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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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
AVERA HOLY FAMILY

Doing Business As

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

826 NORTH 8TH STREET

City or town, state or country, and ZIP + 4
ESTHERVILLE, IA 51334

F Name and address of principal officer
MICHAEL HALL
826 NORTH 8TH STREET
ESTHERVILLE,IA 51334

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

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

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

H(c) Group exemption number ▶ 0928

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

J Website: ▶ WWW.AVERA-HOLYFAMILY.ORG

K Form of organization ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1996

M State of legal domicile IA

Part I

Summary

Activities & Governance

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

PROMOTION OF HEALTH

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

3 Number of voting members of the governing body (Part VI, line 1a)312

4 Number of independent voting members of the governing body (Part VI, line 1b)49

5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)5249

6 Total number of volunteers (estimate if necessary)612

7a Total unrelated business revenue from Part VIII, column (C), line 127a4,792

7b Net unrelated business taxable income from Form 990-T, line 347b1,723

Revenue

8 Contributions and grants (Part VIII, line 1h)8

9 Program service revenue (Part VIII, line 2g)9

10 Investment income (Part VIII, column (A), lines 3, 4, and 7 d)10

11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)

12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)12

Prior Year

Current Year

170,164181,634

22,107,72922,733,879

306,299327,821

31,80131,403

22,615,99323,274,737

Expenses

13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)13

14 Benefits paid to or for members (Part IX, column (A), line 4)140

15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)

16a Professional fundraising fees (Part IX, column (A), line 11e)16a0

16b Total fundraising expenses (Part IX, column (D), line 25) ▶0

17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)1712,045,493

18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)

19 Revenue less expenses Subtract line 18 from line 12191,446,014

Beginning of Current Year

End of Year

21,41521,067

00

9,103,07110,208,810

00

12,045,49312,104,891

21,169,97922,334,768

1,446,014939,969

Net Assets or Fund Balances

20 Total assets (Part X, line 16)20

21 Total liabilities (Part X, line 26)21

22 Net assets or fund balances Subtract line 21 from line 2022

Beginning of Current Year

End of Year

31,035,15735,576,786

8,608,71712,504,548

22,426,44023,072,238

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

2013-05-10

Date

MICHAEL HALL, PRESIDENT & CEO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

KIM HUNWARDSEN

Date

2013-05-13

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

P00484560

Firm's name (or yours if self-employed), address, and ZIP + 4

EIDE BAILLY LLP
800 NICOLLET MALL STE 1300
MINNEAPOLIS, MN 554027033

EIN ▶ 45-0250958

Phone no ▶ (612) 253-6500

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

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

2

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

Yes

No

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

3

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

Yes

No

If “Yes,” describe these changes on Schedule O

4

Describe the 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 \$ 19,518,648 including grants of \$ 21,067) (Revenue \$ 22,733,879)

PROVIDE INPATIENT AND OUTPATIENT MEDICAL SERVICES THROUGHOUT THE HOSPITAL AND HOME HEALTH AGENCY THE HOSPITAL PROVIDED 2,546 INPATIENT BED DAYS AVERA HOLY FAMILY MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY AND EQUIVALENT SERVICE STATISTICS THE AMOUNT OF CHARGES FOREGONE, BASED ON ESTABLISHED RATES, WERE \$417,370 FOR THE YEAR ENDED JUNE 30, 2012 THE HOSPITAL ALSO PROVIDES COMMUNITY BENEFIT HEALTH ACTIVITIES AT LESS THAN OR AT NO COST TO SUPPORT THOSE IN THE AREA SERVED THESE ACTIVITIES INCLUDE COMMUNITY EDUCATION PROGRAMS, SPECIAL PROGRAMS FOR THE ELDERLY, HANDICAPPED, AND MEDICALLY UNDERSERVED, AND A VARIETY OF BROAD COMMUNITY SUPPORT ACTIVITIES FOR THE YEARS ENDED JUNE 30, 2012, SPECIFIC ACTIVITIES INCLUDED MEALS DELIVERED TO RESIDENTIAL HOMES, MEETING FACILITIES, AND PROGRAMS FOR PATIENTS AND FAMILIES SUFFERING FROM CANCER, DIABETES, BREATHING DISORDERS, AND OTHERS, ASSISTANCE TO HEALTH EDUCATORS, EMERGENCY HEALTH CARE PROVIDERS, AND WELLNESS PROGRAMS

4b

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

4c

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

4d

Other program services (Describe in Schedule O)


















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

4e

Total program service expenses \$ 19,518,648

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	46			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return. .	2a	249			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a				No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the aggregate amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1a	12		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	9
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	Yes
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
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	Yes
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	No
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

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

		Yes	No
10a	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	No
b	Other officers or key employees of the organization	15b	No
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	Yes
b	If "Yes," 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	No

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed▶IA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶ SHANNON ADAMS 826 N 8TH STREET ESTHERVILLE,IA 51334 (712) 362-6519

Part VII

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

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

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

- 1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
 - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
 - List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
 - List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
 - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) NORMA BEAVER CHAIR	1 00	X		X				0	0	0
(2) SR KATHLEEN CROWLEY BOARD MEMBER	1 00	X						0	0	0
(3) DR DOUGLAS STANGL BOARD MEMBER	1 00	X						0	0	0
(4) DR KEITH PROBST BOARD MEMBER	1 00	X						0	0	0
(5) SR SUZANNE COTTER BOARD MEMBER	1 00	X						0	0	0
(6) DELAINE HINEY BOARD MEMBER	1 00	X						0	0	0
(7) MARK FRIESNER BOARD MEMBER	1 00	X						0	0	0
(8) DR RANDY ASMAN BOARD MEMBER	1 00	X						0	0	0
(9) PASTOR GLENN BOHMER BOARD MEMBER	1 00	X						0	0	0
(10) KATHY PRESTON BOARD MEMBER	1 00	X						0	0	0
(11) ISIDRO PENA BOARD MEMBER	1 00	X						0	0	0
(12) SR AIDAN BOURKE BOARD MEMBER	1 00	X						0	0	0
(13) MICHAEL HALL PRESIDENT & CEO	45 00			X				0	148,292	13,060
(14) SHANNON ADAMS SEC/TREAS & SRVP FINANCE	45 00			X				0	71,355	7,552
(15) CATHI SCHARNBERG VP PATIENT CARE	40 00			X				0	102,239	6,252
(16) BRENDA MARKS PHARMACY MANAGER	40 00					X		129,458	0	6,482

Part VII

1b	Sub-Total				
c	Total from continuation sheets to Part VII, Section A				
d	Total (add lines 1b and 1c)		129,458	321,886	33,346

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

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ESTHERVILLE MEDICAL CENTER PC 926 N 8TH STREET ESTHERVILLE, IA 51334	CLINIC COVERAGE	1,434,700
ACUTE CARE INC PO BOX 4130 DES MOINES, IA 50333	ER COVERAGE	451,058
ESTHERVILLE MEDICAL CENTER ER 926 N 8TH STREET ESTHERVILLE, IA 51334	ER COVERAGE	441,776
WOODWARD ANESTHESIA SERVICES PC 203 N 8TH ST ESTHERVILLE, IA 51334	ANESTHESIA SERVICES	248,456
GREAT LAKES PHYSICAL THERAPY PC 2714 CENTER LAKE DRIVE SPIRIT LAKE, IA 51360	PHYSICAL THERAPY SERVICES	244,411

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 ►6

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	55,075				
	e	Government grants (contributions)	1e	20,550				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	106,009				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		181,634				
Program Service Revenue			Business Code					
	2a	PATIENT SERVICE REVENUE	622110	22,400,828	22,400,828			
	b	OTHER REVENUE	900099	119,823	115,031	4,792		
	c	COLLABORATIVE AGREEMEN	900099	103,181	103,181			
	d	CHANGE IN FOUNDATION	900099	62,010	62,010			
	e	CAFETERIA	900099	48,037	48,037			
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		22,733,879				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		292,338			292,338	
	4	Income from investment of tax-exempt bond proceeds . . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		Gross rents	31,403					
		b Less rental expenses	0					
		c Rental income or (loss)	31,403					
	d	Net rental income or (loss)		31,403			31,403	
	7a	(i) Securities		(ii) O ther				
		Gross amount from sales of assets other than inventory	20,493	14,990				
		b Less cost or other basis and sales expenses	0	0				
		c Gain or (loss)	20,493	14,990				
	d	Net gain or (loss)		35,483			35,483	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . . .						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities . . .						
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory . . .						
	Miscellaneous Revenue		Business Code					
11a								
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d							
12	Total revenue. See Instructions		23,274,737	22,729,087	4,792	359,224		

