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Form 990

## Return of Organization Exempt From Income Tax

2011

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

Open to Public Inspection

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

## A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable

 Address change Name change Initial return Terminated Amended return Application pending

C Name of organization

Essentia Health

Doing Business As

Number and street (or P O box if mail is not delivered to street address) Room/suite

502 E 2nd St

City or town, state or country, and ZIP + 4

Duluth, MN 55805

F Name and address of principal officer

Peter Person MD  
502 E 2nd St  
Duluth, MN 55805

D Employer identification number

20-0360007

E Telephone number

(218) 786-8376

G Gross receipts \$ 76,671,369

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

H(a) Is this a group return for affiliates?

 Yes  NoH(b) Are all affiliates included?  Yes  No

If "No," attach a list (see instructions)

H(c) Group exemption number ►

J Website: ► www.essentialhealth.org

K Form of organization  Corporation  Trust  Association  Other ►

L Year of formation 2003

M State of legal domicile MN

## Part I Summary

1 Briefly describe the organization's mission or most significant activities  
We are called to make a healthy difference in people's lives

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

3 Number of voting members of the governing body (Part VI, line 1a) . . . . .

3 18

4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .

4 11

5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . . .

5 0

6 Total number of volunteers (estimate if necessary) . . . . .

6 0

7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .

7a -756

b Net unrelated business taxable income from Form 990-T, line 34 . . . . .

7b -1,274

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h) . . . . .	0	978,146
9	Program service revenue (Part VIII, line 2g) . . . . .	20,534,336	73,839,952
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	2,840,532	1,849,953
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	468,647	0
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	23,843,515	76,668,051
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	13,850	231,318
14	Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	314,600	2,349,470
16a	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ►0		
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .	22,364,718	57,199,457
18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) . . . . .	22,693,168	59,780,245
19	Revenue less expenses Subtract line 18 from line 12 . . . . .	1,150,347	16,887,806

	Beginning of Current Year	End of Year
20	100,741,801	128,318,534
21	56,417,384	70,276,715
22	44,324,417	58,041,819

## Part II Signature Block

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

Sign Here	***** Signature of officer Robert Norman CFO Type or print name and title	2013-05-01 Date
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Paid Preparer's Use Only	Preparer's signature Firm's name (or yours if self-employed), address, and ZIP + 4 41 S HIGH ST 1100 HUNTINGTON CTR COLUMBUS, OH 43215	Date Check if self-employed ►	Preparer's taxpayer identification number (see instructions)
			EIN ► Phone no ► (614) 232-7414

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

**Part III Statement of Program Service Accomplishments**Check if Schedule O contains a response to any question in this Part III  **1** Briefly describe the organization's mission

WE ARE CALLED TO MAKE A HEALTHY DIFFERENCE IN PEOPLE'S LIVES

**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 \$ 13,504,289 including grants of \$ 231,318 ) (Revenue \$ 73,839,952 )  
See schedule O**4b** (Code  ) (Expenses \$  including grants of \$  ) (Revenue \$  )**4c** (Code  ) (Expenses \$  including grants of \$  ) (Revenue \$  )**4d** Other program services (Describe in Schedule O )(Expenses \$  including grants of \$  ) (Revenue \$  )**4e** Total program service expenses  \$ 13,504,289

**Part IV Checklist of Required Schedules**

	<b>Yes</b>	<b>No</b>
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A.	1 Yes	
<b>2</b> Is the organization required to complete Schedule B, <i>Schedule of Contributors</i> (see instructions)?	2 Yes	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I.	3 No	
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II.	4 Yes	
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III.	5 No	
<b>6</b> 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? If "Yes," complete Schedule D, Part I.	6 No	
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," complete Schedule D, Part II.	7 No	
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III.	8 No	
<b>9</b> Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV.	9 No	
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V.	10 No	
<b>11</b> 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		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI.	11a Yes	
<b>b</b> Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.	11b Yes	
<b>c</b> Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII.	11c Yes	
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX.	11d No	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e Yes	
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f Yes	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII.	12a No	
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.	12b Yes	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13 No	
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?	14a No	
<b>b</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? If "Yes," complete Schedule F, Part I.	14b Yes	
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U.S.? If "Yes," complete Schedule F, Part II and IV.	15 No	
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U.S.? If "Yes," complete Schedule F, Part III and IV.	16 No	
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I	17 No	
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18 No	
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19 No	
<b>20a</b> Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20a No	
<b>b</b> If "Yes" to line 20a, did the organization attach its audited financial statement to this return? <b>Note:</b> 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? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		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? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		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? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)	28a		No
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28c		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? If "Yes," complete Schedule L, Part IV	29		No
30	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	30		No
31	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	31		No
32	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	32		No
33	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	33		No
34	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	34	Yes	
35a	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	35a	Yes	
b	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35b	Yes	
36	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2	36		No
37	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	37		No
38	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	38	Yes	
<b>Note.</b> All Form 990 filers are required to complete Schedule O				

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response to any question in this Part V 

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	<b>1a</b>	589
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	<b>1b</b>	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	Yes
<b>2a</b>	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	<b>2a</b>	0
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	<b>2b</b>	
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>	No
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	<b>3b</b>	
<b>4a</b>	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)?	<b>4a</b>	Yes
<b>b</b>	If "Yes," enter the name of the foreign country <b>CJ</b> See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts	<b>4b</b>	
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>	
<b>6a</b>	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?	<b>6a</b>	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>	<b>7a</b>	No
<b>a</b>	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?	<b>7b</b>	
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7c</b>	No
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7d</b>	
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	<b>7e</b>	No
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7f</b>	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7g</b>	
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7h</b>	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>8</b>	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	<b>9a</b>	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>	<b>9b</b>	
<b>a</b>	Did the organization make any taxable distributions under section 4966?	<b>10a</b>	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	<b>10b</b>	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter	<b>11a</b>	
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	<b>11b</b>	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>12a</b>	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter	<b>12b</b>	
<b>a</b>	Gross income from members or shareholders	<b>13a</b>	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	<b>13b</b>	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>13c</b>	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>14a</b>	No
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>	<b>14b</b>	
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> 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	<b>14a</b>	No
<b>b</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	<b>14b</b>	
<b>c</b>	Enter the aggregate amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14b</b>	
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

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

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

### Section A. Governing Body and Management

	Yes	No
1a Enter the number of voting members of the governing body at the end of the tax year . . . . .	1a	18
b Enter the number of voting members included in line 1a, above, who are independent . . . . .	1b	11
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2	No
3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	No
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	No
5 Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5	No
6 Did the organization have members or stockholders? . . . . .	6	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? . . . . .	7a	No
b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b	Yes
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a The governing body? . . . . .	8a	Yes
b Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

	Yes	No
10a Did the organization have local chapters, branches, or affiliates? . . . . .	10a	No
b 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? . . . . .	10b	
11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes
b Describe in Schedule O the process, if any, used by the organization to review the Form 990 . . . . .		
12a Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	12a	Yes
b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	12b	Yes
c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .	12c	Yes
13 Did the organization have a written whistleblower policy? . . . . .	13	Yes
14 Did the organization have a written document retention and destruction policy? . . . . .	14	Yes
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a The organization's CEO, Executive Director, or top management official . . . . .	15a	Yes
b Other officers or key employees of the organization . . . . .	15b	Yes
If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	16a	No
b 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? . . . . .	16b	

### 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  
 Own website  Another's website  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   
 ROBERT NORMAN  
 502 E 2ND ST  
 Duluth, MN 55805  
 (218) 786-3178

## **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

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

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

	<b>Yes</b>	<b>No</b>
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>3</b> Yes	
<b>4</b> For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	<b>4</b> Yes	
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .	<b>5</b>	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)	(B)	(C)
Name and business address	Description of services	Compensation
EPIC SYSTEMS CORPORATION		
PO BOX 88314		
MILWAUKEE, WI 53288	SOFTWARE MAINT SRVCS	6,858,875
HY TEC CONSTRUCTION OF BRAINERD INC		
PO BOX 621		
BRAINERD, MN 56401	CONSTRUCTION/DESIGN	6,143,836
MAX GREY CONSTRUCTION INC		
PO BOX 689		
HIBBING, MN 55746	CONSTRUCTION SERVICE	3,068,416
LAKE SUPERIOR LAUNDRY		
PO BOX 488		
SUPERIOR, WI 54880	LAUNDRY SERVICES	2,338,745
H T KLATZKY ASSOCIATES		
1511 E SUPERIOR ST		
DULUTH, MN 55812	HLTHCARE MKTG SRVCS	1,833,465

