINANCIAL STATEMENTS INCLUDE AMOUNTS RELATED TO THE CESSATION OF THIS OPERATION. THE GROSS REVENUE INCLUDES FINAL SETTLEMENTS ON PREMIUMS AND CLAIMS. THE FIRSTSOLUTIONS CLAIMS PROCESSING CENTER STAFF CONTINUED THEIR WORK ADJUDICATING CLAIMS FOR BLUE CROSS BLUE SHIELD OF MINNESOTA UNTIL APRIL 30, 2010 AT WHICH TIME THE CONTRACT ENDED AND THE CLAIMS PROCESSING CENTER CLOSED.

4d

Other program services (Describe in Schedule O)















(Expenses \$ 126,230 including grants of \$) (Revenue \$ 140,025)

4e

Total program service expenses \$ 6,243,865

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? . . .	2	No
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> . . .	3	No
4	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? <i>If "Yes," complete Schedule C, Part II.</i> . . .	4	No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> . . .	5	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States? . . .	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i> . . .	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i> . . .	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i> . . .	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> . . .	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i> . . .	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> . . .	20a	No
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements . . .	20b	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	Yes	
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	1,151			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	137			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities 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. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate 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 aggregate 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		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	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		No

Section B. Policies

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

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	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?		No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	MN
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request	
19	Describe in Schedule O whether (and if so, how), the organization made 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.	KATHERINE HEIMBACH 525 SOUTH LAKE AVENUE SUITE 222 DULUTH, MN 55802 (218) 727-9872

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, or 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 organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) KAREN ERICKSON BOARD CHAIR	1.00	X		X				3,800	0	0
(2) GARY OLSON VICE CHAIR	1.00	X		X				2,800	0	0
(3) GREGORY S KVAM DIRECTOR	1.00	X						2,000	0	0
(4) KENT OLIVER DIRECTOR	1.00	X						2,000	0	0
(5) SARAH CRON SECRETARY/TREASURER	1.00	X		X				2,400	0	0
(6) BETH ELSTAD DIRECTOR	1.00	X						2,000	0	0
(7) TERRY JACOBSON PRESIDENT & CEO	40.00			X				229,009	0	29,097
(8) JOYCE MIREAULT VP HEALTH MANAGEMENT & MAR	40.00			X				85,576	0	7,510
(9) KATHY MCNAMARA-HEIMBACH EXECUTIVE DIRECTOR	40.00			X				123,708	0	18,532
(10) CASSANDRA BEARDSLEY COO	40.00			X				111,121	0	10,281
(11) TIMOTHY MILLER CONTROLLER	40.00			X				110,632	0	10,492
(12) JULIE A REICHHOFF MD PHYSICIAN	40.00					X		116,250	0	10,585

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	791,296	0	86,497

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 5

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►0

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	46				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		46				
Program Service Revenue			Business Code					
	2a	CARE DELIVERY	621300	3,193,121	1,631,912	1,561,209		
	b	HEALTHMANAGEMENT	524298	2,062,640		2,062,640		
	c	REMOTE CLAIMS PROCESSI	561439	454,552		454,552		
	d	HEALTHPLAN RUNOUT	524292	140,025	140,025			
	e	COMMUNITY NURSING SERV	621300	-12,516	-12,516			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		5,837,822				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		78,842			78,842	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
			450,933					
			221,203					
			229,730					
	d	Net rental income or (loss)		229,730			229,730	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			3,580,000	2,711,509				
			3,576,326	2,245,329				
			3,674	466,180				
	d	Net gain or (loss)		469,854			469,854	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . .						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities . .						
	10a	Gross sales of inventory, less returns and allowances	a					
b	Less cost of goods sold	b						
c	Net income or (loss) from sales of inventory . .							
Miscellaneous Revenue		Business Code						
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions		6,616,294	1,759,421	4,078,401	778,426		

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)

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

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 United States See Part IV, line 21	3,411	3,411		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	3,000	3,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	750,958		750,958	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	2,660,381	2,608,840	51,541	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	172,144	155,249	16,895	
9	Other employee benefits	449,394	399,758	49,636	
10	Payroll taxes	259,340	196,691	62,649	
11	Fees for services (non-employees)				
a	Management	205,657	118,811	86,846	
b	Legal	50,890		50,890	
c	Accounting	99,033		99,033	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	297,351	236,701	60,650	
12	Advertising and promotion	20,980	7,507	13,473	
13	Office expenses	98,720	92,145	6,575	
14	Information technology	379,517	250,171	129,346	
15	Royalties				
16	Occupancy	433,796	147,905	285,891	
17	Travel	15,186	10,737	4,449	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	31,118	9,592	21,526	
20	Interest	1,574	1,574		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	490,667	347,153	143,514	
23	Insurance	86,453	40,858	45,595	
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/DRUGS	1,407,645	1,407,645		
b	ALLOWANCE FOR DOUBTFUL	169,063		169,063	
c	MISCELLANEOUS AND OTHER	109,659	104,117	5,542	
d	LICENSES	89,609	8,031	81,578	
e					
f	All other expenses	117,891	93,969	23,922	
25	Total functional expenses. Add lines 1 through 24f	8,403,437	6,243,865	2,159,572	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			268,486	1	257,059
	2	Savings and temporary cash investments			478,296	2	66,084
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			3,281,418	4	362,307
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			845,435	8	0
	9	Prepaid expenses and deferred charges			206,935	9	110,530
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a	3,490,641			
	b	Less: accumulated depreciation	10b	1,128,885	5,122,976	10c	2,361,756
	11	Investments—publicly traded securities			5,418,662	11	8,332,485
	12	Investments—other securities. See Part IV, line 11				12	596,264
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11				15	
16	Total assets. Add lines 1 through 15 (must equal line 34)			15,622,208	16	12,086,485	
Liabilities	17	Accounts payable and accrued expenses			2,288,140	17	553,726
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities				20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			6,070,000	25	6,070,000
	26	Total liabilities. Add lines 17 through 25			8,358,140	26	6,623,726
	Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
27		Unrestricted net assets				27	
28		Temporarily restricted net assets				28	
29		Permanently restricted net assets				29	
Organizations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 30 through 34.							
30		Capital stock or trust principal, or current funds			7,264,068	30	5,462,759
31		Paid-in or capital surplus, or land, building or equipment fund			0	31	0
32		Retained earnings, endowment, accumulated income, or other funds			0	32	0
33		Total net assets or fund balances			7,264,068	33	5,462,759
34	Total liabilities and net assets/fund balances			15,622,208	34	12,086,485	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	6,616,294
2	Total expenses (must equal Part IX, column (A), line 25)	2	8,403,437
3	Revenue less expenses Subtract line 2 from line 1	3	-1,787,143
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	7,264,068
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-14,166
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	5,462,759