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	21,067	21,067		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	7,950,914	6,822,395	1,128,519	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	396,603	129,788	266,815	
9	Other employee benefits	1,357,510	1,115,111	242,399	
10	Payroll taxes	503,783	455,498	48,285	
11	Fees for services (non-employees)				
a	Management	345,641	30,000	315,641	
b	Legal	3,898		3,898	
c	Accounting	31,500		31,500	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	2,791,551	2,746,594	44,957	
12	Advertising and promotion	61,337	6,064	55,273	
13	Office expenses	270,395	134,809	135,586	
14	Information technology	52,446	34,998	17,448	
15	Royalties				
16	Occupancy	443,508	443,508		
17	Travel	51,459	43,367	8,092	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	77,763	57,764	19,999	
20	Interest	296,868	296,868		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	1,072,832	1,072,832		
23	Insurance	311,236	25,700	285,536	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MEDICAL SUPPLIES	3,762,623	3,762,623		
b	LOCUM FEES	1,007,365	1,007,365		
c	BAD DEBT EXPENSE	851,068	851,068		
d	EQUIPMENT LEASE AND REN	103,944	101,846	2,098	
e					
f	All other expenses	569,457	359,383	210,074	
25	Total functional expenses. Add lines 1 through 24f	22,334,768	19,518,648	2,816,120	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			2,725,512	2	1,667,804
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			2,879,912	4	2,870,484
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net			10,599	7	
	8	Inventories for sale or use			538,782	8	617,853
	9	Prepaid expenses and deferred charges			61,012	9	117,761
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	24,099,189	13,150,640	10c	13,051,551
	b	Less accumulated depreciation	10b	11,047,638			
	11	Investments—publicly traded securities			791,249	11	4,583,873
	12	Investments—other securities. See Part IV, line 11			10,408,683	12	11,737,064
	13	Investments—program-related. See Part IV, line 11			165,386	13	322,371
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			303,382	15	608,025
	16	Total assets. Add lines 1 through 15 (must equal line 34)			31,035,157	16	35,576,786
Liabilities	17	Accounts payable and accrued expenses			1,615,278	17	2,064,298
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			4,585,000	20	8,245,000
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			2,408,439	25	2,195,250
	26	Total liabilities. Add lines 17 through 25			8,608,717	26	12,504,548
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			22,217,706	27	22,856,952
	28	Temporarily restricted net assets			208,734	28	215,286
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			22,426,440	33	23,072,238
	34	Total liabilities and net assets/fund balances			31,035,157	34	35,576,786

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	23,274,737
2	Total expenses (must equal Part IX, column (A), line 25)	2	22,334,768
3	Revenue less expenses Subtract line 2 from line 1	3	939,969
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	22,426,440
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-294,171
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	23,072,238

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization AVERA HOLY FAMILY	Employer identification number 42-0680370
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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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (See instructions)					12	
13 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage		
14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
b 33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
17a 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
b 10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
18 Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		

Part IIIPart 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						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

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	33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization		
b	33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization		
20	Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

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

SCHEDULE D
(Form 990)

Supplemental Financial Statements

► 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.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization AVERA HOLY FAMILY	Employer identification number 42-0680370
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Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

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

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

1

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

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

► \$ _____

(ii)

Assets included in Form 990, Part X

► \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

► \$ _____

b

Assets included in Form 990, Part X

► \$ _____

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

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

☐ Yes

☐ No

Part IV

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

1a

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

☐ Yes

☐ No

b

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

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

b

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

	Yes	No
3a(i)		
3a(ii)		
3b		

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		325,524		325,524
b Buildings		16,864,281	6,910,210	9,954,071
c Leasehold improvements				
d Equipment		6,518,268	3,995,357	2,522,911
e Other		391,116	142,071	249,045
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				13,051,551

Part XIReconciliation of Change in Net Assets from Form 990 to Financial Statements			
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	23,274,737
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	22,334,768
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	939,969
4	Net unrealized gains (losses) on investments	4	-292,632
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-1,539
9	Total adjustments (net) Add lines 4 - 8	9	-294,171
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	645,798

Part XIIReconciliation of Revenue per Audited Financial Statements With Revenue per Return			
1	Total revenue, gains, and other support per audited financial statements	1	22,124,485
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-292,632
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	-851,068
e	Add lines 2a through 2d	2e	-1,143,700
3	Subtract line 2e from line 1	3	23,268,185
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	6,552
c	Add lines 4a and 4b	4c	6,552
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	23,274,737

Part XIIIReconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	21,483,700
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	0
3	Subtract line 2e from line 1	3	21,483,700
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	851,068
c	Add lines 4a and 4b	4c	851,068
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	22,334,768

Part XIVSupplemental Information

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

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE ORGANIZATION IS AN IOWA NONPROFIT CORPORATION AND HAS BEEN RECOGNIZED BY THE INTERNAL REVENUE SERVICE (IRS) AS EXEMPT FROM FEDERAL INCOME TAXES UNDER INTERNAL REVENUE CODE SECTION 501(C)(3). THE ORGANIZATION IS ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS. IN ADDITION, THE ORGANIZATION IS SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE. THE ORGANIZATION FILES AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS TO REPORT ITS UNRELATED BUSINESS TAXABLE INCOME. THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED. THE ORGANIZATION'S FEDERAL FORM 990T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2009.
PART XI, LINE 8 - OTHER ADJUSTMENTS		CAPITAL TRANSFERS -1,539
PART XII, LINE 2D - OTHER ADJUSTMENTS		PROVISION FOR BAD DEBTS REPORTED IN REVENUE ON FINANCIAL STATEMENTS -851,068
PART XII, LINE 4B - OTHER ADJUSTMENTS		CHANGE IN INTEREST IN NET ASSETS AVERA HEALTH FDTN IN FUND BALANCE FOR F/S 6,552
PART XIII, LINE 4B - OTHER ADJUSTMENTS		PROVISION FOR BAD DEBTS REPORTED IN REVENUE ON FINANCIAL STATEMENTS 851,068

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AVERA HOLY FAMILY

Employer identification number
42-0680370

Part I

Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost						
Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			251,865		251,865	1 170 %
b Medicaid (from Worksheet 3, column a)			1,763,336	1,189,927	573,409	2 670 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			2,015,201	1,189,927	825,274	3 840 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	9	72	72,803	5,354	67,449	0 310 %
f Health professions education (from Worksheet 5)	3		74,257		74,257	0 350 %
g Subsidized health services (from Worksheet 6)	1		13,500		13,500	0 060 %
h Research (from Worksheet 7)	1		194		194	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	6		49,262		49,262	0 230 %
j Total Other Benefits	20	72	210,016	5,354	204,662	0 950 %
k Total. Add lines 7d and 7j	20	72	2,225,217	1,195,281	1,029,936	4 790 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development	1		412		412	0 %
3Community support	1		7,361		7,361	0 030 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy	1					
8Workforce development	1		1,086		1,086	0 010 %
9Other			164,350		164,350	0 760 %
10Total	4		173,209		173,209	0 800 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1		No
2Enter the amount of the organization's bad debt expense	2	851,068	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0	
4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.			

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME)	5	10,415,910	
6Enter Medicare allowable costs of care relating to payments on line 5	6	10,378,775	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	37,135	
8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other			

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?	9a	Yes	
9bIf "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.	9b	Yes	

Part IVManagement Companies and Joint Ventures (see instructions)

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

Section A. Hospital Facilities

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

Name and address

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A.)