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 **103**

**Part VIII Statement of Revenue**

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
<b>Contributions, gifts, grants and other similar amounts</b>					
<b>1a</b> Federated campaigns . . . . .	<b>1a</b>				
<b>b</b> Membership dues . . . . .	<b>1b</b>				
<b>c</b> Fundraising events . . . . .	<b>1c</b>				
<b>d</b> Related organizations . . . . .	<b>1d</b>	478,146			
<b>e</b> Government grants (contributions)	<b>1e</b>				
<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	500,000			
<b>g</b> Noncash contributions included in lines 1a-1f \$ _____					
<b>h</b> <b>Total.</b> Add lines 1a-1f . . . . .		978,146			
<b>Program Service Revenue</b>		<b>Business Code</b>			
<b>2a</b> SUPPORT REVENUE		541610	73,839,952	73,839,952	
<b>b</b> _____					
<b>c</b> _____					
<b>d</b> _____					
<b>e</b> _____					
<b>f</b> All other program service revenue					
<b>g</b> <b>Total.</b> Add lines 2a-2f . . . . .		73,839,952			
<b>Other Revenue</b>					
<b>3</b> Investment income (including dividends, interest and other similar amounts) . . . . .			993,125		-756 993,881
<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .			0		
<b>5</b> Royalties . . . . .			0		
<b>6a</b> Gross rents	(I) Real	(II) Personal			
<b>b</b> Less rental expenses					
<b>c</b> Rental income or (loss)					
<b>d</b> Net rental income or (loss) . . . . .					
<b>7a</b> Gross amount from sales of assets other than inventory	(I) Securities	(II) Other			
<b>b</b> Less cost or other basis and sales expenses			860,146		
<b>c</b> Gain or (loss)	3,318				
<b>d</b> Net gain or (loss) . . . . .	-3,318	860,146			
			856,828		856,828
<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .					
<b>a</b>					
<b>b</b> Less direct expenses . . . . .	<b>b</b>				
<b>c</b> Net income or (loss) from fundraising events . . . . .			0		
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .					
<b>a</b>					
<b>b</b> Less direct expenses . . . . .	<b>b</b>				
<b>c</b> Net income or (loss) from gaming activities . . . . .			0		
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .					
<b>a</b>					
<b>b</b> Less cost of goods sold . . . . .	<b>b</b>				
<b>c</b> Net income or (loss) from sales of inventory . . . . .			0		
<b>Miscellaneous Revenue</b>	<b>Business Code</b>				
<b>11a</b>					
<b>b</b> _____					
<b>c</b> _____					
<b>d</b> All other revenue . . . . .					
<b>e</b> <b>Total.</b> Add lines 11a-11d . . . . .		0			
<b>12</b> <b>Total revenue.</b> See Instructions . . . . .		76,668,051	73,839,952	756	1,850,700

**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 

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>	<b>(A) Total expenses</b>	<b>(B) Program service expenses</b>	<b>(C) Management and general expenses</b>	<b>(D) Fundraising expenses</b>
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	231,318	231,318		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees . . . . .	1,192,926		1,192,926	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .	0			
7 Other salaries and wages	758,062		758,062	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	141,597	36	141,561	
9 Other employee benefits . . . . .	189,954	139,109	50,845	
10 Payroll taxes . . . . .	66,931	139	66,792	
11 Fees for services (non-employees)				
a Management . . . . .	0			
b Legal . . . . .	378,806		378,806	
c Accounting . . . . .	686,680		686,680	
d Lobbying . . . . .	10,000		10,000	
e Professional fundraising See Part IV, line 17 . . .	0			
f Investment management fees . . . . .	202,250		202,250	
g Other . . . . .	8,487,232	1,821,165	6,666,067	
12 Advertising and promotion . . . . .	672,231	627,176	45,055	
13 Office expenses . . . . .	335,594	79,164	256,430	
14 Information technology . . . . .	508,000	262,718	245,282	
15 Royalties . . . . .	0			
16 Occupancy . . . . .	20,866		20,866	
17 Travel . . . . .	414,750	180,931	233,819	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .	0			
19 Conferences, conventions, and meetings . . . . .	263,794	118,317	145,477	
20 Interest . . . . .	1,310,620		1,310,620	
21 Payments to affiliates . . . . .	0			
22 Depreciation, depletion, and amortization . . . . .	41,566		41,566	
23 Insurance . . . . .	0			
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 AFFILIATE EXPENSES ALLOCATION	42,369,810	9,225,354	33,144,456	
b RECRUITMENT	790,011	752,041	37,970	
c PROVISION FOR DOUBTFUL ACCTS	477,925		477,925	
d UBI TAXES	5,518	5,518		
e				
f All other expenses	223,804	61,303	162,501	
<b>25 Total functional expenses.</b> Add lines 1 through 24f	59,780,245	13,504,289	46,275,956	0
<b>26 Joint costs.</b> Check here <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
Assets	1 Cash—non-interest-bearing . . . . .	913,056	<b>1</b> 3,181,787
	2 Savings and temporary cash investments . . . . .	6,172,989	<b>2</b> 34,414,171
	3 Pledges and grants receivable, net . . . . .	0	<b>3</b> 0
	4 Accounts receivable, net . . . . .	3,254,977	<b>4</b> 818,886
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .	0	<b>5</b> 0
	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 . . . . .	0	<b>6</b> 0
	7 Notes and loans receivable, net . . . . .	0	<b>7</b> 0
	8 Inventories for sale or use . . . . .	0	<b>8</b> 0
	9 Prepaid expenses and deferred charges . . . . .	602,578	<b>9</b> 1,048,044
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	36,246
	b Less accumulated depreciation . . . . .	10b	1,807
		4,350	<b>10c</b> 34,439
	11 Investments—publicly traded securities . . . . .	447,891	<b>11</b> 433,939
	12 Investments—other securities See Part IV, line 11 . . . . .	26,273,093	<b>12</b> 29,215,617
	13 Investments—program-related See Part IV, line 11 . . . . .	62,412,552	<b>13</b> 58,532,818
	14 Intangible assets . . . . .	0	<b>14</b> 0
	15 Other assets See Part IV, line 11 . . . . .	660,315	<b>15</b> 638,833
	<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	100,741,801	<b>16</b> 128,318,534
Liabilities	17 Accounts payable and accrued expenses . . . . .	19,799,766	<b>17</b> 37,870,567
	18 Grants payable . . . . .	0	<b>18</b> 0
	19 Deferred revenue . . . . .	0	<b>19</b> 0
	20 Tax-exempt bond liabilities . . . . .	31,264,154	<b>20</b> 30,572,760
	21 Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	0	<b>21</b> 0
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	0	<b>22</b> 0
	23 Secured mortgages and notes payable to unrelated third parties . . . . .	5,235,000	<b>23</b> 0
	24 Unsecured notes and loans payable to unrelated third parties . . . . .	0	<b>24</b> 0
	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 . . . . .	118,464	<b>25</b> 1,833,388
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	56,417,384	<b>26</b> 70,276,715
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
	27 Unrestricted net assets . . . . .	44,324,417	<b>27</b> 58,041,819
	28 Temporarily restricted net assets . . . . .	0	<b>28</b> 0
	29 Permanently restricted net assets . . . . .	0	<b>29</b> 0
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
	30 Capital stock or trust principal, or current funds . . . . .	30	
	31 Paid-in or capital surplus, or land, building or equipment fund . . . . .	31	
	32 Retained earnings, endowment, accumulated income, or other funds . . . . .	32	
	33 Total net assets or fund balances . . . . .	44,324,417	<b>33</b> 58,041,819
	<b>34 Total liabilities and net assets/fund balances . . . . .</b>	100,741,801	<b>34</b> 128,318,534

**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	76,668,051
2 Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	59,780,245
3 Revenue less expenses Subtract line 2 from line 1 . . . . .	3	16,887,806
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	44,324,417
5 Other changes in net assets or fund balances (explain in Schedule O) . . . . .	5	-3,170,404
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	58,041,819

**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? . . .	2a	No
2b Were the organization's financial statements audited by an independent accountant? . . . . .	2b	Yes
2c If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O . . . . .	2c	Yes
2d 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? . . . . .	3a	No
3b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . . . . .	3b	

2011

Open to Public  
Inspection**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.

Name of the organization  
Essentia Health

Employer identification number

20-0360007

**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 See **section 509(a)(4)**.

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

e  a  Type I      b  Type II      c  Type III - Functionally integrated      d  Type III - Other

f  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)

g  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

h  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?

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

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

(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	
See Additional Data Table									
<b>Total</b>									59,780,245

**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 <b>Total.</b> 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 <b>Public Support.</b> 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 <b>Total support</b> (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 <b>First Five Years</b> 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 <b>stop here</b>						►

**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 <b>33 1/3% support test—2011.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization		►
b <b>33 1/3% support test—2010.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization		►
17a <b>10%-facts-and-circumstances test—2011.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
b <b>10%-facts-and-circumstances test—2010.</b> 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 <b>stop here</b> . Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization		►
18 <b>Private Foundation</b> If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		►

**Part III Support Schedule for Organizations Described in 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")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public Support</b> (Subtract line 7c from line 6 )						

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>13 Total support</b> (Add lines 9, 10c, 11 and 12 )						
<b>14 First Five Years</b> 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 <b>stop here</b>						

**Section C. Computation of Public Support Percentage**

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

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18
19a <b>33 1/3% support tests—2011.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	
<b>b 33 1/3% support tests—2010.</b> 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 <b>stop here</b> . The organization qualifies as a publicly supported organization	
20 <b>Private Foundation</b> If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	

**Part IV** **Supplemental Information.** Supplemental Information. Complete this part to provide the 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

The supported organizations listed in Part I Line 11h that have a "No" box checked are not specifically listed in Essentia's articles of incorporation Article XI. However, Essentia's articles state that Essentia is organized and shall be operated exclusively for charitable, educational, scientific and religious purposes exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the tax-exempt entities identified as supported organizations in their respective articles of incorporation.

The amount of support includes Essentia Health's functional expenses which are incurred for the benefit of Essentia Health's supported organizations.