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization FIRSTSOLUTIONS	Employer identification number 41-0635532
--	--

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

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

1

☐

A church, convention of churches, or association of churches **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 Se**section 509(a)(4).**

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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 2011 (line 6 column (f) divided by line 11 column (f))	14	
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a	33 1/3% support test—2011. 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—2010. 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—2011. 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—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		

Part IIISupport Schedule for Organizations Described in IRC 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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	234,032	336,527	205,892	470	46	776,967
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	87,329,307	95,649,932	102,990,850	8,040,783	1,759,421	295,770,293
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	87,563,339	95,986,459	103,196,742	8,041,253	1,759,467	296,547,260
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						0
c Add lines 7a and 7b						0
8 Public Support (Subtract line 7c from line 6.)						296,547,260

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6	87,563,339	95,986,459	103,196,742	8,041,253	1,759,467	296,547,260
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	1,538,499	721,762	908,618	485,017	529,775	4,183,671
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	1,538,499	721,762	908,618	485,017	529,775	4,183,671
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on		6,886,042	11,319,809	9,044,482	4,078,401	31,328,734
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.)	89,101,838	103,594,263	115,425,169	17,570,752	6,367,643	332,059,665
14 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						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	89 310 %
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	96 970 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	1 260 %
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	1 080 %
19a 33 1/3% support tests—2011. 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	<input type="checkbox"/>	
b 33 1/3% support tests—2010. 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	<input type="checkbox"/>	
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	<input type="checkbox"/>	

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

Facts And Circumstances Test

Explanation

Additional Data

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

Form 990, Special Condition Description:

Special Condition Description

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

4d. Other program services
(Code) (Expenses \$ 126,230 including grants of \$) (Revenue \$ 140,025) FIRSTSOLUTIONS CEASED QUOTING AND WRITING INSURED POLICIES AS A HEALTH MAINTENANCE ORGANIZATION (HMO) IN 2009 DISCONTINUED OPERATIONS ON THE FINANCIAL STATEMENTS INCLUDE AMOUNTS RELATED TO THE CESSATION OF THIS OPERATION THE GROSS REVENUE INCLUDES FINAL SETTLEMENTS ON PREMIUMS AND CLAIMS THE FIRSTSOLUTIONS CLAIMS PROCESSING CENTER STAFF CONTINUED THEIR WORK ADJUDICATING CLAIMS FOR BLUE CROSS BLUE SHIELD OF MINNESOTA UNTIL APRIL 30, 2010 AT WHICH TIME THE CONTRACT ENDED AND THE CLAIMS PROCESSING CENTER CLOSED

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
FIRSTSOLUTIONS

Employer identification number
41-0635532

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

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

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

1

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

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

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2011

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

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

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

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

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

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

	Amount
1c	
1d	
1e	
1f	




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

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

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

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

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


- a** Board designated or quasi-endowment 
- b** Permanent endowment 
- c** Term endowment 

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		100,000		100,000
b Buildings		2,988,528	953,521	2,035,007
c Leasehold improvements				
d Equipment		402,113	175,364	226,749
e Other				
Total. Add lines 1a-1e <i>(Column (d) should equal Form 990, Part X, column (B), line 10(c).)</i> 				2,361,756

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	6,616,294
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	8,403,437
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-1,787,143
4	Net unrealized gains (losses) on investments	4	-14,166
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-14,166
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-1,801,309

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	-546,036
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-14,166
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	278,105
e	Add lines 2a through 2d	2e	263,939
3	Subtract line 2e from line 1	3	-809,975
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	7,426,269
c	Add lines 4a and 4b	4c	7,426,269
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	6,616,294

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements	1	1,255,960
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	278,792
e	Add lines 2a through 2d	2e	278,792
3	Subtract line 2e from line 1	3	977,168
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	7,426,269
c	Add lines 4a and 4b	4c	7,426,269
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	8,403,437