AVERA HOLY FAMILY

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1	No
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input type="checkbox"/> Participation in community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 150 0000000000000000% If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input checked="" type="checkbox"/> Uninsured discount f <input checked="" type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input checked="" type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

	Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	18 Yes	
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d <input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b <input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d <input type="checkbox"/> Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20 Yes		
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21 Yes		

Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

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

Name and address	Type of Facility (Describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

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

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

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

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT REMOVED FROM THE DENOMINATOR OF THE CALCULATION WAS \$851,068

Identifier	ReturnReference	Explanation
		PART II THE ORGANIZATION SUPPORTS THE FREE CLINIC IN THE COMMUNITY, CONDUCTS PUBLIC HEALTH SCREENINGS, PARTICIPATES IN COMMUNITY HEALTH FAIRS, PROVIDES HEALTH EDUCATION TO COMMUNITY AND SCHOOLS, CONDUCTS A LIFESTYLE CHALLENGE FOR THE COMMUNITY, DONATES TO VARIOUS COMMUNITY ORGANIZATIONS AND HEALTH CARE SCHOLARSHIPS, PROVIDES TOURS FOR SCHOOL CHILDREN, UTILIZES TELECARE, AND PROVIDES MEALS ON WHEELS

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 BAD DEBT EXPENSE IS REPORTED AT CHARGES AS RECORDED BY THE ORGANIZATION THE ORGANIZATION DID NOT ESTIMATE THE AMOUNT OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY AS THE ORGANIZATION WORKS HARD AT ENCOURAGING PEOPLE TO APPLY AND MAKES ADJUSTMENTS TO BAD DEBT EXPENSE BASED ON RECOMMENDATIONS OF THE COLLECTION AGENCY OR REVIEWS OF BAD DEBT FOR THOSE WHO QUALIFY UNDER CHARITY CARE BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR NOTE FROM FINANCIAL STATEMENTS PATIENT ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE ORGANIZATION ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD PARTY COVERAGE, THE ORGANIZATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE ORGANIZATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES, IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS</p>

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

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

Identifier	ReturnReference	Explanation
AVERA HOLY FAMILY		PART V, SECTION B, LINE 13G A SUMMARY OF THE FINANCIAL ASSISTANCE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOMS, WAITING ROOMS, AND ADMISSIONS OFFICE AND INCLUDED IN THE BILLING STATEMENT IN ADDITION, THE FINANCIAL ASSISTANCE POLICY IS DISCUSSED WITH THE PATIENT UPON ADMISSION TO THE FACILITY

Identifier	ReturnReference	Explanation
AVERA HOLY FAMILY		PART V, SECTION B, LINE 19D THE MAXIMUM AMOUNT CHARGED TO A PATIENT UNDER THE FINANCIAL ASSISTANCE POLICY FOR EMERGENCY AND MEDICALLY NECESSARY CARE IS 90% OF THE GROSS CHARGES THIS IS BASED ON THE LOWEST DISCOUNT UNDER THE CHARITY CARE POLICY OF 10%

Identifier	ReturnReference	Explanation
AVERA HOLY FAMILY		PART V, SECTION B, LINE 20 THE HOSPITAL PROVIDES A REDUCTION TO GROSS CHARGES UNDER THEIR FINANCIAL ASSISTANCE POLICY THE HOSPITAL HAS NOT DETERMINED THE AMOUNT GENERALLY BILLED UNDER THE VARIOUS PROPOSED METHODS OF CALCULATION THEREFORE, IT IS POSSIBLE A PATIENT UNDER THE FINANCIAL ASSISTANCE POLICY COULD HAVE PAID MORE THAN THE AMOUNT GENERALLY BILLED THE HOSPITAL WILL REVIEW THE VARIOUS METHODS TO ENSURE APPROPRIATE DISCOUNTS ARE PROVIDED TO EQUAL OR EXCEED THE AMOUNTS GENERALLY BILLED TO THOSE WITH INSURANCE

Identifier	ReturnReference	Explanation
AVERA HOLY FAMILY		PART V, SECTION B, LINE 21 INDIVIDUALS ELIGIBLE FOR FINANCIAL ASSISTANCE ARE NOT CHARGED GROSS CHARGES FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE, HOWEVER MAY BE CHARGED GROSS CHARGES FOR ELECTIVE CARE

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

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

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 AVERA HOLY FAMILY HEALTH OPERATES A 25-BED CRITICAL ACCESS HOSPITAL AND PROVIDER-BASED CLINIC LOCATED IN ESTHERVILLE, IOWA AVERA HOLY FAMILY'S SERVICE AREA INCLUDES EMMET COUNTY AND SURROUNDING COUNTIES IN IOWA IN 2011, THE POPULATION FOR EMMET COUNTY WAS 10,104 APPROXIMATELY 19% OF THE POPULATION IS AGE 65 OR OLDER THE AVERAGE PER CAPITA INCOME IS \$25,400 AND APPROXIMATELY 11.4% OF THE POPULATION IS BELOW THE FEDERAL POVERTY LEVEL THE NEAREST HOSPITAL IN THE AREA IS APPROXIMATELY 15 MILES FROM AVERA HOLY FAMILY'S MAIN CAMPUS

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF VOLUNTEER MEMBERS WHO RESIDE IN THE COMMUNITY MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY SURPLUS FUNDS ARE REINVESTED IN FACILITIES TO IMPROVE PATIENT CARE THE ORGANIZATION SUPPORTS THE FREE CLINIC IN THE COMMUNITY, CONDUCTS PUBLIC HEALTH SCREENINGS, PARTICIPATES IN COMMUNITY HEALTH FAIRS, PROVIDES HEALTH EDUCATION TO COMMUNITY AND SCHOOLS, CONDUCTS A LIFESTYLE CHALLENGE FOR THE COMMUNITY, DONATES TO VARIOUS COMMUNITY ORGANIZATIONS AND HEALTH CARE SCHOLARSHIPS, PROVIDES TOURS FOR SCHOOL CHILDREN, UTILIZES TELECARE, AND PROVIDES MEALS ON WHEELS

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

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

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
AVERA HOLY FAMILY

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Employer identification number

42-0680370

Part I

General Information on Grants and Assistance

- 1

Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

☒ Yes ☐ No
- 2

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

Part II

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

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

2

Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶

3

Enter total number of other organizations listed in the line 1 table ▶

Part III

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

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

Part IV

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE BOARD DECIDES HOW MUCH WILL BE GIVEN TO ORGANIZATIONS EACH YEAR THE FINANCIAL STATEMENTS OF RECIPIENTS ARE GIVEN TO THE BOARD OF DIRECTORS OF AVERA HOLY FAMILY FOR REVIEW AND TO ENSURE THE FUNDS ARE USED APPROPRIATELY

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization AVERA HOLY FAMILY	Employer identification number 42-0680370
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Part I

Questions Regarding Compensation

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

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

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

[illegible]

Part III Supplemental Information

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

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

Schedule K (Form 990)	<div>Supplemental Information on Tax Exempt Bonds</div> <div>▶ 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.</div>										OMB No 1545-0047	
											2011	
	Department of the Treasury Internal Revenue Service Name of the organization AVERA HOLY FAMILY											Open to Public Inspection
											Employer identification number 42-0680370	

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 THE CITY OF ESTHERVILLE IOWA	42-6004647	297542BG6	06-21-2012	3,840,000	REFUND THE SERIES 2000 BONDS ISSUED 12/14/2000		X		X		X

Part II		Proceeds							
		A		B		C		D	
1	Amount of bonds retired	3,708,457							
2	Amount of bonds defeased								
3	Total proceeds of issue	3,840,000							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	76,800							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds								
12	Other unspent proceeds	3,708,457							
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?		X						
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?		X						

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

Part III

Private Business Use (Continued)

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

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						
2	Is the bond issue a variable rate issue?		X						
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was a hedge terminated?								
4a	Were gross proceeds invested in a GIC?		X						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X						
6	Did the bond issue qualify for an exception to rebate?		X						

Part 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
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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization
AVERA HOLY FAMILY

Employer identification number
42-0680370

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) ESTHERVILLE MEDICAL CLINIC PC	2 BOARD MEMBERS ARE EACH MORE THAN 5% OWNER	1,876,476	PAYMENT FOR PHYSICIAN SERVICES		No