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 20-0360007  
**Name:** Essentia Health

**Form 990, Schedule A, Part I, Line 11h - Provide the following information about the organizations the organization supports.**

<b>(i)</b> Name of Supported Organization	<b>(ii)</b> EIN	<b>(iii)</b> Type of organization (described on lines 1- 9 above or IRC section )	<b>(iv)</b> Is the organization in (i) listed in your governing document?		<b>(v)</b> Did you notify the organization in (i) of your support?		<b>(vi)</b> Is the organization in (i) organized in the U S ?		<b>(vii)</b> Amount of support?
			Yes	No	Yes	No	Yes	No	
(A) BRAINERD LAKES INTEGRATED HEALTH SYSTEM	371532145	0		No	Yes		Yes		0
(B) BRAINERD MEDICAL CENTER INC	371532148	03		No	Yes		Yes		1397962
(C) BRIDGES MEDICAL CENTER	200479568	03		No	Yes		Yes		251559
(D) CLEARWATER VALLEY HOSPITAL & CLINICS INC	820497771	03		No	Yes		Yes		682118
(E) CRITICAL ACCESS GROUP	261219624	0	Yes		Yes		Yes		812193
(F) ST BENEDICT'S FAMILY MEDICAL CENTER THRU 10111	820227163	03		No	Yes		Yes		0
(G) ST JOSEPH'S MEDICAL CENTER	410695602	03		No	Yes		Yes		5603238
(H) ST MARY'S EMS	411805811	09		No	Yes		Yes		72340
(I) ST MARY'S HOSPITAL & CLINICS INC	820226453	03		No	Yes		Yes		680233
(J) ST MARY'S REGIONAL HEALTH CENTER	411620386	03		No	Yes		Yes		2741160
(K) INNOVIS HEALTH LLC	261175213	03	Yes		Yes		Yes		9743491
(L) MIDWEST MEDICAL EQUIPMENT & SUPPLY INC	411674021	09		No	Yes		Yes		337717
(M) SMDC MEDICAL CENTER	411878730	03		No	Yes		Yes		13146834
(N) PINE MEDICAL CENTER	411884597	03		No	Yes		Yes		670688
(O) POLINSKY MEDICAL REHABILITATION CENTER	410691275	03		No	Yes		Yes		326253
(P) ST MARY'S DULUTH CLINIC HEALTH SYSTEM	411836633	0	Yes		Yes		Yes		0
(Q) ST MARY'S HOSPITAL OF SUPERIOR	411811073	03		No	Yes		Yes		1624981
(R) ST MARY'S MEDICAL CENTER	410695604	03		No	Yes		Yes		13133659
(S) THE DULUTH CLINIC LTD	410883623	03		No	Yes		Yes		6248140
(T) DIVINE MEDICAL SERVICES THRU 10111	202773717	03		No	Yes		Yes		0

**Form 990, Schedule A, Part I, Line 11h - Provide the following information about the organizations the organization supports.**

(i) Name of Supported Organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section )	(iv) Is the organization in (i) listed in your governing document?		(v) Did you notify the organization in (i) of your support?		(vi) Is the organization in (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
(U) DL SURGERY CENTER	263837203	03		No	Yes		Yes		4472
(V) ST MARY'S INNOVIS HEALTH	262861321	03		No	Yes		Yes		132570
(W) MINNESOTA VALLEY HEALTH CENTER INC	410837659	03		No	Yes		Yes		451390
(X) FIRST CARE MEDICAL SERVICES	410706143	03		No	Yes		Yes		764441
(Y) ESSENTIA INSTITUTE OF RURAL HEALTH	271291124	04		No	Yes		Yes		118438
(Z) ESSENTIA HEALTH FOUNDATION	271984704	07		No	Yes		Yes		120985
(AA) GRACEVILLE HEALTH CENTER	410726173	03		No	Yes		Yes		294738
(AB) NORTHERN PINES MEDICAL CENTER	410841441	03		No	Yes		Yes		420645

**SCHEDULE C**  
(Form 990 or 990-EZ)**Political Campaign and Lobbying Activities****For Organizations Exempt From Income Tax Under section 501(c) and section 527**

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

**2011****Open to Public  
Inspection**

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

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

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

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

**If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then**

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

Name of the organization Essentia Health	Employer identification number 20-0360007
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV
- 2 Political expenditures ► \$ \_\_\_\_\_
- 3 Volunteer hours

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 ► \$ \_\_\_\_\_
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 ► \$ \_\_\_\_\_
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?  Yes  No
- 4a Was a correction made?  Yes  No
- b If "Yes," describe in Part IV

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

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

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

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

**A** Check  if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

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

**Limits on Lobbying Expenditures**

(The term "expenditures" means amounts paid or incurred.)

**1a** Total lobbying expenditures to influence public opinion (grass roots lobbying)**b** Total lobbying expenditures to influence a legislative body (direct lobbying)**c** Total lobbying expenditures (add lines 1a and 1b)**d** Other exempt purpose expenditures**e** Total exempt purpose expenditures (add lines 1c and 1d)**f** Lobbying nontaxable amount Enter the amount from the following table in both columns

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

**g** Grassroots nontaxable amount (enter 25% of line 1f)**h** Subtract line 1g from line 1a If zero or less, enter -0-**i** Subtract line 1f from line 1c If zero or less, enter -0-**j** If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? Yes  No**4-Year Averaging Period Under Section 501(h)**

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

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
<b>2a</b> Lobbying non-taxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots non-taxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

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

	(a)		(b)
	Yes	No	
1			
During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a. Volunteers?		No	
b. Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c. Media advertisements?		No	
d. Mailings to members, legislators, or the public?	Yes		0
e. Publications, or published or broadcast statements?		No	
f. Grants to other organizations for lobbying purposes?		No	
g. Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		132,241
h. Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i. Other activities? If "Yes," describe in Part IV	Yes		10,000
j. Total lines 1c through 1i			142,241
2a. Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b. If "Yes," enter the amount of any tax incurred under section 4912			
c. If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d. If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

**Part IV Supplemental Information**

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

Identifier	Return Reference	Explanation
Schedule C, Part II-B		Lobbying Activity Explanation Essentia Health employs one full-time in-house public policy individual and during 2012 contracted with one consultant firm to monitor state legislative activities of interest dealing fully with Health and Human Services issues. Essentia Health's public policy activities occur on a multi state and national level. Essentia Health public policy activities included in person, telephonic, electronic communication and information relay with legislators and staff, administrative officials, government agencies and departments on both the state and federal levels. The primary issues of interest and concern include Critical Access Hospital designation, Physician and Hospital Services Reimbursement, Medicare and Medicaid Reimbursement Policies, Disproportionate Share Hospital Funding, Sole Community Hospital Status and Funding, Graduate Medical Education/Indirect Medical Education Funding, Health Information Technology Funding and Privacy Issues, State and Federal Health Care Reform, State and Federal Shared Savings Demonstration Projects, Medicare Reimbursement for Rehab Facilities, Medicare 340B Prescription Drug Discount Program, Nurse Licensure Compact, Nurse Staffing Ratios, Electronic Medical Record Interoperability, Medicare Recovery Audit Contractor Audits (RAC), Health Information Exchange, Medical Education and Research Costs (MERC), State Children's Health Insurance Program, Workforce Issues, Public Health Initiatives, Community Benefits.

**SCHEDULE D**  
(Form 990)**Supplemental Financial Statements****2011****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b  
 ► Attach to Form 990. ► See separate instructions.

**Name of the organization**

Essentia Health

**Employer identification number**

20-0360007

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

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

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

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

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

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

Preservation of land for public use (e.g., recreation or pleasure)  Preservation of an historically importantly land area

Protection of natural habitat  Preservation of a certified historic structure

Preservation of open space

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

	Held at the End of the Year
2a	
2b	
2c	
2d	

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ► \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ► \_\_\_\_\_

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

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ► \_\_\_\_\_

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

► \$ \_\_\_\_\_

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

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

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X ► \$ \_\_\_\_\_

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

a Revenues included in Form 990, Part VIII, line 1 ► \$ \_\_\_\_\_

b Assets included in Form 990, Part X ► \$ \_\_\_\_\_

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

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

a  Public exhibition      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
3a(i) unrelated organizations . . . . .		
3a(ii) related organizations . . . . .		

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

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 . . . . .					
b Buildings . . . . .		10,880	664	10,216	
c Leasehold improvements . . . . .					
d Equipment . . . . .		25,366	1,143	24,223	
e Other . . . . .					
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .					34,439

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives	3,264,659	F
(2) Closely-held equity interests		
(3) Other		
(A) POOLED INVESTMENT FUND	25,950,958	F
<b>Total</b> (Column (b) should equal Form 990, Part X, col (B), line 12)	<b>29,215,617</b>	

**Total.** (Column (b) should equal Form 990, Part X, col (B) line 12.)

29.215.617

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) INVESTMENT IN TAX-EXEMPT ORG	58,532,818	F

**Total.** (Column (b) should equal Form 990, Part X, col (B) line 13.)

58.532.818

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

**Total.** (Column (b) should equal Form 990, Part X, col.(B) line 15.)

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

**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
2 Total expenses (Form 990, Part IX, column (A), line 25)	2
3 Excess or (deficit) for the year Subtract line 2 from line 1	3
4 Net unrealized gains (losses) on investments	4
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
10 Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10

**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
2 Amounts included on line 1 but not on Form 990, Part VIII, line 12	
a Net unrealized gains on investments . . . . .	2a
b Donated services and use of facilities . . . . .	2b
c Recoveries of prior year grants . . . . .	2c
d Other (Describe in Part XIV) . . . . .	2d
e Add lines 2a through 2d . . . . .	2e
3 Subtract line 2e from line 1 . . . . .	3
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
c Add lines 4a and 4b . . . . .	4c
5 Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12) . . . . .	5

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

1 Total expenses and losses per audited financial statements . . . . .	1
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
e Add lines 2a through 2d . . . . .	2e
3 Subtract line 2e from line 1 . . . . .	3
4 Amounts included on Form 990, Part IX, line 25, but not on line 1:	
a Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	4a
b Other (Describe in Part XIV) . . . . .	4b
c Add lines 4a and 4b . . . . .	4c
5 Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18) . . . . .	5

**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
Schedule D, Part X		ASC 740 footnote Essentia Health has adopted Accounting Standards Codification 740, Income Taxes (formerly known as FASB Interpretation No 48 (FIN 48), Accounting for Uncertainty in Income Tax - an interpretation of FASB Statement No 109, Accounting for Income Taxes) The adoption of this interpretation had no material impact on the consolidated financial statements and therefore, Essentia Health's consolidated financial statements for fiscal year ended June 30, 2012 no longer includes an ASC 740 footnote

## **Statement of Activities Outside the United States**

► Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.