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	FIRSTSOLUTIONS IS EXEMPT FROM FEDERAL AND STATE INCOME TAXES, EXCEPT WHEN ENGAGING IN BUSINESS ACTIVITIES THAT ARE CONSIDERED TO BE UNRELATED TO ITS TAX-EXEMPT PURPOSE. NOT-FOR-PROFIT ORGANIZATIONS MAY BECOME SUBJECT TO INCOME TAXES IF QUALIFICATION AS A TAX-EXEMPT ENTITY CHANGES, IF UNRELATED BUSINESS INCOME IS GENERATED, AND IN CERTAIN OTHER INSTANCES NOT-FOR-PROFIT ORGANIZATIONS ARE REQUIRED TO ASSESS THE CERTAINTY OF THEIR TAX POSITIONS RELATED TO THESE MATTERS AND, IN SOME CASES, RECORD LIABILITIES FOR POTENTIAL TAXES, INTEREST AND PENALTIES ACCOMPANIED BY FOOTNOTE DISCLOSURES. MANAGEMENT EVALUATED FIRSTSOLUTIONS' TAX POSITIONS AND CONCLUDED FIRSTSOLUTIONS HAS TAKEN NO UNCERTAIN TAX POSITIONS THAT REQUIRE ADJUSTMENT TO THE FINANCIAL STATEMENTS TO COMPLY WITH THE PROVISIONS OF THE GUIDANCE. WITH FEW EXCEPTIONS, FIRSTSOLUTIONS IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS BY THE U.S. FEDERAL TAX AUTHORITIES FOR YEARS BEFORE 2008.
PART XII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES 221,203 LOSS ON DISPOSAL OF FIXED ASSETS 56,902
PART XII, LINE 4B - OTHER ADJUSTMENTS		EXPENSES RELATED TO DISCONTINUED OPERATIONS (SEE SCHEDULE O) 7,426,269
PART XIII, LINE 2D - OTHER ADJUSTMENTS		RENTAL EXPENSES 221,203 BRIDGEVIEW EXPENSES 687 LOSS ON DISPOSAL OF FIXED ASSETS 56,902
PART XIII, LINE 4B - OTHER ADJUSTMENTS		EXPENSES RELATED TO DISCONTINUED OPERATIONS (SEE SCHEDULE O) 7,426,269

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
FIRSTSOLUTIONS

Employer identification number
41-0635532

Part I

Questions Regarding Compensation

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

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) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual.

[illegible]

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	PART I, LINE 4A	TIMOTHY MILLER - \$ 45,011 20 ANNETTE FORSELL - \$ 35,611 21 JOYCE MIREAULT - \$ 22,679 04


Liquidation, Termination, Dissolution or Significant Disposition of Assets

2011

Name of the organization
FIRSTSOLUTIONS

41-0635532

[illegible]

a	Become a director or trustee of a successor or transferee organization?
b	Become an employee of, or independent contractor for, a successor or transferee organization?
c	Become a direct or indirect owner of a successor or transferee organization?
d	Receive, or become entitled to, compensation or other similar payments as a result of the organization's liquidation, termination, or dissolution?
e	If the organization answered "Yes" to any of the questions in this line, provide the name of the person involved and explain in Part III 	

	Yes	No
2a		
2b		
2c		
2d		

Part I Liquidation, Termination or Dissolution (continued)

Note. If the organization distributed all of its assets during the tax year, then Form 990, Part X, column (B), line 16 (Total assets) and line 26 (Total liabilities) should equal -0-

3

Did the organization distribute its assets in accordance with its governing instrument(s)? If "No," describe in Part III

4a

Is the organization required to notify the attorney general or other appropriate state official of its intent to dissolve, liquidate, or terminate?

b

If "Yes," did the organization provide such notice?

5

Did the organization discharge or pay all liabilities in accordance with state laws?

6a

Did the organization have any tax-exempt bonds outstanding during the year?

b

Did the organization discharge or defease tax-exempt bond liabilities in accordance with the Internal Revenue Code and state laws?

c

If 'Yes' to line 6b describe in Part III how the organization defeased or otherwise settled these liabilities. If "No," explain in Part III

Yes

No

3

4a

4b

5

6a

6b

Part II Sale, Exchange, Disposition or Other Transfer of More Than 25% of the Organization's Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 32, or Form 990-EZ, line 36. Use Part III if additional space is needed.

1	(a)Description of asset(s) distributed or transaction expenses paid	(b)Date of distribution	(c)Fair market value of asset(s) distributed or amount of transaction expenses	(d)Method of determining FMV for asset(s) distributed or transaction expenses	(e)EIN of recipient	(f)Name and address of recipient	(g)IRC section of recipient(s) (if tax-exempt) or type of entity
	SALE OF CLINICS AND PHARMACIES	04-01-2011	2,688,609	VALUATION	20-0360007	ESSENTIA HEALTH 502 E 2ND ST DULUTH,MN 558051913	501(C)(3)

2

Did or will any officer, director, trustee, or key employee of the organization

a

Become a director or trustee of a successor or transferee organization?

b

Become an employee of, or independent contractor for, a successor or transferee organization?

c

Become a direct or indirect owner of a successor or transferee organization?

d

Receive, or become entitled to, compensation or other similar payments as a result of the organization's significant disposition of assets?

e

If the organization answered "Yes" to any of the questions in this line, provide the name of the person involved and explain in Part III

Yes

No

2a

2b

2c

2d

Part III **Supplemental Information.** Complete to provide the information required by Parts I and II,
and any additional information.