Part V

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

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization AVERA HOLY FAMILY	Employer identification number 42-0680370
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Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	DOCTORS STANGL, PROBST, AND ASMAN HAVE A BUSINESS RELATIONSHIP
	FORM 990, PART VI, SECTION A, LINE 3	THE ORGANIZATION UTILIZES THE MANAGEMENT SERVICES OF AVERA MCKENNAN FOR DAY-TO-DAY OPERATIONS OF THE FACILITY THE CEO, CFO AND VP OF PATIENT CARE ARE EMPLOYEES OF AVERA MCKENNAN
	FORM 990, PART VI, SECTION A, LINE 6	THE SOLE MEMBER OF THE ORGANIZATION IS AVERA HEALTH, A NONPROFIT CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF SOUTH DAKOTA AND EXEMPT UNDER 501(C)(3) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED
	FORM 990, PART VI, SECTION A, LINE 7A	AVERA HEALTH, AS THE SOLE MEMBER, HAS THE POWER TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, MEMBERS OF THE BOARD OF DIRECTORS
	FORM 990, PART VI, SECTION A, LINE 7B	AVERA HEALTH HAS THE FOLLOWING RIGHTS AS THE MEMBER 1) TO APPROVE THE ADOPTION, AMENDMENT OR REPEAL OF THE STATEMENTS OF PHILOSOPHY, MISSION AND VALUES OF THE CORPORATION, 2) TO INITIATE THE ADOPTION, AMENDMENT OR REPEAL OF ANY PROVISION OF THE ARTICLES OF INCORPORATION OR BYLAWS OF CORPORATION, AND TO GIVE FINAL APPROVAL OF ANY SUCH ACTION WITH RESPECT THERETO, 3) TO APPROVE AND ACT UPON THE ALIENATION OF REAL PROPERTY AND PRECIOUS ARTIFACTS UNDER THE CANONICAL STEWARDSHIP OF THE SISTERS OF THE PRESENTATION OF THE BLESSED VIRGIN MARY OF ABERDEEN, SD ("PRESENTATION SISTERS"), OR THE BENEDICTINE SISTERS OF SACRED HEART MONASTERY ("BENEDICTINE SISTERS"), PURSUANT TO THE POLICIES ESTABLISHED BY THE MEMBER, 4) TO APPROVE ANY PLAN OF MERGER, CONSOLIDATION OR DISSOLUTION OF THE CORPORATION, OR THE DIVESTITURE OF A SPONSORED WORK OR MINISTRY ASSOCIATED WITH THE CORPORATION, 5) TO APPROVE THE CREATION OF NEW SPONSORED WORKS OR MINISTRIES TO BE CONDUCTED BY OR UNDER THE AUTHORITY OF THE CORPORATION, 6) TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, THE BOARD OF DIRECTORS OF THE CORPORATION, 7) TO APPOINT AND/OR REMOVE, WITH OR WITHOUT CAUSE, THE PRESIDENT AND CEO OF THE CORPORATION, 8) TO APPROVE THE OPERATING/CAPITAL BUDGETS AND STRATEGIC PLANS OF THE CORPORATION, 9) TO APPROVE EXPENDITURES OUTSIDE OF OPERATING AND CAPITAL BUDGETS EXCEEDING DEFINED THRESHOLDS ACCORDING TO POLICY WHICH MAY BE ADOPTED FROM TIME TO TIME BY THE MEMBER, 10) TO APPROVE ACQUISITIONS, SALES AND LEASES, ACCORDING TO POLICY WHICH MAY BE ADOPTED FROM TIME TO TIME BY THE MEMBER, 11) TO ESTABLISH AND MAINTAIN EMPLOYEE BENEFIT PROGRAMS, 12) TO ESTABLISH AND MAINTAIN INSURANCE PROGRAMS, 13) TO APPROVE MAJOR COMMUNITY FUND DRIVES, 14) TO APPROVE THE APPOINTMENT OF AUDITORS, 15) TO ADOPT POLICIES DESIGNED TO EFFECTUATE THE RESERVED POWERS OF THE MEMBER
	FORM 990, PART VI, SECTION A, LINE 8B	THERE IS NO COMMITTEE WITH AUTHORITY TO ACT ON BEHALF OF THE BOARD
	FORM 990, PART VI, SECTION B, LINE 11	THE CEO REVIEWS THE 990 IN DETAIL AFTER THE CEO'S REVIEW, THE 990 IS PROVIDED TO EACH BOARD MEMBER
	FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS BOARD MEMBERS, OFFICERS AND KEY EMPLOYEES AT EACH BOARD MEETING, A REQUEST IS MADE FOR ALL BOARD MEMBERS TO DISCLOSE ANY POTENTIAL CONFLICT OF INTEREST PERTAINING TO ANY ITEM LISTED ON THE AGENDA OR PERTAINING TO ANY POTENTIAL ITEM THAT COULD BE DISCUSSED DURING THE COURSE OF THE MEETING THE DECLARATION OF CONFLICT OF INTEREST IS RECORDED IN THE MEETING MINUTES THE BOARD MAKES A DETERMINATION OF WHETHER THERE IS A CONFLICT OF INTEREST AND IF SO, IMPLEMENTS THE PROCEDURE FOR EVALUATING THE ISSUE OR TRANSACTION INVOLVED THE BOARD MEMBER OR OFFICER WITH THE CONFLICT MUST REFRAIN FROM VOTING A STATEMENT OF CONFLICT OF INTEREST DISCLOSURE IS MADE ON AN ANNUAL BASIS BY OFFICERS AND DIRECTORS THE INFORMATION IS MAINTAINED IN A DATABASE AND A REPORT IS PROVIDED TO THE BOARD
		THE CEO AND OFFICERS ARE COMPENSATED BY AVERA MCKENNAN AVERA MCKENNAN HAS A PROCESS IN PLACE FOR DETERMINING COMPENSATION FOR THESE INDIVIDUALS
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC THE ORGANIZATION'S FINANCIAL STATEMENTS ARE ATTACHED TO THE FORM 990 PER IRS INSTRUCTIONS AND THEREFORE AVAILABLE TO THE GENERAL PUBLIC
	FORM 990, PART VII	IN ADDITION TO THE HOURS SERVED AT AVERA HOLY FAMILY, SR KATHLEEN CROWLEY DEVOTED TIME PROVIDING SERVICES TO THE FOLLOWING RELATED ORGANIZATIONS AVERA QUEEN OF PEACE TWO AND ONE HALF HOURS PER WEEK AVERA HEALTH 5 HOURS PER WEEK AVERA WORKERS' COMPENSATION TRUST 1 HOUR PER WEEK MICHAEL HALL AND SHANNON ADAMS EACH SERVE AVERA HOLY FAMILY FOUNDATION, A RELATED ORGANIZATION, 1 HOUR PER WEEK
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -292,632 CAPITAL TRANSFERS -1,539 TOTAL TO FORM 990, PART XI, LINE 5 -294,171
	FORM 990, PART XII, LINE 2C	THE AUDIT COMMITTEE OF AVERA HEALTH, PARENT ORGANIZATION, SELECTS THE AUDITOR AND REVIEWS THE AUDITED FINANCIAL STATEMENTS FOR AVERA HOLY FAMILY
	FORM 990, PART VI, SECTION B, LINE 16B	THERE IS NO WRITTEN POLICY OR PROCEDURE SINCE IN THE EVENT OF ANY SUCH PROPOSED TRANSACTION THE BOARD OR A COMMITTEE WITH DELEGATED AUTHORITY REVIEWS ALL MATERIALS, VALUATIONS AND OPERATIONAL ASPECTS FOR ANY PROPOSED TRANSACTION SUCH TRANSACTION WOULD BE EVALUATED IN ACCORDANCE WITH THE EXEMPT STATUS OF THE ORGANIZATION AND ITS APPLICABLE PURPOSES ANY TRANSACTION ALSO WOULD BE APPROVED BY THE BOARD AND THE MEMBER

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AVERA HOLY FAMILY

Employer identification number
42-0680370

Part I

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

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

Part II

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

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

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ACCOUNTS MANAGEMENT INC 5132 S CLIFF AVENUE SUITE 101 SIOUX FALLS, SD 57108 46-0373021	COLLECTION AGENCY	SD	N/A	C			
(2) AVERA HEALTH PLANS INC 3900 WEST AVERA DRIVE SUITE 101 SIOUX FALLS, SD 57108 46-0451539	HEALTH FINANCING AND HEALTH PLAN ADMIN	SD	N/A	C			
(3) AVERA PROPERTY INSURANCE INC 510 W 23RD STREET PO BOX 38 YANKTON, SD 57078 46-0463155	INSURANCE	SD	N/A	C			
(4) VALLEY HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD 57078 46-0357149	MEDICAL EQUIPMENT	SD	N/A	C			

Part V

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

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Sale of assets to related organization(s)

g Purchase of assets from related organization(s)

h Exchange of assets with related organization(s)

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

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

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

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

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

n Sharing of paid employees with related organization(s)

o Reimbursement paid to related organization(s) for expenses

p Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

No

Yes

Yes

Yes

No

No

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) AVERA HOLY FAMILY FOUNDATION	C	55,075	FAIR MARKET VALUE
(2)			
(3)			
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:

Software Version:

EIN: 42-0680370

Name: AVERA HOLY FAMILY

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
AVERA HEALTH 3900 W AVERA DRIVE SUITE 300 SIOUX FALLS, SD 57108 46-0422673	PROMOTION OF HEALTH	SD	501(C) (3)	LINE 9	N/A		No
AVERA HOLY FAMILY FOUNDATION 826 N 8TH STREET ESTHERVILLE, IA 51334 42-1317452	SUPPORT OF HOLY FAMILY HOSPITAL AND HOME HEALTH AGENCY	IA	501(C) (3)	LINE 9	AVERA HOLY FAMILY	Yes	
AVERA WORKERS' COMPENSATION TRUST 3900 W AVERA DRIVE SIOUX FALLS, SD 57108 46-0407148	ECONOMICAL COVERAGE OF WORKERS' COMPENSATION CLAIMS	SD	501(C) (3)	LINE 11B, II	AVERA HEALTH		No
AVERA ST ANTHONY'S HOSPITAL 300 N 2ND STREET ONEILL, NE 68763 47-0463911	HEALTHCARE SERVICES	NE	501(C) (3)	LINE 3	AVERA HEALTH		No
ST BENEDICT HEALTH CENTER 401 WEST GLYNN DRIVE PARKSTON, SD 57366 46-0226738	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
ST BENEDICT HEALTH CENTER FOUNDATION 401 WEST GLYNN DRIVE PO BOX B PARKSTON, SD 57366 46-0458725	SUPPORT HEALTH RELATED SERVICES	SD	501(C) (3)	LINE 11A, I	ST BENEDICT HEALTH CENTER		No
AVERA MCKENNAN 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 57117 46-0224743	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
AVERA QUEEN OF PEACE HOSPITAL 525 NORTH FOSTER STREET MITCHELL, SD 57301 46-0224604	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
SACRED HEART HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD 57078 46-0225483	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
SACRED HEART RURAL HEALTH CLINICS 501 SUMMIT STREET YANKTON, SD 57078 46-0423930	CLINIC SERVICES	SD	501(C) (3)	LINE 3	SACRED HEART HEALTH SERVICES		No
HEALTH MANAGEMENT SERVICES 501 SUMMIT STREET YANKTON, SD 57078 46-0399291	ADULT DAYCARE AND HOMEMAKING SERVICES	SD	501(C) (3)	LINE 9	SACRED HEART HEALTH SERVICES		No
LEWIS AND CLARK HEALTH EDUCATION AND SERVICE AGENCY 1000 W 4TH STREET SUITE 9 YANKTON, SD 57078 46-0337013	HEALTHCARE EDUCATION	SD	501(C) (3)	LINE 9	SACRED HEART HEALTH SERVICES		No
AVERA ST LUKE'S 305 SOUTH STATE STREET ABERDEEN, SD 57401 46-0224598	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
AVERA MARSHALL 300 S BRUCE ST MARSHALL, MN 56258 41-0919153	HEALTHCARE SERVICES	MN	501(C) (3)	LINE 3	AVERA HEALTH		No
AVERA MARSHALL FOUNDATION 300 S BRUCE ST MARSHALL, MN 56258 41-1784801	FUNDRAISING	MN	501(C) (3)	LINE 7	AVERA MARSHALL		No



Financial Statements
June 30, 2012 and 2011
Avera Holy Family Health

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Independent Auditor's Report

The Board of Directors
Avera Holy Family Health
Estherville, Iowa

We have audited the accompanying balance sheets of Avera Holy Family Health (Organization) as of June 30, 2012 and 2011, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Avera Holy Family Health as of June 30, 2012 and 2011, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 17 to the financial statements, in accordance with updates to the relevant accounting standards pertaining to the presentation and disclosure of patient service revenue, provision for bad debts, and the allowance for doubtful accounts for certain health care entities, the Organization has changed its presentation and disclosure of those financial statement elements.

Eide Bailly LLP

Sioux Falls, South Dakota
September 27, 2012

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	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,667,804	\$ 2,725,512
Assets limited as to use	4,498,400	321,355
Receivables		
Patient, net of estimated uncollectibles, admissions policy charity, and other allowances of \$2,263,000 in 2012 and \$2,044,000 in 2011	2,825,555	2,821,897
Estimated third-party payor settlements	200,000	-
Other	57,109	79,099
Supplies	617,853	538,782
Prepaid expenses	117,761	61,012
Total current assets	9,984,482	6,547,657
Assets Limited as to Use		
Under indenture agreement	4,583,873	791,249
By Board for capital improvements and debt redemption	10,316,389	9,030,396
Interest in net assets of foundations	1,420,675	1,378,287
	16,320,937	11,199,932
Less portion in current assets	(4,498,400)	(321,355)
Noncurrent assets limited as to use	11,822,537	10,878,577
Property and Equipment	13,051,551	13,150,640
Other Assets		
Other receivables	310,191	154,901
Deferred financing costs, net of accumulated amortization of \$120,277 in 2012 and \$111,779 in 2011	252,868	139,065
Investment in affiliated organization	155,157	164,317
Total other assets	718,216	458,283
	<u>\$ 35,576,786</u>	<u>\$ 31,035,157</u>

See Notes to Financial Statements

Avera Holy Family Health
Balance Sheets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 4,498,400	\$ 267,974
Accounts payable		
Trade	1,261,349	878,710
Estimated third-party payor settlements	-	172,034
Accrued expenses		
Salaries and wages	134,548	87,740
Paid time off benefits	412,447	367,791
Taxes and withholdings	40,339	56,330
Interest	136,405	141,355
Other	79,210	83,352
Total current liabilities	<u>6,562,698</u>	<u>2,055,286</u>
Long-Term Debt, Less Current Maturities	4,099,485	4,757,884
Other Liabilities		
Due to related party		
Clinic collaborative arrangement	592,365	545,547
Avera McKennan payable	<u>1,250,000</u>	<u>1,250,000</u>
Total liabilities	<u>12,504,548</u>	<u>8,608,717</u>
Net Assets		
Unrestricted	22,856,952	22,217,706
Temporarily restricted	<u>215,286</u>	<u>208,734</u>
Total net assets	<u>23,072,238</u>	<u>22,426,440</u>
	<u>\$ 35,576,786</u>	<u>\$ 31,035,157</u>

Avera Holy Family Health
Statements of Operations
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Revenues, Gains, and Other Support		
Net patient service revenue	\$ 22,400.828	\$ 21,551.364
Provision for bad debts	851.068	785.099
	<u>21,549.760</u>	<u>20,766.265</u>
Net patient service revenue less provision for bad debts	21,549.760	20,766.265
Other revenue	408.678	429.796
	<u>408.678</u>	<u>429.796</u>
Total unrestricted revenues, gains, and other support	<u>21,958.438</u>	<u>21,196.061</u>
Expenses		
Salaries and wages	7,950.914	7,075.543
Employee benefits	2,257.896	2,027.528
Professional fees	3,253.531	3,101.682
Supplies	2,785.500	3,048.731
Purchased services	919.598	849.047
Repairs and maintenance	439.091	465.790
Other expenses	1,833.852	1,899.024
Insurance	311.236	238.417
Utilities and telephone	362.382	358.046
Interest	296.868	311.880
Depreciation and amortization	1,072.832	1,009.192
	<u>21,483.700</u>	<u>20,384.880</u>
Total expenses	21,483.700	20,384.880
Operating Income	<u>474.738</u>	<u>811.181</u>
Other Income (Loss)		
Investment (loss) income	(7.583)	1,096.001
Net revenue from collaborative arrangement	103.182	149.416
Change in interest in net assets of foundations	55.458	232.558
Gain (loss) on sale of fixed assets	14.990	(20.474)
	<u>166.047</u>	<u>1,457.501</u>
Total other income, net	166.047	1,457.501
Revenues in Excess of Expenses	640.785	2,268.682
Equity Transfers	(1.539)	(1.500)
	<u>(1.539)</u>	<u>(1.500)</u>
Increase in Unrestricted Net Assets	<u>\$ 639.246</u>	<u>\$ 2,267.182</u>

Avera Holy Family Health
Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 640,785	\$ 2,268,682
Equity transfers	<u>(1,539)</u>	<u>(1,500)</u>
Increase in unrestricted net assets	639,246	2,267,182
Temporarily Restricted Net Assets		
Change in interest in net assets of foundations	<u>6,552</u>	<u>2,312</u>
Increase in Net Assets	645,798	2,269,494
Net Assets, Beginning of Year	<u>22,426,440</u>	<u>20,156,946</u>
Net Assets, End of Year	<u><u>\$ 23,072,238</u></u>	<u><u>\$ 22,426,440</u></u>