► Attach to Form 990. ► See separate instructions.

2011

## Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

**Employer identification number**

20-0360007

**Part I General Information on Activities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

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

**2 For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of grant funds outside the United States

**3 Activities per Region (Use Part V if additional space is needed )**

**Part II Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Check this box if no one recipient received more than \$5,000 . . . . .  Use Part V if additional space is needed.

**Part III Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Part V if additional space is needed.

**Part IV Foreign Forms**

1 Was the organization a U S transferor of property to a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 926 (see instructions for Form 926)  Yes  No

2 Did the organization have an interest in a foreign trust during the tax year? If "Yes," the organization may be required to file Form 3520 and/or Form 3520-A. (see instructions for Forms 3520 and 3520-A)  Yes  No

3 Did the organization have an ownership interest in a foreign corporation during the tax year? If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with respect to Certain Foreign Corporations. (see instructions for Form 5471)  Yes  No

4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? If "Yes," the organization may be required to file Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see instructions for Form 8621)  Yes  No

5 Did the organization have an ownership interest in a foreign partnership during the tax year? If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with respect to Certain Foreign Partnerships. (see instructions for Form 8865)  Yes  No

6 Did the organization have any operations in or related to any boycotting countries during the tax year? If "Yes," the organization may be required to file Form 5713, International Boycott Report (see instructions for Form 5713).  Yes  No

## Additional Data

**Software ID:**

**Software Version:**

**EIN:** 20-0360007

**Name:** Essentia Health

**Part V**

**Supplemental Information**

Complete this part to provide the information (see instructions) required in Part I, line 2, and any additional information.

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**Schedule I  
(Form 990)**

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

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

► Attach to Form 990

2011

## Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
**Essentia Health**

**Employer identification number**

## **Part I General Information on Grants and Assistance**

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

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

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

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

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

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

Identifier	Return Reference	Explanation
Schedule I, Part I, Line 2		Procedures for monitoring grants. Essentia Health's management reviews the grant activity by reviewing and documenting each expenditure request and approving the expense.

**Schedule J**  
(Form 990)**Compensation Information**

OMB No 1545-0047

**2011**Department of the Treasury  
Internal Revenue Service

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.**

**Open to Public Inspection****Name of the organization**  
Essentia Health**Employer identification number**

20-0360007

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input checked="" type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

**b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain

**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?

**3** Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply

<input checked="" type="checkbox"/> Compensation committee	<input checked="" type="checkbox"/> Written employment contract
<input checked="" type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization

**a** Receive a severance payment or change-of-control payment?

**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?

**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

**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?

**b** Any related organization?

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?

**b** Any related organization?

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

**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

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>	Yes	
<b>2</b>	Yes	
<b>4a</b>	Yes	
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII

**Note.** The sum of columns (B)(i)-(III) 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.

### 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
Schedule J, Part I, Line 1a		Benefits provided. During tax year 2011, charter travel was used on occasion by two board directors, one officer and six key employees for travel between Essentia Health's Corporate office in Duluth, MN and Essentia Health's supported organizations. Many of Essentia Health's supported organizations are located in rural areas which do not have direct commercial flights available. Charter travel ensures efficient use of Essentia Health's board directors' and employees' time. The use of charter travel is not treated as taxable compensation to these individuals as all travel was business related.
Schedule J, Part I, Line 4a		Severance payment. Former key employee, Maribeth Olson, a former employee of related organization Essentia Health St. Mary's Medical Center, received payment totaling \$169,344 in tax year 2011 related to her termination. The termination terms are from May 7, 2011 until May 7, 2012. Ms. Olson will receive pay totaling \$302,031 related to her termination. Former key employee, Rocklon Chapin, a former employee of related organization Essentia Health Duluth, received payment totaling \$274,800 in tax year 2011 related to his termination. The termination terms are from January 31, 2011 until July 31, 2012. Mr. Chapin will receive pay totaling \$501,019 & benefits totaling \$10,009 related to his termination. The other individual listed as former in Form 990, Part VII, Section A, Line 1a remains employed within Essentia Health and its subsidiaries and is not receiving a termination payment.
Schedule J, Part I, Line 4b		Supplemental nonqualified retirement plan. Amounts related to participating in a supplemental nonqualified retirement plan are reported in Schedule J, Part II, Column C, and amounts related to receiving payment from a supplemental nonqualified retirement plan are reported in Schedule J, Part II, Column B (iii). The following individuals listed in Form 990, Part VII, Section A, Line 1a received payment from a supplemental nonqualified retirement plan during the year: Peter Person, MD (Essentia Health East) \$231,933 Robert Norman (Critical Access Group) \$75,455 John Smylie (Essentia Health East) \$0 Teresa O'Toole (Essentia Health East) \$41,650 Daniel McGinty (Critical Access Group) \$65,442 Thomas Prusak (Critical Access Group) \$0 Gregory Glasner, MD (Essentia Health West) \$0 Kevin Pitzer, (Essentia Health West) \$0 Michael Mahoney (Essentia Health East) \$21,236 Thomas Patnoe, MD (Essentia Health East) \$0 Michael Metcalf (Essentia Health East) \$0 Maribeth Olson (Essentia Health East) \$30,589 Rocklon Chapin (Essentia Health East) \$0 Critical Access Group's nonqualified retirement plan is offered to Critical Access Group executives. There is a minimum two year vesting date, benefits are subject to income taxes upon vesting, and benefits are payable from Critical Access Group's general assets. Essentia Health East's nonqualified retirement plan is offered to designated Essentia Health East's executives. There is a minimum two year vesting date, benefits are subject to income taxes upon vesting, and benefits are payable from Essentia Health East's general assets. Essentia Health West's nonqualified retirement plan is offered to designated Essentia Health West's executives. There is a minimum two year vesting date, benefits are subject to income taxes upon vesting, and benefits are payable from Essentia Health West's general assets.

**Software ID:**  
**Software Version:**  
**EIN:** 20-0360007  
**Name:** Essentia Health

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Gregory Glasner MD	(i) 0 (ii) 544,870	0 64,264	0 3,522	0 71,162	0 25,440	0 709,258	0 0
Carl Heltne MD	(i) 0 (ii) 583,474	0 0	0 1,980	0 24,500	0 21,723	0 631,677	0 0
Daniel McGinty	(i) 0 (ii) 362,304	0 126,001	0 67,131	0 99,559	0 26,161	0 681,156	0 65,442
Peter Person MD	(i) 0 (ii) 898,669	0 305,760	0 235,460	0 714,204	0 37,011	0 2,191,104	0 231,933
Robert Norman	(i) 0 (ii) 407,163	0 141,928	0 77,698	0 79,658	0 55,917	0 762,364	0 75,455
Kevin Pitzer	(i) 0 (ii) 361,792	0 118,227	0 4,729	0 69,786	0 2,460	0 556,994	0 0
John Smylie	(i) 0 (ii) 576,400	0 197,084	0 7,536	0 82,569	0 31,143	0 894,732	0 0
Laura Boehlke-Bray MD	(i) 31,300 (ii) 272,506	0 2,600	0 607	0 24,500	0 5,961	31,300 306,174	0 0
Terrence Clark MD	(i) 0 (ii) 195,488	0 0	0 1,300	0 20,003	0 21,198	0 237,989	0 0
Joel Haugen MD	(i) 11,350 (ii) 269,688	0 22,060	0 258	0 21,235	0 17,942	11,350 331,183	0 0
Michael Mahoney	(i) 0 (ii) 215,004	0 49,057	0 22,173	0 45,364	0 12,287	0 343,885	0 21,236
Teresa O'Toole	(i) 0 (ii) 376,736	0 118,272	0 45,232	0 24,500	0 10,723	0 575,463	0 41,650
Thomas Prusak	(i) 0 (ii) 341,993	0 106,548	0 8,810	0 91,747	0 24,898	0 573,996	0 0
David Boran MD	(i) 0 (ii) 278,305	0 0	0 6,089	0 12,250	0 15,015	0 311,659	0 0
Maribeth Olson	(i) 0 (ii) 120,443	0 41,278	0 233,287	0 20,135	0 11,250	0 426,393	0 30,589
Thomas Patnoe MD	(i) 0 (ii) 536,822	0 174,761	0 690	0 72,023	0 32,310	0 816,606	0 0
Rocklon Chapin	(i) 0 (ii) 35,986	0 0	0 408,654	0 41,008	0 18,935	0 504,583	0 0
Peter Dunphy MD	(i) 15,000 (ii) 314,643	0 0	0 6,551	0 12,250	0 7,386	15,000 340,830	0 0

**Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

<b>(A) Name</b>	<b>(B) Breakdown of W-2 and/or 1099-MISC compensation</b>			<b>(C) Deferred compensation</b>	<b>(D) Nontaxable benefits</b>	<b>(E) Total of columns (B)(i)-(D)</b>	<b>(F) Compensation reported in prior Form 990 or Form 990-EZ</b>
	<b>(i) Base Compensation</b>	<b>(ii) Bonus &amp; incentive compensation</b>	<b>(iii) Other compensation</b>				
Theresa Gunnarson MD	(i) 15,000 (ii) 471,894	0 5,713	360	0 24,500	0 31,417	15,000 533,884	0 0
Michael Sheldon MD	(i) 18,850 (ii) 293,433	0 3,849	90	0 21,334	0 19,225	18,850 337,931	0 0
Michael Metcalf	(i) 0 (ii) 393,711	0 128,521	4,585	0 60,619	0 28,136	0 615,572	0 0
DANIEL NIKCEVICH MD	(i) 600 (ii) 679,751	0 6,244	870	0 24,500	0 25,698	600 737,063	0 0

Schedule K  
(Form 990)

OMB No 1545-0047

## Supplemental Information on Tax Exempt Bonds

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

► Attach to Form 990. ► See separate instructions.