Identifier	Return Reference	Explanation
		PART II, LINE 2E DIANE HOLLIDAY-WELSH
		PART II, LINE 2E DIANE WAS VICE PRESIDENT OF CARE DELIVERY AT FIRSTSOLUTIONS. AFTER THE SALE OF ASSETS TO ESSENTIA HEALTH, DIANE BECAME THE CLINIC ADMINISTRATOR AT ESSENTIA HEALTH

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

2011

Open to Public
Inspection

Name of the organization FIRSTSOLUTIONS	Employer identification number 41-0635532
--	--

Identifier	Return Reference	Explanation
CHANGES IN PROGRAM SERVICES	FORM 990, PART III, LINE 3	FIRST SOLUTIONS SOLD CARE DELIVERY (TWO CLINICS AND THREE PHARMACIES) TO ESSENTIA HEALTH ON 4/1/11 AND CLOSED HEALTH MANAGEMENT SERVICES ON 12/31/11

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 4	THE CHANGE TO THE ORGANIZATION'S ARTICLES OF INCORPORATION CHANGED THE NAME OF THE CORPORATION TO FIRST COMMUNITY HEALTH FOUNDATION EFFECTIVE JANUARY 1, 2012, ALTHOUGH THE AMENDED ARTICLES WERE FILED WITH THE STATE ON DECEMBER 15, 2011

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

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

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

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

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -14,166

Identifier	Return Reference	Explanation
DISCONTINUED OPERATIONS	FORM 990, SCHEDULE D, PART XII, LINE 4B & PART XIII, LINE 4B	FIRSTSOLUTIONS CEASED QUOTING AND WRITING INSURED POLICIES AS A HEALTH MAINTENANCE ORGANIZATION (HMO) IN 2009. DISCONTINUED OPERATIONS INCLUDE AMOUNTS RELATED TO THE CESSATION OF THIS OPERATION. THE GROSS REVENUE INCLUDES FINAL SETTLEMENTS ON PREMIUMS AND CLAIMS. IN 2010, FIRSTSOLUTIONS CEASED OPERATIONS OF THE TPU2 CLAIMS PROCESSING CENTER, WHICH INCLUDED LAY OFF OF THE REMAINING STAFF. IN ADDITION, THE COMMUNITY NURSING SERVICE WAS SOLD TO AN OUTSIDE ENTITY IN 2010. IN 2011, FIRSTSOLUTIONS SOLD ITS CLINICS AND PHARMACIES. THE REVENUES AND EXPENSES RELATED TO THESE ACTIVITIES ARE INCLUDED IN DISCONTINUED OPERATIONS. FIRSTSOLUTIONS CEASED ITS HEALTH MANAGEMENT LINE OF BUSINESS AS OF DECEMBER 31, 2011. HEALTH MANAGEMENT WAS THE PROVISION OF CARE, DISEASE, AND UTILIZATION MANAGEMENT PROVIDED REMOTELY BY REGISTERED NURSES ON BEHALF OF HEALTH PLANS AND TPA COMPANIES. SEE NOTE 9 ON PAGES 11 AND 12 OF THE ATTACHED AUDITED FINANCIAL STATEMENT FOR DETAIL.

Identifier	Return Reference	Explanation
TRANSFER OF FIXED ASSETS TO BRIDGEVIEW COMPANY (WHOLLY OWNED SUBSIDIARY)	FORM 990, PART III, LINE 4C	THE ELDERLY WAIVER LINE OF BUSINESS WAS TRANSFERRED TO FIRST PLAN AGENCY (41-1600064), THE WHOLLY OWNED FOR PROFIT SUBSIDIARY OF FIRSTSOLUTIONS (41-0635532) FIRST PLAN AGENCY WAS CHANGED TO BRIDGEVIEW COMPANY IN DECEMBER 2011. AMENDMENTS WERE MADE TO THE ARTICLES OF INCORPORATION AND BY LAWS AND WERE FILED WITH THE STATE OF MINNESOTA. BRIDGEVIEW CONTINUES TO BE A WHOLLY OWNED SUBSIDIARY OF FIRSTSOLUTIONS. FIRSTSOLUTIONS TRANSFERRED FIXED ASSETS RELATED TO THE ELDERLY WAIVER CLAIMS PROCESSING PROGRAM TO BRIDGEVIEW IN DECEMBER 2011 AT NET BOOK VALUE WITH A CORRESPONDING ENTRY TO CONTRIBUTED CAPITAL.

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

2011

Open to Public Inspection

Name of the organization
FIRSTSOLUTIONS

Employer identification number
41-0635532

Part I

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

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

Part II

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

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

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) BRIDGEVIEW COMPANY 525 SOUTH LAKE AVENUE SUITE 222 DULUTH, MN 55802 41-1600064	ADMINISTRATIVE	MN	FIRSTSOLUTIONS	C	-687	615,916	100 000 %

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

Yes

No

2

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) BRIDGEVIEW COMPANY	Q	615,915	NBV OF PROPERTY
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

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

FirstSolutions and Subsidiary

Consolidated Financial Report

December 31, 2011

Contents

Independent Auditor's Report	1
Financial Statements	
Consolidated balance sheets	2
Consolidated statements of activities	3
Consolidated statements of cash flows	4
Notes to the financial statements	5 - 12



Independent Auditor's Report

To the Board of Directors
FirstSolutions and Subsidiary

We have audited the accompanying consolidated balance sheets of FirstSolutions and Subsidiary as of December 31, 2011 and 2010, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of FirstSolutions' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FirstSolutions and Subsidiary as of December 31, 2011 and 2010, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Duluth, Minnesota
March 12, 2012