Avera Holy Family Health
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	\$ 645,798	\$ 2,269,494
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gains and losses on investments	138,091	(1,089,247)
Equity transfers	1,539	1,500
Depreciation	1,064,334	999,921
Amortization of financing costs	8,498	9,271
Net revenue from clinic collaborative arrangement	(103,182)	(149,416)
Earnings from equity method investee	(20,340)	(40,287)
Loss on sale of fixed assets	(14,990)	20,474
Undistributed portion of change in interest in net assets of foundations	(42,388)	(242,645)
Change in assets and liabilities		
Receivables	(336,958)	167,449
Supplies	(79,071)	16,337
Prepaid expenses	(56,749)	45,242
Accounts payable	210,605	322,181
Accrued expenses	66,381	(277,972)
Net Cash from Operating Activities	<u>1,481,568</u>	<u>2,052,302</u>
Investing Activities		
Purchase of property and equipment	(950,255)	(946,562)
Purchases of assets limited as to use	(7,018,719)	(3,623,333)
Proceeds from sales and maturities of assets limited as to use	1,802,011	1,635,095
Distributions received from equity method investee	29,500	56,233
Net Cash used for Investing Activities	<u>(6,137,463)</u>	<u>(2,878,567)</u>
Financing Activities		
Equity transfers	(1,539)	(1,500)
Equity contributed by collaborative arrangement partner	150,000	-
Proceeds from issuance of long-term debt	3,840,000	-
Payment of deferred financing costs	(122,301)	-
Repayment of long-term debt	(267,973)	(252,863)
Net Cash used for Financing Activities	<u>3,598,187</u>	<u>(254,363)</u>
Net Decrease in Cash and Cash Equivalents	(1,057,708)	(1,080,628)
Cash and Cash Equivalents, Beginning of Year	<u>2,725,512</u>	<u>3,806,140</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,667,804</u>	<u>\$ 2,725,512</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 301,818</u>	<u>\$ 316,513</u>

Note 1 - Organization and Significant Accounting Policies

Organization

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

Income Taxes

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

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of Estimates

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

Cash and Cash Equivalents

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

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. For the years ended June 30, 2012 and 2011, the Organization did not charge interest on its delinquent patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The Organization's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from June 30, 2011 to June 30, 2012. The Organization does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors. The Organization has not significantly changed its charity care or uninsured discount policies during fiscal years 2011 or 2012.

Physician Loans

The Organization created a community needs loan program to recruit physicians to provide services to the Estherville community. The Organization enters into employment agreements with physicians, whereby the Organization provides a loan to the physician, and the physician agrees to establish and maintain a practice in the community for a minimum number of years. The Organization will forgive the loan over the period that the practice is maintained. The Organization amortizes each loan on a straight-line basis over the minimum number of years the practice must be maintained.

At June 30, 2012 and 2011, community needs loans due to the Organization totaled approximately \$310,000 and \$155,000, respectively. Community need loans have terms ranging from two to five years, with annual interest rates at prime plus 2%, and are included in other receivables within the balance sheets.

Supplies

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

Investment in Affiliated Organization

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

Investments and Investment Income

Investments with readily determinable market values are stated at fair value. The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national and foreign securities exchanges. The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 825. ASC 825 permits entities to choose to measure many financial instruments and certain other items at fair value. All investments are classified as trading securities, therefore investment income or loss (including interest income, dividends, net changes in unrealized gains and losses, and net realized gains and losses) is included in revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law.

The Organization, through its affiliation with Avera Health, participates in the Avera Pooled Investment Fund, a fund administered by Avera Health. The Pooled Investment Fund has a portion of its holdings in alternative investments, which are not readily marketable. These alternative investments include partnerships and other interests that invest in hedge funds, real asset funds, and private equity/venture capital funds, among others. Many of these alternative investments have fair values that are determined using the net asset value (NAV) provided by the investment manager. NAV is a practical expedient to determine the fair value of investments that do not have readily determinable fair values and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Investment income, including interest, dividends, realized gains and losses, and unrealized gains and losses are allocated to participants of the Avera Pooled Investment Fund based upon their pro rata share of the investments.

Assets Limited as to Use

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

Fair Value Measurements

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

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

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

Property and Equipment

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

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

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

Impairment of Long-lived Assets

The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the years ended June 30, 2012 and 2011.

Deferred Financing Costs

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

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. At June 30, 2012 and 2011, the Organization did not have any permanently restricted net assets.

Interest in Net Assets of Foundations

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

Collaborative Arrangement

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

The following table presents amounts attributable to the provider based clinic included in the Organization's statements of operations for the years ended June 30, 2012 and 2011:

	2012	2011
Net revenues	\$ 3,373,505	\$ 3,077,815
Operating expenses	<u>(3,580,252)</u>	<u>(3,376,646)</u>
Increase (decrease) in net assets	<u>\$ (206,747)</u>	<u>\$ (298,831)</u>

Revenues in Excess of Expenses

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

Net Patient Service Revenue

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

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Net patient service revenue, before the provision for bad debts, recognized for the years ended June 30, 2012 and 2011 from these major payor sources, is as follows:

	<u>2012</u>	<u>2011</u>
Net patient service revenue		
Third-party payors	\$ 21,721,157	\$ 20,652,703
Self-pay	<u>679,671</u>	<u>898,661</u>
	<u>\$ 22,400,828</u>	<u>\$ 21,551,364</u>

Charity Care

To fulfill its mission of community service, the Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since the Organization does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$284,000 and \$243,000 for the years ended June 30, 2012 and 2011, calculated by multiplying the ratio of cost to gross charges for the Organization by the gross uncompensated charges associated with providing charity care to its patients.

Donor-Restricted Gifts

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

Advertising Costs

The Organization expenses advertising costs as they are incurred.

Note 2 - Net Patient Service Revenue

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

Medicare: The Organization is licensed as a Critical Access Hospital (CAH). The Organization is reimbursed for most inpatient and outpatient services on a cost-based methodology with final settlement determined after submission of annual cost reports by the Organization and are subject to audits thereof by the Medicare fiscal intermediary. The Organization's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2010.

Medicaid: The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid fiscal intermediary. The Organization's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through June 30, 2009.

Blue Cross: Inpatient services rendered to Blue Cross subscribers are paid under a prospective cost reimbursed methodology. Outpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per ambulatory encounter or visit.

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

Revenue from Medicare and Medicaid programs account for approximately 53% and 6% of the Organization's net patient service revenue for year ended June 30, 2012 and 53% and 5% for the year ended June 30, 2011. Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenues increased approximately \$457,000 and \$215,000 for the years ended June 30, 2012 and June 30, 2011, respectively, due to adjustments of allowances previously estimated that are no longer necessary resulting from differences between original estimated cost report settlements and results of tentative and final settlements for open cost reporting years and removal of allowances for years that are no longer subject to audits.

A summary of patient service revenue and contractual allowances for the years ended June 30, 2012 and 2011 is as follows:

	2012	2011
Total patient service revenue	\$ 30,584,771	\$ 30,776,946
Contractual adjustments		
Medicare	(4,307,927)	(6,459,953)
Medicaid	(1,266,859)	(753,745)
Blue Cross	(1,681,634)	(1,375,144)
Other	(927,523)	(636,740)
Total contractual adjustments	(8,183,943)	(9,225,582)
Net patient service revenue	22,400,828	21,551,364
Provision for bad debts	(851,068)	(785,099)
Net patient service revenue less provision for bad debts	\$ 21,549,760	\$ 20,766,265

Note 3 - Investments and Investment Income

Assets Limited as to Use

The composition of assets limited as to use at June 30, 2012 and 2011, is set forth in the following table.

	2012	2011
Under indenture agreement - held by trustee		
Cash and cash equivalents	\$ 4,583,873	\$ 791,249
Less amount shown as current	(4,498,400)	(321,355)
	<u>\$ 85,473</u>	<u>\$ 469,894</u>
By Board for capital improvements and debt redemption		
Pooled Investment Fund *	<u>\$ 10,316,389</u>	<u>\$ 9,030,396</u>
Interest in net assets of foundations		
Stocks and mutual funds	\$ 155,961	\$ 138,449
Pooled Investment Fund *	<u>1,264,714</u>	<u>1,239,838</u>
	<u>\$ 1,420,675</u>	<u>\$ 1,378,287</u>

As of June 30, 2012, \$4,405,000 was held by trustee to pay off the 2000 Series bonds. The 2000 Series bonds were called and retired during July 2012.

Pooled Investment Fund *

As discussed in the policy for investments and investment income in Note 1, the Organization is a participant in the Avera Pooled Investment Fund, a fund administered by Avera Health that is maintained for the benefit of facilities that are sponsored, operated, or managed by Avera Health. Investments are made in conformity with the objectives and guidelines of the Avera Health Pooled Investment Committee. Within the fund, facilities share in a pool of investments that are managed by various fund managers. Asset valuation and income and losses of the fund are allocated to participating members based on the carrying amount of their investment in the fund.