2011

Open to Public  
InspectionDepartment of the Treasury  
Internal Revenue ServiceName of the organization  
Essentia HealthEmployer identification number  
20-0360007

## Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CASS COUNTY NORTH DAKOTA	45-6002205	148047AU7	02-25-2010	59,573,111	2008A REOFFERED BONDS (SEE SCH O)		X		X		X
B WI HEALTH AND EDUCATION FACILITIES AUTHORITY	39-1337855	97710BSD5	02-25-2010	12,854,722	2008B REOFFERED BONDS (SEE SCH O)		X		X		X
C MN AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD	41-6007162	6049202H0	02-25-2010	165,717,405	2008C REOFFERED BONDS (SEE SCH O)		X		X		X
D MN AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD	41-6007162	6049202M9	06-25-2010	109,535,000	2010 BONDS (SEE SCH O)		X		X		X

## Part II Proceeds

		A		B		C		D	
		0	0	0	0	396,825	849,254	0	0
1 Amount of bonds retired									
2 Amount of bonds defeased									
3 Total proceeds of issue		3,872,252		835,557		10,771,632		16,377,291	
4 Gross proceeds in reserve funds			0		0		0		0
5 Capitalized interest from proceeds			0		0		0		0
6 Proceeds in refunding escrow			0		0		0		0
7 Issuance costs from proceeds			0		0		123,454		63,167
8 Credit enhancement from proceeds			0		0		0		0
9 Working capital expenditures from proceeds			0		0		0		0
10 Capital expenditures from proceeds			0		0		0		5,747,832
11 Other spent proceeds		3,872,252		835,557		10,648,178		10,566,292	
12 Other unspent proceeds			0		0		0		0
13 Year of substantial completion		2010		2010		2010		2010	

		Yes	No	Yes	No	Yes	No	Yes	No
		X		X		X		X	
14 Were the bonds issued as part of a current refunding issue?									
15 Were the bonds issued as part of an advance refunding issue?			X		X		X		X
16 Has the final allocation of proceeds been made?		X		X		X			X
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?		X		X		X		X	

## Part III Private Business Use

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

**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
		X		X		X		X
<b>3a</b> Are there any management or service contracts that may result in private business use?		X		X		X		X
<b>b</b> If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
<b>d</b> If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ►	0 %		0 %		0 %		0 %	
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ►	0 %		0 %		0 %		0 %	
<b>6</b> Total of lines 4 and 5	0 %		0 %		0 %		0 %	
<b>7</b> Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X		X	

## Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X		X	X	
3a Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X		X		X
b Name of provider	0		0		0			
c Term of hedge								
d Was the hedge superintegrated?								
e Was a hedge terminated?								
4a Were gross proceeds invested in a GIC?		X		X		X		X
b Name of provider	0		0		0		0	
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X		X

## **Part V      Procedures To Undertake Corrective Action**

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations  Yes  No

**Part VI      Supplemental Information**

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

Identifier	Return Reference	Explanation
See Schedule 0	0	

**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.

**2011****Open to Public  
Inspection**Name of the organization  
Essentia Health**Employer identification number**

20-0360007

Identifier	Return Reference	Explanation
Form 990, Part III, Line 4		Program service accomplishments Essentia Health is organized and shall be operated exclusively for charitable, educational, scientific and religious purposes exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Critical Access Group, a Minnesota nonprofit corporation, Brainerd Lakes Integrated Health System dba Essentia Health Central, a Minnesota nonprofit corporation, St. Mary's Duluth Clinic Health System dba Essentia Health East, a Minnesota nonprofit corporation, and Innovis Health dba Essentia Health West, a Delaware limited liability company and in support of Critical Access Group, Essentia Health Central, Essentia Health East, and Essentia Health West and each of the tax-exempt entities identified as supported organizations in their articles of incorporation all of which are organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986. Essentia Health supports regional leaders in the development and advancement of business, clinical and financial models for the delivery of high-quality and cost-effective health care. The regional leaders provide integrated health care delivery through their physician group practices, ambulatory and outpatient centers, acute care hospitals and community, rural and critical access hospitals. The organizations Essentia Health supports (the "Supported Organizations") include 16 hospitals and more than 60 clinics in Minnesota, Wisconsin, North Dakota, and Idaho with several located in rural areas that have limited access to other healthcare options. These Supported organization file separate Form 990's. At fiscal year ended June 30, 2012, Essentia Health's Supported Organizations' consolidated total revenue was \$1,545,086,000 and consolidated income from operations was \$31,726,000. These hospitals and clinics employ over 10,200 full time equivalents. The hospitals have a total of 1,098 licensed beds which provided over 177,000 hospital patient days and over 502,000 outpatient visits during the fiscal year ended June 30, 2012. The clinics had over 1.7 million encounters during the same time period. During the fiscal year ended June 30, 2012, Essentia Health's Supported Organizations provided total community benefits of over \$94.7 million which included costs of providing charity care, costs in excess of Medicaid payments, Medicaid surcharge, MinnesotaCare tax, community services, subsidized health services, education, research, and cash and in-kind donations.

Identifier	Return Reference	Explanation
Form 990, Part V, Line 1a		1099 Reporting Beginning in 2011, vendor payments and Form 1099's were processed through Essentia Health on behalf of certain supported organizations

Identifier	Return Reference	Explanation
Form 990, Part V, Line 1c		No Gaming (Gambling) Winnings

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 7b		<p>Member with right to approve governing body decisions The Benedictine Sisters Benevolent Association ("BSBA") also has certain reserved powers over all Catholic facilities within Essentia Health BSBA's reserved powers are as follows Mission Authority to approve the mission, purpose and vision statements for Catholic facilities and entities within the System Adherence to Ethical Religious Directives (ERDs) Authority to approve the methods, policies and procedures pertaining to the adherence of Catholic facilities and entities within the System to the ERDs, and to require the use of religious symbols, distinguishing elements and prayers Official Catholic Directory Authority to request the listing of qualified entities and facilities within the System in The Official Catholic Directory, subject to the approval of applicable Catholic authorities Catholic Health Association Authority to require Catholic facilities and entities within the System to join the membership of the Catholic Health Association of the United States Alienation of Stable Patrimony or Ecclesiastical Goods Authority to approve alienation of either stable patrimony or other ecclesiastical goods in the System if such goods involved in a specific transaction approved by Essentia Health pursuant to Section 28(g) or 28(h) of the Affiliation Agreement have a dollar value equal to or greater than 70% of the amount established from time to time that requires approval from the Holy See Amendments Authority to approve any amendments to the Articles of Incorporation or Bylaws of this corporation that would alter the number of Benedictine Sisters of St Scholastica Monastery of Duluth or Benedictine Sisters Benevolent Association board of director members serving as members of this corporation's board of directors, authority to approve any amendments to the Articles of Incorporation or Bylaws of the Supported Organizations, as well as the Catholic Subsidiaries (as defined in the Affiliation Agreement), which could materially affect such entity's identity as a Catholic institution, including without limitation any amendment that would alter the number of Benedictine Sisters of St Scholastica Monastery of Duluth or Benedictine Sisters Benevolent Association board of director members serving as members of such entity's board of directors, and authority to cause Essentia Health to make amendments to the Articles of Incorporation or Bylaws of the Supported Organizations, as well as the Catholic Subsidiaries, which amendments Benedictine Sisters Benevolent Association in good faith are necessary to preserve such entity's identity as a Catholic institution Mission Effectiveness Authority to approve annual plans and evaluations relating to mission effectiveness and chaplaincy for the Catholic facilities and entities within the System Mergers and Dissolution Subject to the approval of the Benedictine Sisters of St Scholastica Monastery of Duluth, authority to approve a proposed merger, consolidation, liquidation, dissolution, or the disposition of all or substantially all the assets</p>

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11a		Form 990 review process The 2011 Form 990 including all schedules was reviewed by Essentia Health's management and governing body on March 13th, 2013 prior to filing with the Internal Revenue Service. Each current director of the governing body received a copy of the 2011 Form 990. Essentia Health's Chief Financial Officer led the review of the form and schedules and any questions were discussed.