FirstSolutions and Subsidiary

Consolidated Balance Sheets December 31, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 262,823	\$ 683,461
Receivables		
Patient receivables, net of allowance for doubtful accounts of \$532,772 in 2010	-	1,167,530
Health management receivable	322,663	277,355
Claims processing receivable	19,305	1,826,018
Other receivables	-	10,515
Investments (Note 2)	8,332,485	5,418,662
Inventories	-	845,435
Prepaid expenses	110,530	206,935
Total current assets	9,047,806	10,435,911
Property and Equipment (Note 7)	4,656,836	7,735,705
Less accumulated depreciation	1,679,165	2,612,729
	2,977,671	5,122,976
Assets Limited as to Use (Note 2)		
By Board	51,321	51,321
By Donor	9,000	12,000
	60,321	63,321
Total assets	\$ 12,085,798	\$ 15,622,208
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 128,334	\$ 1,003,011
Accrued compensation and related accrued expenses	425,392	1,285,129
Claims processing deposit	6,070,000	6,070,000
Total current liabilities	6,623,726	8,358,140
Net Assets		
Temporarily restricted	9,000	12,000
Unrestricted	5,453,072	7,252,068
	5,462,072	7,264,068
Total liabilities and net assets	\$ 12,085,798	\$ 15,622,208

See Notes to Consolidated Financial Statements

FirstSolutions and Subsidiary

Consolidated Statements of Activities Years Ended December 31, 2011 and 2010

	2011	2010
Operating Revenue		
Health management	\$ -	\$ 1,559,363
Claims processing	454,552	213,536
Rental	450,933	399,560
Net assets release from restrictions	3,000	-
Total operating revenue	908,485	2,172,459
Operating Expenses		
Salaries	423,386	1,777,202
Employee benefits	122,345	512,165
Professional fees	188,876	271,953
Supplies	21,451	60,606
Repairs and maintenance	13,536	36,653
Utilities	82,770	129,110
Property tax	86,784	71,004
Other	168,061	332,010
Rent	31,191	273,564
Depreciation	109,808	180,338
Loss on disposal of assets	7,752	-
Total operating expenses	1,255,960	3,644,605
Loss from operations	(347,475)	(1,472,146)
Nonoperating Revenue (Expenses)		
Investment income (Note 2)	68,350	105,476
Contributions	46	470
Total nonoperating revenue	68,396	105,946
Deficiency of revenues over expenses	(279,079)	(1,366,200)
Discontinued Operations (Note 9)	(1,519,917)	(2,382,026)
Decrease in unrestricted net assets	(1,798,996)	(3,748,226)
Changes in Temporarily Restricted Net Assets, net assets released from restrictions	(3,000)	-
Decrease in temporarily restricted net assets	(3,000)	-
Decrease in net assets	(1,801,996)	(3,748,226)
Net Assets, beginning of year	7,264,068	11,012,294
Net Assets, end of year	<u><u>\$ 5,462,072</u></u>	<u><u>\$ 7,264,068</u></u>

See Notes to Consolidated Financial Statements

FirstSolutions and Subsidiary

Consolidated Statements of Cash Flows Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities		
Decrease in net assets	\$ (1,801,996)	\$ (3,748,226)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation	289,118	648,499
Gain on sale of line of business	(759,937)	(15,000)
Loss on disposal of property and equipment	244,607	-
Unrealized gain (loss) on investments	(14,166)	20,019
Changes in assets and liabilities, net of sale of Clinics and Pharmacies		
Patient accounts receivable	1,154,343	630,429
Claims processing receivable	1,806,713	(1,826,018)
Other receivables	(34,793)	4,589,715
Inventories	8,553	(78,965)
Prepaid expenses	84,701	(114,255)
Accounts payable	(860,918)	(681,192)
Accrued compensation	(335,768)	(147,937)
Other accrued liabilities	-	(15,006,609)
Claims processing deposit	-	6,070,000
Net cash used in operating activities	(219,543)	(9,659,540)
Cash Flows from Investing Activities		
Purchase of property and equipment	(15,947)	(295,120)
Proceeds from sale of equipment	22,900	-
(Increase) decrease in assets limited as to use	3,000	(63,321)
Purchase of investment securities	(6,479,657)	(15,133,218)
Proceeds from sale of investment securities	3,580,000	13,408,973
Proceeds from sale of Clinics and Pharmacies	2,688,609	15,000
Net cash used in investing activities	(201,095)	(2,067,686)
Cash Flows from Financing Activities		
Principal payments on long-term borrowings	-	(26,737)
Net cash used in financing activities	-	(26,737)
Net decrease in cash and cash equivalents	(420,638)	(11,753,963)
Cash and Cash Equivalents		
Beginning	683,461	12,437,424
Ending	<u>\$ 262,823</u>	<u>\$ 683,461</u>

See Notes to Consolidated Financial Statements

FirstSolutions and Subsidiary

Notes to Consolidated Financial Statements

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of organization: FirstSolutions is a not-for-profit corporation, organized to provide medical and health care services to the community of Duluth, Minnesota, and the surrounding area

FirstSolutions is the sole corporate member of Bridgeview Company, a for profit corporation organized under the laws of the state of Minnesota for the purpose of providing administrative support services to companies in health-related fields and to provide business processing services in health-related fields

During all or part of 2011, FirstSolutions and Subsidiary (FirstSolutions) provided the following services

- Health management
- Claims processing - nontraditional (Elderly Waiver)
- Medical clinic and pharmacy services

Health management and medical clinics and pharmacy services have been accounted for as discontinued operations during 2011 (see Note 9)

A summary of FirstSolutions' significant accounting policies follows

Principles of consolidation: The accompanying consolidated financial statements include the accounts of FirstSolutions and Bridgeview Company. All material intercompany balances and transactions have been eliminated in consolidation.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and uncertainties: The uncertainty in the economy, both nationally and in Minnesota, and the increased focus on health care reform with the recent political changes could impact FirstSolutions' business for the coming year.