As of June 30, 2012 and 2011, the Avera Pooled Investment Fund assets consisted of the following types of investments:

	2012	2011
Equity mutual funds	23.6%	24.9%
Fixed income mutual funds	15.9%	10.1%
Publicly traded equity securities	12.0%	13.2%
Cash and short-term investments	11.9%	6.7%
Non-publicly traded alternative investments		
Hedge fund	11.3%	12.7%
Real asset	2.6%	2.4%
US Agency obligations	6.8%	12.1%
Foreign equities	5.9%	8.5%
Corporate bonds	5.7%	5.3%
Other fixed income	2.4%	2.7%
US Treasury obligations	1.9%	1.4%
	<u>100.0%</u>	<u>100.0%</u>

Investment Income

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments consists of the following for the years ended June 30, 2012 and 2011:

	2012	2011
Other revenue		
Interest income	<u>\$ 7,289</u>	<u>\$ 18,197</u>
Other (loss) income		
Interest income	\$ 130,508	\$ 6,754
Realized gains on investments, net	279,568	264,267
Change in unrealized gains and losses on investments	<u>(417,659)</u>	<u>824,980</u>
	<u>\$ (7,583)</u>	<u>\$ 1,096,001</u>

Note 4 - Fair Value Measurements

Assets and liabilities measured at fair value on a recurring basis at June 30, 2012 and 2011, respectively, are as follows:

	2012	2011
Assets limited as to use		
Cash equivalents	\$ 4,583,873	\$ 791,249
Stocks and mutual funds	155,961	138,449
	<u>4,739,834</u>	<u>929,698</u>
Pledges receivable	<u>-</u>	<u>5,332</u>
	<u><u>\$ 4,739,834</u></u>	<u><u>\$ 935,030</u></u>

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

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>June 30, 2012</u>			
Cash equivalents	\$ 4,583,873	\$ -	\$ -
Stocks and mutual funds	155,961	-	-
	<u>\$ 4,739,834</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2011</u>			
Cash equivalents	\$ 791,249	\$ -	\$ -
Stocks and mutual funds	138,449	-	-
Pledges receivable	-	-	5,332
	<u>\$ 929,698</u>	<u>\$ -</u>	<u>\$ 5,332</u>

The fair value of cash and cash equivalents and stocks and mutual funds is determined by reference to quoted market prices. For pledges receivable, fair value is estimated at the present value of expected future cash flows. There are no outstanding pledges as of June 30, 2012 and no material activity for the years ended June 30, 2012 and 2011, thus no tabular reconciliation has been presented in the financial statements as required under accounting standards for Level 3 fair value measurements.

Note 5 - Fair Value of Financial Instruments

The Organization considers the carrying amount of significant classes of financial instruments on the balance sheets including cash and cash equivalents, net accounts, pledges, and notes receivable, assets limited as to use, accounts payable, accrued liabilities, due to other organizations, and other current liabilities to be reasonable estimates of fair value either due to their length of maturity or the existence of underlying considerations that approximate prevailing market rates at June 30, 2012 and 2011.

The Organization's fixed rate long-term debt, including current portion, has a carrying amount that differs from its estimated fair value. The fair value of the Organization's fixed rate long-term debt is determined by references to trading activity of the underlying bonds or if unavailable, estimated using discounted cash flow analyses, based on the Organization's effective borrowing rates at respective reporting dates for similar types of arrangements. The carrying value of the Organization's fixed rate debt is \$8,245,000 and \$4,585,000 as of June 30, 2012 and 2011. The fair value of the Organization's fixed rate debt is approximately \$8,270,000 and \$4,603,000 as of June 30, 2012 and 2011.

Note 6 - Investment in Affiliated Organization

The Organization is a 50% participant in Estherville Home Medical Equipment, a joint venture with Avera Home Medical Equipment LLC. The Organization's investment in Estherville Home Medical Equipment is recorded on the equity method that approximates the net book value of the organization. Summary balance sheet information as of June 30, 2012 and 2011, for the equity investee is as follows:

	2012	2011
Cash and cash equivalents	\$ 12,645	\$ 16,841
Accounts receivable, net	130,387	71,410
Other current assets	59,664	61,710
Land, building and equipment, net	49,369	47,740
Other long-term assets	77,101	142,089
Total assets	<u>\$ 329,166</u>	<u>\$ 339,790</u>
Current liabilities	\$ 13,386	\$ 5,689
Net assets	<u>315,780</u>	<u>334,101</u>
Total liabilities and net assets	<u>\$ 329,166</u>	<u>\$ 339,790</u>

Summary income statement information for the years ended June 30, 2012 and 2011, for the equity investee is as follows:

	2012	2011
Total revenues	\$ 267,759	\$ 326,456
Total expenses	<u>227,079</u>	<u>245,882</u>
Net income	<u>\$ 40,680</u>	<u>\$ 80,574</u>

Note 7 - Leases

The Organization leases certain equipment under a non-cancelable long-term lease agreement whereas other equipment is leased with terms of less than one year or cancelable upon written notice. Total lease expense under operating leases was \$76,065 and \$112,122 for the years ended June 30, 2012 and 2011. The capitalized leased assets consist of:

	2012	2011
Major movable equipment	\$ 601,811	\$ 601,811
Less accumulated amortization (included as depreciation on the accompanying financial statements)	(277,758)	(185,172)
	<u>\$ 324,053</u>	<u>\$ 416,639</u>

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

Years Ending June 30,

2013	\$ 112,032
2014	112,032
2015	112,032
2016	56,016
	<u>392,112</u>
Less: interest	(39,227)
	<u>\$ 352,885</u>

Note 8 - Property and Equipment

A summary of property and equipment at June 30, 2012 and 2011, is as follows:

	2012		2011	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 325,524	\$ -	\$ 309,824	\$ -
Land improvements	222,436	142,071	222,436	117,665
Buildings and improvements	16,864,281	6,910,210	16,589,534	6,326,500
Equipment	6,518,268	3,995,357	5,857,400	3,477,037
Construction in progress	168,680	-	92,648	-
	<u>\$ 24,099,189</u>	<u>\$ 11,047,638</u>	<u>\$ 23,071,842</u>	<u>\$ 9,921,202</u>
Net property and equipment		<u>\$ 13,051,551</u>		<u>\$ 13,150,640</u>

Construction in progress as of June 30, 2012, is related to remodeling costs on the Organization's facilities admissions area, improvements to the parking lot, and upgrading the phone system. There are no contractual commitments related to the construction projects as of June 30, 2012.

Note 9 - Long-Term Debt

Long-term debt as of June 30, 2012 and 2011 consists of:

	<u>2012</u>	<u>2011</u>
Series 2000 revenue bonds, called and retired during July 2012 with proceeds from 2012 Series Bonds	\$ 4,405,000	\$ 4,585,000
Series 2012 revenue refunding bonds, 1% to 3.75% due annually in increasing amounts to July 1, 2026	3,840,000	-
Capitalized lease obligations - Note 7	352,885	440,858
	<u>8,597,885</u>	<u>5,025,858</u>
Less current maturities	<u>(4,498,400)</u>	<u>(267,974)</u>
	<u><u>\$ 4,099,485</u></u>	<u><u>\$ 4,757,884</u></u>

Long-term debt maturities are as follows:

Years Ending June 30,

2013	\$ 4,498,400
2014	339,160
2015	345,276
2016	300,049
2017	250,000
Thereafter	<u>2,865,000</u>
	<u><u>\$ 8,597,885</u></u>

Substantially all of the Organization's assets at June 30, 2012 and 2011, are pledged as collateral for debt obligations.

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

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2012 and 2011:

	2012	2011
Purchases of fixed assets and various other programs	\$ 215,286	\$ 208,734

Note 11 - Self-Insurance Programs

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

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

The programs include a combination of self-insurance and commercial insurance. The expenses of the Organization for contributions to the self-insurance portion of the programs were as follows for the years ended June 30, 2012 and 2011:

	2012	2011
Health and dental	\$ 1,162,977	\$ 1,000,413
Professional liability	90,669	86,351
Workers' compensation	108,238	65,016
	<u>\$ 1,361,884</u>	<u>\$ 1,151,780</u>

Professional liability and workers' compensation claims have been asserted against the participating facilities and the program by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. Counsel is unable to conclude as to the ultimate outcome of the actions. There are other known incidents occurring through June 30, 2012, that may result in the assertion of additional claims and other claims may be asserted arising from services provided to patients in the past.

There are also known health insurance claims that have been submitted subsequent to June 30, 2012, and it is likely there are also other claims that still have not been submitted for services provided prior to June 30, 2012.

While it is possible that the settlement of asserted claims and claims which may be asserted in the future could result in liabilities in excess of amounts for which the programs have provided, management believes that the excess liability, if any, should not materially affect the financial position of the Organization at June 30, 2012.

Note 12 - Malpractice Insurance

As discussed in Note 11, , the Organization participates in a self-insured professional liability and general liability program which provides malpractice and general insurance coverage for professional and general liability losses subject to a self-insured retention of \$2 million per claim and \$6 million annual aggregate. The Organization is also insured under an excess umbrella liability claims-made policy with a limit of \$35 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured subject to the self-insured retention only.