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c		<p>Monitoring and enforcing Conflict of Interest policy Interested persons annually disclose relationships which might lead to a conflict of interest by completing a conflict of interest disclosure form Interested persons include any person in a position to exercise substantial influence over the organization It includes but is not limited to any director, officer, management, employee, or committee member of Essentia Health or any of its affiliates Essentia is responsible for the annual distribution of conflict of interest forms and review of disclosures for the governing bodies of Essentia and Essentia Operating Members and for senior management employees of Essentia Transactions with parties with whom a conflict of interest exists may be undertaken only if all of the following are observed the conflict of interest is fully disclosed, the interested person with the conflict of interest doesn't participate in the approval of such transactions, if practical or appropriate, a competitive bid or comparable valuation is obtained, and the board or committee of the board has determined that the transaction is in the best interest of the organization Disclosure by any interested person other than a board or committee member should be made to the Chief Executive Officer (or if she/he is the one with the conflict, then to the board chair), who will bring the matter to the attention of the board or an appropriate committee of the board Disclosure involving board or committee members should be made to the board chair (or if she/he is the one with the conflict, then to the board vice chair), who will bring these matters to the board or an appropriate committee of the board The board or committee of the board will determine whether a conflict exists and if so, whether the contemplated transaction may be authorized as just, fair, and reasonable to Essentia or its affiliate(s) The decision of the board or a duly constituted committee of the board on these matters will be at its sole discretion, and its concern must be the welfare of Essentia and its affiliate(s) and the advancement of its purposes The decision of the board is final If the board determines a conflict does not exist, the interested person may proceed with the transaction, however, he/she will not be eligible to vote on related issues should they arise If the board determines a conflict does exist, the interested person will be notified of the decision regarding whether the contemplated transaction will be authorized as just, fair, and reasonable</p>

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15 A&B		<p>Process for determining compensation. The Executive Compensation Committee of Essentia Health's board of directors is authorized to fulfill the board's responsibilities regarding executive compensation consistent with Essentia's mission, values and tax-exempt status, and the Executive Compensation Committee's Charter. The Executive Compensation Committee meets at least twice annually to carry out its responsibilities, which include, but are not limited to, establishing, reviewing and modifying, as appropriate, reasonable compensation and benefits for Essentia's Chief Executive Officer and his direct reports which are paid by related organizations. The Executive Compensation Committee engages qualified independent compensation advisors to provide objective and impartial comparative data and to express opinions on total compensation reasonableness. The Executive Compensation Committee may request its independent advisors to monitor comparability data and marketplace trends, make appropriate recommendations regarding salary ranges, and periodically review the market competitiveness of Essentia executive compensation packages. Prior to establishing or adjusting executive compensation, the Executive Compensation Committee will obtain and rely upon appropriate data as to comparability of the proposed compensation or adjustments. The Executive Compensation Committee will adequately document the basis for its determination concurrently with making those determinations. The Executive Compensation Committee minutes will include the terms of the approved compensation and the date approved, the Executive Compensation Committee members present during the review, discussion and approval of the proposed compensation and those who voted on the proposed compensation, identification of the comparability data obtained and relied upon by the Executive Compensation Committee and how the data was obtained, any actions by a member of the Executive Compensation Committee having a conflict of interest, and documentation of the basis for the determination. The year this process was last undertaken for Essentia's Chief Executive Officer, Chief Financial Officer, Senior Vice President, Development, Chief Operating Officer, Vice President, Public Policy and Chief Administrative Officer/Chief Legal Officer, East Region's President/Chief Medical Officer, West Region's President/Chief Medical Officer and Chief Administrative Officer, and Central Region's President and Chief Medical Officer was 2010.</p>

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19		Availability of governing documents, conflict of interest policy, and financial statements to the public. Essentia Health makes its governing documents, conflict of interest policy, and financial statements available to the public upon request. Essentia Health is part of Essentia Health's consolidated financial statements which are included in Essentia Health's annual report posted on Essentia Health's web site.

Identifier	Return Reference	Explanation
Form 990, Part VII, Section A, Line 1a, Column B		<p>Hours Devoted to related organizations The following individuals listed in Form 990, Part VII, Section A, Line 1a also devoted time each week to related organizations Lori Collard approximately 5 hours Neal Hessen approximately 16 hours James Anderson approximately 8 hours David Gaddie approximately 10 hours Peter Person, MD is employed by Essentia Health Duluth as Essentia Health's Chief Executive Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Laura Boehlke-Bray, MD is employed by The Duluth Clinic, Ltd 100% of her time is spent furthering the purpose of Essentia Health East and related organizations Terrance Clark, MD is employed by The Duluth Clinic, Ltd 100% of his time is spent furthering the purpose of Essentia Health East and related organizations Joel Haugen, MD is employed by Essentia Health West 100% of his time is spent furthering the purpose of Essentia Health West and related organizations Sister Kathleen Hofer is employed by Essentia Health St Mary's Medical Center as Essentia Health's Senior Vice President, Benedictine Sponsorship 100% of her time is spent furthering the purpose of Essentia Health and related organizations Peter Dunphy, MD is employed by Essentia Health Brainerd Specialty Clinic 100% of his time is spent furthering the purpose of Essentia Health Central and related organizations Theresa Gunnarson, MD is employed by The Duluth Clinic, Ltd 100% of her time is spent furthering the purpose of Essentia Health East and related organizations Michael Sheldon, MD is employed by Essentia Health West 100% of his time is spent furthering the purpose of Essentia Health West and related organizations Robert Norman is employed by Critical Access Group as Essentia Health's Chief Financial Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Teresa O'Toole is employed by Essentia Health Duluth as Essentia Health's Chief Administrative Officer and Chief Legal Officer 100% of her time is spent furthering the purpose of Essentia Health and related organizations John Smylie is employed by Essentia Health Duluth as Essentia Health's Chief Operating Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Gregory Glasner, MD is employed by Essentia Health West as the Essentia Health West's President and Chief Medical Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Carl Heltne, MD is employed by The Duluth Clinic, Ltd as Essentia Health's Chief Medical Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Daniel McGinty is employed by Critical Access Group as Essentia Health's Senior Vice President, Development 100% of his time is spent furthering the purpose of Essentia Health and related organizations Kevin Pitzer is employed by Essentia Health West as Essentia Health West's Chief Administrative Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Michael Mahoney is employed by Essentia Health Duluth as Essentia Health's Vice President, Public Policy 100% of his time is spent furthering the purpose of Essentia Health and related organizations Thomas Patnoe, MD is employed by Essentia Health Duluth as Essentia Health's East's President and Chief Medical Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Thomas Prusak is employed by Critical Access Group as Essentia Health Central's President 100% of his time is spent furthering the purpose of Essentia Health and related organizations David Boran, MD is employed by Essentia Health Brainerd Specialty Clinic as Essentia Health Central's Chief Medical Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Daniel Nikcevich, MD is employed by The Duluth Clinic, Ltd as Essentia Health's Associate Chief Medical Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations Michael Metcalf is employed by Essentia Health Duluth as Essentia Health East's Chief Administrative Officer 100% of his time is spent furthering the purpose of Essentia Health and related organizations</p>

Identifier	Return Reference	Explanation
Form 990, Part IX, Line 24a		Other Expenses Affiliate expenses allocation of \$42,369,810 represents the portion of Critical Access Group, Essentia Health Central, Essentia Health West and Essentia Health East compensation (\$42,305,405) and miscellaneous operating expenses (\$64,405) related to Essentia Health, a supporting organization of Critical Access Group, Essentia Health Central, Essentia Health West, and Essentia Health East and allocated directly to Essentia

Identifier	Return Reference	Explanation
Form 990, Part XI, Line 5		Other Changes in Net Assets The total amount of other changes in net assets includes Net Asset transfer with related organizations, reallocated Balance Sheet items to more appropriate companies \$2,182,963 Note Receivable Write-Off (\$500,000) Unrealized gain on trading securities and swaps (\$4,533,705) Deferred Grant Revenue from Related Organization (\$319,662) Total amount of other changes in net assets (\$3,170,404)

Identifier	Return Reference	Explanation
Schedule K		<p>Additional information/comments relating to the reporting of liabilities by related organizations</p> <p>Essentia Health has an Obligated Group created under the Master Indenture which is composed of the following Members</p> <p>Essentia Health, Critical Access Group, Essentia Health East, Essentia Health St Joseph's Medical Center, Essentia Health St Mary's-Detroit Lakes, Essentia Health St. Mary's Medical Center, Essentia Health Duluth, Essentia Health Polinsky Medical Rehabilitation Center, Essentia Health St. Mary's Hospital-Superior, Essentia Health Brainerd Specialty Clinic, Essentia Health Central, St. Mary's Innovis Health, The Duluth Clinic, Ltd and Essentia Health West (the "Obligated Group Members" or the "Members of the Obligated Group")</p> <p>The Members of the Obligated Group are jointly and severally obligated on all indebtedness evidenced or secured by Notes issued under the Master Indenture</p> <p>The Series 2008A reoffered bonds are secured by Notes issued under the Master Indenture</p> <p>Essentia Health is the conduit borrower of the Series 2008A reoffered bonds and has recorded a portion of the bond liability on its balance sheet</p> <p>The Obligated Group Members, Essentia Health West, The Duluth Clinic, Ltd, and Essentia Health St. Mary's-Detroit Lakes, are indirect beneficiaries of the Series 2008A reoffered borrowing and have recorded the bond liability on their balance sheets which are consolidated with Essentia Health</p> <p>The Series 2008B reoffered bonds are secured by Notes issued under the Master Indenture</p> <p>The Obligated Group Members, The Duluth Clinic, Ltd, Essentia Health and Essentia Health St. Mary's Hospital-Superior are the conduit borrowers of the Series 2008B reoffered bonds</p> <p>The conduit borrowers, The Duluth Clinic, Ltd and Essentia Health, have recorded a portion of the bond liability on their balance sheets which are consolidated with Essentia Health</p> <p>The Obligated Group Members, Essentia Health West and Essentia Health St. Mary's-Detroit Lakes, are indirect beneficiaries of a portion of the Series 2008B reoffered borrowing and have recorded a portion of the bond liability on their balance sheets which are consolidated with Essentia Health</p> <p>The Series 2008C reoffered bonds are secured by Notes issued under the Master Indenture</p> <p>The Obligated Group Members, Essentia Health East, Essentia Health St. Joseph's Medical Center, Essentia Health St. Mary's-Detroit Lakes, The Duluth Clinic, Ltd, Essentia Health, and Essentia Health St. Mary's Medical Center, Inc are the conduit borrowers of the Series 2008C reoffered bonds</p> <p>The conduit borrowers, Essentia Health St. Mary's-Detroit Lakes, Essentia Health, and The Duluth Clinic, Ltd, have recorded a portion of the bond liability on their balance sheets which are consolidated with Essentia Health</p> <p>The Obligated Group Member, Essentia Health West is an indirect beneficiary of a portion of the Series 2008C reoffered borrowing and has recorded a portion of the bond liability on its balance sheet which is consolidated with Essentia Health</p> <p>The Series 2010 bonds are secured by Notes issued under the Master Indenture</p> <p>The Obligated Group Members, The Duluth Clinic, Ltd, Essentia Health, Essentia Health St. Joseph's Medical Center, Essentia Health East, Essentia Health St. Mary's Medical Center and Essentia Health St. Mary's-Detroit Lakes are the conduit borrowers of the Series 2010 bonds</p> <p>The conduit borrowers, The Duluth Clinic, Ltd, Essentia Health, Essentia Health St. Joseph's Medical Center, and Essentia Health St. Mary's-Detroit Lakes, have recorded a portion of the bond liability on their balance sheets which are consolidated with Essentia Health</p> <p>The Obligated Group Member, Essentia Health West is an indirect beneficiary of a portion of the Series 2010 borrowing and has recorded a portion of the bond liability on its balance sheet which is consolidated with Essentia Health</p> <p><b>SCHEDULE K, PART I, COLUMN (F) DESCRIPTION OF PURPOSE</b></p> <p><b>SERIES 2008A REOFFERED</b></p> <p>Reoffer Series 2008 A-1 and A-2 bonds issued March 4, 2008 to refinance a portion of the acquisition of certain assets of Essentia Health West in connection with the affiliation of Essentia Health with Essentia Health West</p> <p><b>SERIES 2008B REOFFERED</b></p> <p>Reoffer Series 2008 B-1 bonds issued March 4, 2008 to refund Series 1999B bonds issued May 18, 1999 for construction projects and equipment purchases in Superior, WI and various Duluth Clinic locations in northwestern Wisconsin</p> <p><b>SERIES 2008C REOFFERED</b></p> <p>Reoffer Series 2008 C-5 and 2008 C-4A bonds issued March 4, 2008 to refund Series 2004 bonds issued March 19, 2004 for various acquisitions, construction projects, capital improvements and equipment purchases in Duluth, Brainerd, and Detroit Lakes, MN and refund Series 1999A bonds issued May 18, 1999 for various acquisitions, construction projects, capital improvements and equipment purchases in Brainerd, Detroit Lakes and Duluth, MN and various Duluth Clinic sites in northern Minnesota</p> <p><b>SERIES 2010 Refund Series 1</b></p>