Cash and cash equivalents: Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less, excluding assets limited as to use.

Patient accounts receivables: Patient accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the services provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient accounts receivable due directly from the patients are carried at the original charge for the services provided less amounts covered by third-party payors and less an estimated allowance for doubtful receivables based on a review of outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts, by using historical experience applied to an aging of accounts and by considering the patient's financial history and credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad-debt expense when received.

Claims processing receivable: The claims processing receivable is the amounts advanced by FirstSolutions on approved claims for the Elderly Waiver Program. The balance is due from Blue Cross Blue Shield of Minnesota (BCBSM).

FirstSolutions and Subsidiary

Notes to Consolidated Financial Statements

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the deficiency of revenues over expenses unless the income or loss is restricted by donor or law. FirstSolutions has classified all of its investments as trading.

FirstSolutions invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and, that such changes could materially affect the amounts reported in the financial statements.

Inventories: Inventories of medical, laboratory, radiology and pharmaceutical supplies, and pharmacy drugs, are valued at the lower of cost (first-in, first-out) or market.

Property, equipment and depreciation: Property and equipment is stated at cost if purchased or, if donated, at fair value at the date of donation, which then becomes its cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The estimated useful lives of property and equipment are as follows:

	Useful Life (Years)
Land improvements	10
Buildings and leasehold improvements	10 - 40
Furniture and equipment	4 - 20
Software	3 - 5

Assets limited as to use: Assets limited as to use are invested in cash and mutual funds and are assets set aside by the board and restricted by donors to be used for scholarships. The board retains control over their portion and may at its discretion subsequently use it for other purposes.

Claims processing deposit: The claims processing deposit was provided by BCBSM to fund the future payment of claims for the Elderly Waiver Program. Funds not used for the payment of these claims will be returned to BCBSM at the end of the Elderly Waiver Program contract.

Net assets: Unrestricted net assets are those funds presently available for use by or on behalf of FirstSolutions including amounts available for general and administrative expenses. These unrestricted net assets may also include board-designated funds. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. These are primarily contributions that are restricted for scholarships. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Permanently restricted net assets are contributions that have donor-imposed restrictions whereby the amount of the gift is to be held in perpetuity and only the income generated can be used as stipulated by the donor. FirstSolutions had no permanently restricted net assets as of December 31, 2011 and 2010.

Operating revenues: The majority of operating revenues from continuing operations are obtained from nontraditional claims processing and rental income. Revenues are recorded as services are performed. Nontraditional claims processing is the processing of nonmedical claims related to the provision of services for the Elderly Waiver Program. Rental revenue is generated from leasing space in a medical clinic and pharmacy building located in Two Harbors.

FirstSolutions and Subsidiary

Notes to Consolidated Financial Statements

Net clinic and pharmacy revenue: FirstSolutions has agreements with third-party payors that provide for payments at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

The laws and regulations under which the Medicare and Medicaid programs operate are complex, subject to change and subject to interpretation. As part of operating under these programs, there is a possibility that governmental authorities may review FirstSolutions' compliance with these laws and regulations. Such review may result in adjustments to Medicare and Medicaid reimbursements previously received and subject FirstSolutions to fines and penalties. Although no assurances can be given, management believes they have complied with the requirements of the Medicare and Medicaid programs.

Deficiency of revenues over expenses: The statement of activities includes deficiency of revenues over expenses. Changes in unrestricted net assets which are excluded from deficiency of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, changes in temporarily restricted net assets and loss on discontinued operations.

Income taxes: FirstSolutions is exempt from federal and state income taxes, except when engaging in business activities that are considered to be unrelated to its tax-exempt purpose.

Not-for-profit organizations may become subject to income taxes if qualification as a tax-exempt entity changes, if unrelated business income is generated, and in certain other instances. Not-for-profit organizations are required to assess the certainty of their tax positions related to these matters and, in some cases, record liabilities for potential taxes, interest and penalties accompanied by footnote disclosures. Management evaluated FirstSolutions' tax positions and concluded FirstSolutions has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the guidance. With few exceptions, FirstSolutions is no longer subject to income tax examinations by the U.S. federal tax authorities for years before 2008.

Fair value measurements: FirstSolutions reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which FirstSolutions has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets,
 - quoted prices for identical or similar assets in markets that are not active,
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves), and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability should be used to measure the fair value to the extent that observable inputs are not available.

When available, FirstSolutions measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. At times Level 1 inputs may not be available for certain assets and liabilities that FirstSolutions is required to measure at fair value (for example, unconditional promises to give and in-kind contributions).

FirstSolutions and Subsidiary

Notes to Consolidated Financial Statements

The primary uses of fair value measures in the FirstSolutions' financial statements are for the valuation of marketable securities

Recent accounting pronouncements: In May 2011, the Financial Accounting Standards Board (FASB) issued updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between U S GAAP and International Financial Reporting Standards. This guidance includes amendments that clarify the application of existing fair value measurement requirements, in addition to other amendments that change principles or requirements for measuring fair value and for disclosing information about fair value measurements. This guidance is effective for annual periods beginning after December 15, 2011. The adoption of this guidance is not expected to have a material effect on FirstSolutions' consolidated financial statements.

Subsequent events: Management has evaluated subsequent events through March 12, 2012, the date the financial statements were available to be issued.