Note 13 - Employee Retirement Plans

Eligible employees of Avera Holy Family Health participate in either the Retirement Plan for Employees of the Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, South Dakota ("Defined Benefit Pension Plan – Career Average") or the Cash Balance Retirement Plan for Employees of the Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen South Dakota ("Defined Benefit Pension Plan – Cash Balance"), (collectively, the "Plans"). The Sisters of the Presentation of the Blessed Virgin Mary of Aberdeen, South Dakota, sponsor these multiemployer retirement plans. In July 2000, qualified employees under the Defined Benefit Pension Plan – Career Average plan were provided a one-time irrevocable election to continue to participate in the Defined Benefit Pension Plan – Career Average plan or, alternatively, participate in a new Defined Benefit Pension Plan – Cash Balance plan. The Plans are not subject to regulations requiring the filing of IRS Form 5500. The Plans' fiscal years are from January 1 to December 31.

Defined Benefit Pension Plan (Career Average)

Under the Career Average plan, employees in an eligible class who were in service on or after January 1, 1988 became active members on the first day of the month coinciding with or next following the date they met the eligibility requirements of age 21 and one year of service. Pension benefits are based on a percentage of the employee's eligible earnings and are payable at retirement under several annuitized payment options. The Organization recorded expenses for the Career Average plan for the years ended June 30, 2012 and 2011, in the amounts of \$211,706 and \$211,379.

Defined Benefit Pension Plan (Cash Balance)

Under the Cash Balance plan, employees first employed or reemployed after June 30, 2000 become active members on the first day of the month coinciding with or next following the date they meet the eligibility requirements of age 21 and one year of service. Pension benefits are based on a percentage of the employee's eligible earnings and are payable at retirement under several annuitized payment options. The Organization recorded expenses for the Cash Balance plan for the years ended June 30, 2012 and 2011, in the amounts of \$77,766 and \$78,947.

The latest available financial information for the Plans is as follows:

Pension Plan	EIN	December 31, 2011 Plan Assets	December 31, 2011 Actuarial Present Value of Accumulated Plan Benefits	Year Ended December 31, 2011 Total Plan Contributions
Defined Benefit Pension Plan – Career Average	46-0253283	\$ 240,835,597	\$ 280,195,280	\$ 14,027,590
Defined Benefit Pension Plan – Cash Balance	46-0253283	38,197,008	39,586,266	5,525,042
		<u>\$ 279,032,605</u>	<u>\$ 319,781,546</u>	<u>\$ 19,552,632</u>

The contributions made by Avera Holy Family Health represented less than 5% of the total contributions made to the Plans during the plan year ended December 31, 2011. As of December 31, 2011, the Plans were more than 80% funded. To the extent the Plans may become underfunded, future contributions to the Plans may increase.

Defined Contribution Pension Plans

Eligible employees that participate in the Cash Balance Plan are also eligible to participate in a defined contribution pension plan (“403(b) Plan”). Under the 403(b) Plan, participant contributions are matched up to 2% of eligible employee compensation. The Organization recognized total 403(b) Plan contribution costs of \$63,214 and \$52,008 as part of employee benefits for the years ended June 30, 2012 and 2011.

Eligible employees of the Organization’s clinic division participate in a non-contributory money purchase pension plan (“Clinic Plan”) under which employees become participants upon reaching age 21 and completing one year of service of at least 1,000 hours. Employer contributions of 12% of leased employee earnings are deposited with the plan trustee who invests the plan assets. Total pension expense for the Clinic Plan for the years ended June 30, 2012 and 2011 was \$69,712 and \$96,587. The Clinic Plan was discontinued in April 2012.

Note 14 - Concentrations of Credit Risk

The Organization grants credit without collateral to its patients, most of who are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30, 2012 and 2011, is as follows:

	2012	2011
Medicare	39%	39%
Blue Cross	17%	19%
Medicaid	5%	3%
Commercial insurance and managed care	19%	17%
Other third-party payors and patients	20%	22%
	<u>100%</u>	<u>100%</u>

The Organization's cash balances are maintained in various bank deposit accounts. At times during the years ended June 30, 2012 and 2011, the balances of these deposits were in excess of federally-insured limits.

Note 15 - Related Party Transactions

Avera Health and its sponsors, the Benedictine and Presentation Sisters, operate various health care related entities in addition to the Organization. Material transactions between the Organization and these related organizations were as follows for the years ended June 30, 2012 and 2011:

	2012	2011
Payments to related organizations recorded by the Organization:		
Management fees	\$ 278,841	\$ 281,052
Purchased services, supplies, and other	847,304	891,778
Salaries, wages and benefits	389,659	396,463
Employee benefit programs	1,296,594	1,186,063
Professional liability and workers' compensation insurance programs	198,907	151,367
Balance sheet items:		
Payable for clinic collaborative arrangement	592,365	545,547
Payable to Avera McKennan	1,250,000	1,250,000
Transfers:		
Equity transfers	1,539	1,500

Interest is not accrued on the \$1,250,000 payable to Avera McKennan. Interest is required to be paid by the Organization prior to any merger or dissolution thereof; or prior to the relinquishment of the control of the Organization by Avera Health and its sponsors, the Benedictine and Presentation Sisters. The interest payment shall be computed as of the closing date of the occurrence of any of the events stated above, and would be based upon the \$1,250,000 liability and adjusted for the change in the value of the dollar as of the closing date of the occurrence of the event. This payable relates to a membership transfer agreement from 1996.

Note 16 - Functional Expenses

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

	2012	2011
Health care services	\$ 18,667,580	\$ 17,803,039
General and administrative	2,816,120	2,581,841
	<u>\$ 21,483,700</u>	<u>\$ 20,384,880</u>

Note 17 - Change in Accounting Principle

During the year ended June 30, 2012, the Organization early adopted the provisions of ASU No. 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, as allowable. In accordance with the implementation guidance, the Organization retroactively applied the presentation requirements to 2011. The impact on 2011 was a decrease to total revenues, gains, and other support of \$785,099, and a decrease to total expenses of \$785,099 in the consolidated statements of operations. There was no impact on operating income or net assets.

Note 18 - Subsequent Events

During July 2012, the Organization paid off their 2000 Series bonds with the proceeds received from the 2012 Series bonds.

The Organization has evaluated subsequent events through September 27, 2012, the date which the financial statements were available to be issued.



Supplementary Information
June 30, 2012 and 2011

Avera Holy Family Health



Independent Auditor's Report on Supplementary Information

The Board of Directors
Avera Holy Family Health
Estherville, Iowa

We have audited the financial statements of Avera Holy Family Health as of and for the years ended June 30, 2012 and 2011 and our report thereon dated September 27, 2012, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statistical and financial highlights on page 25, which are the responsibility of management, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Sioux Falls, South Dakota
September 27, 2012

Avera Holy Family Health
Statistical and Financial Highlights – Unaudited

	Years ended June 30,				
	2012	2011	2010	2009	2008
Patient Days (1)					
Medicare	1,119	1,088	1,067	1,341	1,496
Non-Medicare	530	449	441	498	801
Total	<u>1,649</u>	<u>1,537</u>	<u>1,508</u>	<u>1,839</u>	<u>2,297</u>
Newborn Patient Days	<u>65</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>108</u>
Swing-Bed Days	<u>718</u>	<u>986</u>	<u>1,119</u>	<u>1,200</u>	<u>1,156</u>
Discharges					
Medicare	600	591	588	674	736
Non-Medicare	235	164	166	248	304
Total	<u>835</u>	<u>755</u>	<u>754</u>	<u>922</u>	<u>1,040</u>
Average Length of Stay	2.9	3.3	3.5	3.3	3.4
Most Frequent Year-End Routine service rate					
Basic room charge	\$ 974.00	\$ 919.00	\$ 919.00	\$ 875.00	\$ 825.00
Collection Statistics					
Number of days gross charges outstanding	54	59	55	58	83
Uncollectible accounts (2)	\$ 1,289,138	\$ 1,190,650	\$ 928,091	\$ 1,289,256	\$ 1,117,426
Percentage of uncollectible accounts to total charges	4.2%	3.9%	3.1%	4.4%	3.9%
Financial Statistics					
Percentage of operating income to total unrestricted revenues, gains, and other support (3)	2.2%	3.8%	11.2%	3.2%	3.7%
Percentage of revenues in excess of expenses to total unrestricted revenues, gains, and other support (3)	2.9%	10.7%	13.1%	2.7%	5.9%

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

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

(3) Percentages for 2008 through 2011 have been adjusted for the accounting policy change during 2012 for the implementation of FASB ASU 2011-07 which changed the financial statement presentation of the provision for bad debts and caused a reduction in total unrestricted revenues in the financial statements.