Identifier	Return Reference	Explanation
Schedule K		<p>993C and 1993E bonds issued January 15, 1993 and refund Series 2008 C-3 and 2008 C-4B bonds issued March 4, 2008 to partially refund Series 2004 bonds issued March 19, 2004 for various acquisitions, construction projects, capital improvements and equipment purchases in Duluth, Brainerd, and Detroit Lakes, MN and various Duluth Clinic sites in northern Minnesota and finance various construction projects, capital improvements and equipment purchased in Brainerd, Detroit Lakes and Duluth, MN and various Duluth Clinic sites in northern Minnesota</p> <p>SCHEDULE K, PART II, LINE 3 Issue Price Series 2008A Reoffered, Series 2008B Reoffered, Series 2008C Reoffered, and Series 2010 were issued by the Essentia Health Obligated Group. The issue price listed in Essentia Health Schedule K Part I Column (e) represents the Essentia Health Obligated Group's total borrowing. SCHEDULE K, Part II, Lines 3 through 12 Proceeds Series 2008A Reoffered, Series 2008B Reoffered, Series 2008C Reoffered, and Series 2010 were issued by the Essentia Health Obligated Group. A portion of the Series 2008A Reoffered, Series 2008B Reoffered, Series 2008C Reoffered, and Series 2010 borrowing were allocated to Essentia Health, an Essentia Health Obligated Group Member. The proceeds listed in Essentia Health Schedule K Part II Lines 3 through 12 represent Essentia Health's allocated portion of the proceeds. SCHEDULE K, Part V Procedures to undertake corrective action. Written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program have been subsequently adopted.</p>

# **SCHEDULE R (Form 990)**

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

**Name of the organization**

Essentia Health

**Employer identification number**

20-0360007

**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.)

**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.)

**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.)

<b>(a)</b> Name, address, and EIN of related organization	<b>(b)</b> Primary activity	<b>(c)</b> Legal domicile (state or foreign country)	<b>(d)</b> Direct controlling entity	<b>(e)</b> Type of entity (C corp, S corp, or trust)	<b>(f)</b> Share of total income	<b>(g)</b> Share of end-of-year assets	<b>(h)</b> Percentage ownership
<b>(1)</b> Essentia Health Insurance Services SPC Buckingham Sq 720 W Bay Rd PO 69 Grand Cayman, Cayman Islands KY1-1102 CJ 000000000	Insurance	CJ	NA	Foreign Corp	-1,437,343	42,267,648	100 000 %
<b>(2)</b> East Range Clinics Ltd 910 6th Ave N Virginia, MN 55792 41-0909915	Clinics	MN	NA	C CORP			0 %

**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		No
1b	Yes	
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k	Yes	
1l		No
1m		No
1n	Yes	
1o	Yes	
1p	Yes	
1q	Yes	
1r	Yes	

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

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

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

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

**Part VII Supplemental Information**

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

Identifier	Return Reference	Explanation
SCHEDULE R, PART 11, COLUMN (A)		Name In 2011, many Essentia entities adopted a doing business as name as part of a system-wide rebranding strategy using the Essentia brand Legal Name, Doing Business As Name Brainerd Lakes Integrated Health System, Essentia Health Central Brainerd Medical Center, Inc , Essentia Health Brainerd Specialty Clinic Bridges Medical CenteR, Essentia Health Ada First Care Medical ServiceS, Essentia Health Fosston Graceville Health Center, Essentia Health Holy Trinity Hospital Innovis Health, LLC, Essentia Health West Midwest Medical Equipment & Supply Inc , Essentia Health Medical Equipment and Supplies Northern Pines Medical Center, Essentia Health Northern Pines Pine Medical Center, Essentia Health Sandstone Polinsky Medical Rehabilitation Center, Essentia Health Polinsky Medical Rehabilitation Center SMDC Medical Center, Essentia Health Duluth St Joseph's Medical Center, Essentia Health St Joseph's Medical Center St Mary's Duluth Clinic Health System, Essentia Health East St Mary's Hospital of Superior, Essentia Health St Mary's Hospital-Superior St Mary's Medical CenteR, Essentia Health St Mary's Medical Center St Mary's Regional Health Center, Essentia Health St Mary's-Detroit Lakes

**Software ID:**  
**Software Version:**  
**EIN:** 20-0360007  
**Name:** Essentia Health

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization
Brainerd Lakes Integrated Health System 2024 S 6th St Brainerd, MN 56401 37-1532145	Support ORG	MN	501(C) (3)	11 II	Essentia	Yes
Brainerd Medical Center Inc 2024 S 6th St Brainerd, MN 56401 37-1532148	Clinic	MN	501(C) (3)	3	BLIHS	Yes
Bridges Medical Center 201 9th St W Ada, MN 56510 20-0479568	Clinic/Hosp	MN	501(C) (3)	3	Innovis	Yes
Clearwater Valley Hospital & Clinics INC 301 Cedar Orofino, ID 83544 82-0497771	Clinic/Hosp	ID	501(C) (3)	3	CAG	Yes
Divine Medical Services THRU 10111 709 N Lincoln Jerome, ID 83338 20-2773717	Emerg SrVCS	ID	501(C) (3)	3	SBFMC	Yes
DL Surgery Center 1027 Washington Ave Detroit Lakes, MN 56501 26-3837203	ASC	MN	501(C) (3)	3	CAG	Yes
Critical Access Group 503 E 3rd St Ste 400 Duluth, MN 55805 26-1219624	SUPPORT ORG	MN	501(C) (3)	11 II	Essentia	Yes
St Benedict's Fam Med CNTR THRU 10111 709 N Lincoln Jerome, ID 83338 82-0227163	Clinic/Hosp	ID	501(C) (3)	3	CAG	Yes
St Joseph's Medical Center 523 N 3rd St Brainerd, MN 56401 41-0695602	CLINIC/HOSP	MN	501(C) (3)	3	BLIHS	Yes
St Mary's EMS 1027 Washington Ave Detroit Lakes, MN 56501 41-1805811	EMERG SRVCS	MN	501(C) (3)	9	SMRHC	Yes
St Mary's Hospital & Clinics Inc PO Box 137 Cottonwood, ID 83522 82-0226453	Clinic/Hosp	ID	501(C) (3)	3	CAG	Yes
St Mary's Innovis Health 1027 Washington Ave Detroit Lakes, MN 56501 26-2861321	Clinic	MN	501(C) (3)	3	Innovis	Yes
St Mary's Regional Health Center 1027 Washington Ave Detroit Lakes, MN 56501 41-1620386	Clinic/Hosp	MN	501(C) (3)	3	Innovis	Yes
Innovis Health LLC 3000 32ND AVE Fargo, ND 58103 26-1175213	Clinic/Hosp	DE	501(C) (3)	3	Essentia	Yes
Midwest Medical Equipment & Supply Inc 4418 Haines Rd Duluth, MN 55811 41-1674021	Medical Equip	MN	501(C) (3)	9	SMMC	Yes
SMDC Medical Center 502 E 2nd St Duluth, MN 55805 41-1878730	Clinic/Hosp	MN	501(C) (3)	3	SMDCHS	Yes
Pine Medical Center 109 Court Ave S Sandstone, MN 55072 41-1884597	Hospital/Nurs	MN	501(C) (3)	3	SMDCHS	Yes
Polinsky Medical Rehabilitation Center 530 E 2nd St Duluth, MN 55805 41-0691275	Clinic	MN	501(C) (3)	3	SMMC	Yes
St Mary's Duluth Clinic Health System 407 E 3rd St Duluth, MN 55805 41-1836633	Support ORG	MN	501(C) (3)	11 II	Essentia	Yes
St Mary's Hospital of Superior 3500 Tower Ave Superior, WI 54880 41-1811073	Clinic/Hosp	WI	501(C) (3)	3	SMMC	Yes