Note 2. Investments

Investments are made up of the following

	2011	2010
Assets limited as to use		
Cash	\$ -	\$ 3,321
Certificate of deposit	-	60,000
Fixed income mutual funds	60,321	-
Fixed income mutual funds	8,332,485	5,418,662
	<u>\$ 8,392,806</u>	<u>\$ 5,481,983</u>

The following outlines FirstSolutions' assets measured at fair value on a recurring basis, as of December 31, 2011 and 2010, by level within the fair value hierarchy. As required by the Fair Value Measurements and Disclosures Topic of FASB's Accounting Standards Codification, the assets are classified in their entirety based on the lowest level of input that is significant to the fair value market value measurement.

	2011			
	Level 1	Level 2	Level 3	Total
Fixed Income Mutual Funds				
Government Securities	\$ 7,385,517	\$ -	\$ -	\$ 7,385,517
Corporate Debt	1,007,289	-	-	1,007,289
	<u>\$ 8,392,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,392,806</u>
	2010			
	Level 1	Level 2	Level 3	Total
Fixed Income Mutual Funds				
Government Securities	\$ 1,121,940	\$ -	\$ -	\$ 1,121,940
Corporate Debt	4,296,722	-	-	4,296,722
	<u>\$ 5,418,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,418,662</u>

FirstSolutions and Subsidiary

Notes to Consolidated Financial Statements

Investment income and gains for assets limited as to use and cash equivalents are comprised of the following for the year ended December 31, 2011 and 2010

	2011	2010
Interest and dividends	\$ 82,516	\$ 85,457
Unrealized and realized gains (losses) on trading securities	(14,166)	20,019
	<u>\$ 68,350</u>	<u>\$ 105,476</u>

Note 3. Retirement and Postemployment Benefit Plans

FirstSolutions provides a defined-contribution pension plan covering substantially all nonunion employees. Pension expense is based on a percentage of total eligible compensation and was \$181,024 for the year ended December 31, 2011 and \$385,057 for the year ended December 31, 2010. FirstSolutions also contributes to a defined-contribution pension plan covering all union employees. The plan is funded monthly based on an amount per hour worked. Contributions to the plan and the charge to operations amounted to \$27,125 and \$121,199 for the years ended December 31, 2011 and 2010, respectively.

FirstSolutions sponsors a tax-sheltered annuity plan whereby employees can defer up to \$16,500 per year of their annual salary, not including catch-up provisions for those over 49 and/or with over 15 years of service with their employer. Contributions made to the plan by participants are immediately 100 percent vested. FirstSolutions is not obligated to nor does it contribute to the plan.

Both the defined-contribution pension plan and the tax-sheltered annuity program were discontinued at December 31, 2011, and were replaced by a 401(k) retirement plan.

Medical benefits that FirstSolutions offers to several of its physicians meet the requirement of a qualified postretirement medical benefit plan. The plan is noncontributory. For 2011, an annual projected rate of increase in healthcare costs of 8.0 percent was assumed by Management, reduced 0.5 percent per year until 5.0 percent in 2017 and later. The net period postretirement benefit cost including special events, reduced medical benefits expense by \$2,320 and \$115,951 for the years ended December 31, 2011 and 2010, respectively. The accrued liability for the benefit was \$159,431 at December 31, 2011 and \$177,355 at December 31, 2010, which is included in accrued liabilities.

As of December 31, 2011, there were four vested physicians/spouses that continue to be covered by this plan.

Note 4. Contingencies and Commitments

FirstSolutions purchases professional and general liability insurance to cover medical malpractice claims. The professional medical liability insurance has policy limits of \$2,000,000 per incident and \$4,000,000 in the aggregate. Covered personnel include all the staff physicians at FirstSolutions' two medical clinics and the eight pharmacists at their three clinic pharmacies. The coverage is on a claims-made basis. Losses on medical malpractice claims are estimated based on claims in excess of per-claim or aggregate coverage and claims incurred but not reported during the claim year. Management estimates there were no losses on medical malpractice claims in excess of insurance coverage for 2011 and 2010. Tail coverage for the physicians and pharmacists is being provided by the purchaser of the clinics and pharmacies as part of the purchase agreement.

FirstSolutions is subject to various other legal and governmental proceedings involving routine litigation incidental to the business. The consequences of the above-referenced litigation and regulatory action are not totally determinable at this time but, in the opinion of management of FirstSolutions, after consulting with legal counsel, any ultimate liability in excess of reserves currently recorded is not expected to have a material adverse effect on the financial condition of FirstSolutions.

FirstSolutions and Subsidiary

Notes to Consolidated Financial Statements

Note 5. Leases

FirstSolutions leases office space under an operating lease, which expires in 2012. Rental expense for 2011 was \$268,271 and for 2010 was \$885,952. The future minimum payments under the noncancelable lease is \$113,246.

FirstSolutions leases a clinic building to Lake View Memorial Hospital, Inc. (Lake View) under an agreement which expires in July 2012 (see Note 6). Future rental income is \$278,294.

Note 6. Clinic Building Lease

In July 2008, FirstSolutions sold its Two Harbors clinic practice to Lake View.

In connection with the purchase of the clinic practice, Lake View leases a portion of the clinic building, including the common areas, which resulted in lease revenue of \$450,758 and \$399,560 during the years ended December 31, 2011 and 2010, respectively. Additionally, the transaction included a provision whereby Lake View agreed to purchase the Two Harbors clinic building by July 28, 2012 at the fair market value of the property. In no event will the purchase price be lower than \$3,082,500 or higher than \$3,767,500.

Note 7. Property and Equipment

The components of property and equipment at December 31, 2011 and 2010, are summarized as follows:

	2011			
	Rental	Held for Sale	Operating	Total
Land and land improvements	\$ 219,850	\$ 100,000	\$ -	\$ 319,850
Buildings and leasehold improvements	2,637,641	317,651	60,558	3,015,850
Furniture and equipment	14,890	27,310	875,775	917,975
Software	-	-	403,161	403,161
	2,872,381	444,961	1,339,494	4,656,836
Less accumulated depreciation	763,912	192,873	722,380	1,679,165
	<u>\$ 2,108,469</u>	<u>\$ 252,088</u>	<u>\$ 617,114</u>	<u>\$ 2,977,671</u>

	2010			
	Rental	Held for Sale	Operating	Total
Land and land improvements	\$ 219,850	\$ 100,000	\$ -	\$ 319,850
Buildings and leasehold improvements	2,637,641	1,637,304	130,001	4,404,946
Furniture and equipment	14,890	397,959	1,318,743	1,731,592
Software	-	555,345	619,452	1,174,797
Construction in progress	-	-	104,520	104,520
	2,872,381	2,690,608	2,172,716	7,735,705
Less accumulated depreciation	693,438	997,520	921,771	2,612,729
	<u>\$ 2,178,943</u>	<u>\$ 1,693,088</u>	<u>\$ 1,250,945</u>	<u>\$ 5,122,976</u>

FirstSolutions and Subsidiary

Notes to Consolidated Financial Statements

FirstSolutions owns property in Two Harbors, Minnesota, which is leased as described in Note 6. The carrying value of the property is shown under rental above. Subsequent to year-end, FirstSolutions sold an office building located in Two Harbors. The value of this property is included in assets Held for Sale.

Note 8. Concentrations of Credit Risk

FirstSolutions maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. FirstSolutions has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Note 9. Discontinued Operations

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

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

In 2011, FirstSolutions sold its clinics and pharmacies. The total sales price for the transaction was approximately \$2,884,000. The revenues and expenses related to these activities are included in discontinued operations.

FirstSolutions ceased its Health Management line of business as of December 31, 2011. Health management was the provision of care, disease, and utilization management provided remotely by registered nurses on behalf of health plans and TPA companies.

The income (loss) by line of business for the discontinued operations for 2011 and 2010, is included below.

	2011					
	HMO	TPU2 Claims Processing	Community Nursing Service	Clinics and Pharmacies	Health Management	Total
Gross revenue	\$ 140,025	\$ -	\$ -	\$ 3,657,247	\$ 2,062,640	\$ 5,859,912
Contractual adjustments	-	-	12,516	464,126	-	476,642
Net revenue	140,025	-	(12,516)	3,193,121	2,062,640	5,383,270
Operating expenses						
Salary and benefits	8,642	40,856	15,053	1,434,378	1,690,180	3,189,109
Pharmacy prescriptions and over the counter drugs	-	-	-	1,346,833	-	1,346,833
Other (includes allocation of administrative expense)	4,393	79,027	8,499	1,347,925	1,450,483	2,890,327
Total operating expense	13,035	119,883	23,552	4,129,136	3,140,663	7,426,269
Income (loss) from operations	126,990	(119,883)	(36,068)	(936,015)	(1,078,023)	(2,042,999)
Loss on disposal of fixed assets	(8,974)			(142,115)	(85,766)	(236,855)
Gain on sale	-	-	-	759,937	-	759,937
Excess (deficiency) of revenues over expenses	\$ 118,016	\$ (119,883)	\$ (36,068)	\$ (318,193)	\$ (1,163,789)	\$ (1,519,917)

FirstSolutions and Subsidiary

Notes to Consolidated Financial Statements

	2010				
	HMO	TPU2 Claims Processing	Community Nursing Service	Clinics and Pharmacies	Total
Gross revenue	\$ 2,215,519	\$ 989,500	\$ 116,361	\$ 14,448,142	\$ 17,769,522
Contractual adjustments	-	-	-	2,457,156	2,457,156
Net revenue	2,215,519	989,500	116,361	11,990,986	15,312,366
Operating expenses					
Salary and benefits	83,061	1,299,738	224,976	5,683,390	7,291,165
Pharmacy prescriptions and over the counter drugs	-	-	-	5,665,202	5,665,202
Other (includes allocation of administrative expense)	430,819	216,558	97,623	4,008,025	4,753,025
Total operating expense	513,880	1,516,296	322,599	15,356,617	17,709,392
Income (loss) from operations	1,701,639	(526,796)	(206,238)	(3,365,631)	(2,397,026)
Gain on sale	-	-	15,000	-	15,000
Excess (deficiency) of revenues over expenses	\$ 1,701,639	\$ (526,796)	\$ (191,238)	\$ (3,365,631)	\$ (2,382,026)

Note 10. Subsequent Events

In January 2012, FirstSolutions sold an office building located in Two Harbors, Minnesota. The sales price was \$403,000 and included the land, building, improvements and miscellaneous equipment and furniture. The building had been used for claims processing and had been unused in 2011 and the majority of 2010.

As of January 1, 2012, FirstSolutions became First Community Health Foundation. The amended articles of incorporation and bylaws were filed with the State of Minnesota. The purpose of the Foundation will be for charitable, scientific, and educational purposes within the meaning of Section 501(c)(3) including promotion of health and disease prevention, education and coordination of services in medically underserved populations, provide resources for the provision of health services for improving the physical and mental condition of the residents of the region, and actively participate in efforts to identify community needs and opportunities in dealing with chronic disease issues as well as finding a means to address them.

The board of directors of FirstSolutions will become the board of directors of the Foundation. The Foundation will retain all assets and liabilities of FirstSolutions, except for those transferred to Bridgeview Company.