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization
St Mary's Medical Center  407 E 3rd St Duluth, MN 55805 41-0695604	Hospital	MN	501(C) (3)	3	SMDCHS	Yes
The Duluth Clinic Ltd  400 E 3rd St Duluth, MN 55805 41-0883623	Clinic	MN	501(C) (3)	3	SMDCHS	Yes
First Care Medical Services  900 Hilligross Blvd SE Fosston, MN 56542 41-0706143	Clinic/Hosp	MN	501(C) (3)	3	Innovis	Yes
Minnesota Valley Health Center  621 S 4th St Le Sueur, MN 56058 41-0837659	Hospital/Nurs	MN	501(C) (3)	3	CAG	Yes
Essentia Institute of Rural Health  502 E 2nd St Duluth, MN 55805 27-1291124	Research	MN	501(C) (3)	4	Essentia	Yes
Essentia Health Foundation  502 E 2nd St Duluth, MN 55805 27-1984704	Foundation	MN	501(C) (3)	7	ESSENTIA	Yes
Northern Pines Medical Center  5211 Hwy 110 Aurora, MN 55705 41-0841441	Hospital/Nurs	MN	501(C) (3)	3	SMDCHS	Yes
Graceville Health Center  115 West Second St Graceville, MN 56240 41-0726173	Clinic/Hosp	MN	501(C) (3)	3	Innovis	Yes

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1) Critical Access Group	O	705,244	actual costs
(2) Critical Access Group	R	1,992,326	actual costs
(3) Brainerd Medical Center Inc	P	449,396	actual costs
(4) St Joseph's Medical Center	P	1,418,466	actual costs
(5) Bridges Medical Center	K	343,476	actual costs
(6) Bridges Medical Center	P	103,133	actual costs
(7) Clearwater Valley Hospital and Clinics Inc	p	256,485	actual costs
(8) St Mary's Hospital & Clinics Inc	p	254,809	actual costs
(9) FIRST CARE MEDICAL SERVICES	p	101,269	actual costs
(10) GRACEVILLE HEALTH CENTER	K	389,556	actual costs
(11) GRACEVILLE HEALTH CENTER	P	63,123	actual costs
(12) MINNESOTA VALLEY HEALTH CENTER	P	200,613	actual costs
(13) ST BENEDICT'S FAMILY MEDICAL CENTER	p	197,343	actual costs
(14) ST BENEDICT'S FAMILY MEDICAL CENTER	q	502,496	actual costs
(15) ST MARY'S REGIONAL HEALTH CENTER	K	3,413,688	actual costs
(16) ST MARY'S REGIONAL HEALTH CENTER	P	2,922,298	actual costs
(17) ST MARY'S REGIONAL HEALTH CENTER	Q	169,520	actual costs
(18) Innovis Health LLC	O	24,955,250	actual costs
(19) Innovis Health LLC	P	5,016,829	actual costs
(20) Northern Pines Medical Center	R	3,229,734	actual costs

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(21) SMDC Medical Center	R	256,804	actual costs
(22) ESSENTIA HEALTH INSURANCE SERVICES SPC	C	478,146	actual costs
(23) ESSENTIA HEALTH INSURANCE SERVICES SPC	P	3,608,478	actual costs
(24) ESSENTIA HEALTH INSURANCE SERVICES SPC	Q	5,161,650	actual costs
(25) CRITICAL ACCESS GROUP	P	314,999	actual costs
(26) CRITICAL ACCESS GROUP	N	354,390	actual costs
(27) ESSENTIA INSTITUTE OF RURAL HEALTH	P	74,940	actual costs
(28) SMDC MEDICAL CENTER	P	11,099,806	actual costs
(29) SMDC MEDICAL CENTER	O	7,573,532	actual costs
(30) SMDC MEDICAL CENTER	K	17,236,884	actual costs
(31) SMDC MEDICAL CENTER	Q	517,684	actual costs
(32) SMDC MEDICAL CENTER	N	36,617,537	actual costs
(33) SMDC MEDICAL CENTER	B	112,671	actual costs
(34) ST MARY'S MEDICAL CENTER	P	1,322,664	actual costs
(35) ST MARY'S MEDICAL CENTER	O	429,101	actual costs
(36) ST MARY'S MEDICAL CENTER	K	16,539,036	actual costs
(37) ST MARY'S MEDICAL CENTER	Q	915,405	actual costs
(38) ST MARY'S MEDICAL CENTER	N	1,024,956	actual costs
(39) THE DULUTH CLINIC	P	621,629	actual costs
(40) THE DULUTH CLINIC	O	351,892	actual costs

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(41) THE DULUTH CLINIC	K	7,743,672	actual costs
(42) THE DULUTH CLINIC	Q	91,364	actual costs
(43) THE DULUTH CLINIC	N	393,432	actual costs
(44) PINE MEDICAL CENTER	P	100,225	actual costs
(45) PINE MEDICAL CENTER	K	576,888	actual costs
(46) ST MARY'S HOSPITAL OF SUPERIOR	P	133,811	actual costs
(47) ST MARY'S HOSPITAL OF SUPERIOR	K	1,977,888	actual costs
(48) ST MARY'S HOSPITAL OF SUPERIOR	Q	79,557	actual costs
(49) NORTHERN PINES MEDICAL CENTER	P	94,288	actual costs
(50) NORTHERN PINES MEDICAL CENTER	K	319,848	actual costs
(51) POLINSKY MEDICAL REHABILITATION CENTER	K	388,740	actual costs
(52) MIDWEST MEDICAL EQUIPMENT AND SUPPLY	K	268,944	actual costs
(53) INNOVIS HEALTH LLC	K	12,291,960	actual costs
(54) INNOVIS HEALTH LLC	Q	494,144	actual costs
(55) INNOVIS HEALTH LLC	N	3,011,503	actual costs
(56) ST JOSEPH'S MEDICAL CENTER	O	102,616	actual costs
(57) ST JOSEPH'S MEDICAL CENTER	K	6,779,544	actual costs
(58) ST JOSEPH'S MEDICAL CENTER	Q	238,892	actual costs
(59) ST JOSEPH'S MEDICAL CENTER	N	853,199	actual costs
(60) BRAINERD MEDICAL CENTER Inc	O	3,004,912	actual costs

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(61) BRAINERD MEDICAL CENTER Inc	K	670,104	actual costs
(62) BRAINERD MEDICAL CENTER Inc	Q	50,644	actual costs

**Additional Data**

**Software ID:**  
**Software Version:**  
**EIN:** 20-0360007  
**Name:** Essentia Health

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Official	Key employee	Highest compensated employee			
Richard Blair Board Chair	40	X		X			40,000	0	0
Laura Boehlke-Bray MD Board Director	600	X					31,300	275,713	30,461
Terrence Clark MD Board Director	600	X					0	196,788	41,201
Lori Collard Board Vice Chair	20	X		X			25,600	0	0
Joel Haugen MD Board Director	600	X					11,350	292,006	39,177
Neal Hessen Board Director	20	X					37,750	1,600	0
Sister Kathleen Hofer Board Secretary	600	X		X			0	0	0
Lauren Larsen Board Director thru 5/12	20	X					25,000	0	0
Walter Leino MD Board Director	20	X					15,000	0	0
Sister Beverly Raway Board Director thru 12/11	10	X					0	0	0
James Seitz Board Director	20	X					15,000	0	0
Sister Clare Marie Trettel Board Director	20	X					0	0	0
Sister Claudia Riehl Board Director thru 9/11	10	X					0	0	0
Dean Ager Board Director	20	X					25,000	0	0
James Anderson BOARD VICE CHAIR	20	X		X			15,600	0	0
Peter Dunphy MD Board Director	600	X					15,000	321,194	19,636
Theresa Gunnarson MD Board Director	600	X					15,000	477,967	55,917
Michael Sheldon MD Board Director	600	X					18,850	297,372	40,559
SISTER LOIS ECKES BOARD DIRECTOR	10	X					0	0	0
DAVID GADDIE BOARD DIRECTOR	20	X					8,200	0	0
RICHARD ZIEGLER PHD BOARD DIRECTOR	20	X					0	0	0
Peter Person MD Chief Executive Officer	600			X			0	1,439,889	751,215
Robert Norman Chief Financial Officer	600			X			0	626,789	135,575
Gregory Glasner MD President & CMO, West Region	600			X			0	612,656	96,602
Carl Heitne MD Chief Medical Officer	600			X			0	585,454	46,223

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(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)					(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Office	Key employee	Highest compensated employee			
Daniel McGinty Senior VP, Development	60 0				X		0	555,436	125,720
Kevin Pitzer CAO, West Region	60 0				X		0	484,748	72,246
John Smylie Chief Operating Officer	60 0				X		0	781,020	113,712
Michael Mahoney Vice President, Public Policy	60 0				X		0	286,234	57,651
Teresa O'Toole CAO & CLO	60 0				X		0	540,240	35,223
Thomas Prusak President, Central Region	60 0				X		0	457,351	116,645
David Boran MD CMO, Central Region	60 0				X		0	284,394	27,265
Thomas Patnoe MD President/CMO, East	60 0				X		0	712,273	104,333
DANIEL NIKCEVICH MD ASSOCIATE CMO	60 0				X		600	686,865	50,198
Maribeth Olson SMMC COO	0 0					X	0	395,008	31,385
Rocklon Chapin SMDCMC COO	0 0					X	0	444,640	59,943
Michael Metcalf CAO, East Region	60 0					X	0	526,817	88,755