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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

Garrison Memorial Hospital

Doing Business As

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

407 Third Avenue Southeast

Room/suite

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

Garrison, ND 58540

F Name and address of principal officer

Tod Graeber
407 Third Avenue Southeast
Garrison, ND 58540

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

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ☐ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website:

www.garrisonmh.com

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation

1952

M State of legal domicile

ND

Part I

Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities Provision of healthcare to Garrison and the surrounding area			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	15	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	15	
Revenue	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	185	
	6 Total number of volunteers (estimate if necessary)	6	10	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
	8 Contributions and grants (Part VIII, line 1h)	Prior Year		Current Year
		48,610		64,389
		8,269,032		8,554,171
		-13,392		2,058
		3,625		3,100
		8,307,875		8,623,718
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	23,500		62,803
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	4,895,348		5,069,241
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0		0
	b Total fundraising expenses (Part IX, column (D), line 25) <input type="text" value="0"/>			
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	2,983,556		2,807,538
	18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	7,902,404		7,939,582
Net Assets or Fund Balances	19 Revenue less expenses Subtract line 18 from line 12	405,471		684,136
	20 Total assets (Part X, line 16)	Beginning of Current Year		End of Year
		3,946,810		3,956,649
		2,269,875		1,595,578
		1,676,935		2,361,071

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

2013-05-13

Date

Tod Graeber Administrator

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

LISA CHAFFEE CPA

Date

2013-05-10

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P00193453

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

EIDE BAILLY LLP
4310 17TH AVE S PO BOX 2545
FARGO, ND 581082545

EIN

45-0250958

Phone no

(701) 239-8500

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)

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

Based on the Gospel values and our own heritage of healing, the mission of Garrison Memorial Hospital and Clinic is to use our community presence as a means of touching and caring for people in a Christ-like manner, and to always exhibit the hospitality as reflected in the Rule of St. Benedict. Let all be received as Christ.

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

If "Yes," describe these changes on Schedule O

4a (Code) (Expenses \$ 7,207,076 including grants of \$ 62,803) (Revenue \$ 8,554,171)


















Garrison Memorial Hospital delivers primary health care to a population of approximately 3,600 in McLean County. We operate a 22-bed Critical Access Hospital and a 28-bed skilled nursing facility. We also operate a rural health clinic in Garrison, North Dakota. Our facility employs approximately 154 people. Garrison Memorial Hospital makes medical care accessible to the entire community it serves. It operates a 24-hour, Level 4 state certified emergency room, providing emergency care to all people regardless of their ability to pay. In 2011/2012 we had 1,399 emergency room visits. We also had 200 acute days of care, 4,307 swing bed days, 9,948 days of skilled nursing care, and 5,112 clinic visits. Garrison Memorial Hospital's charity care policy provides discounted and free services to patients who lack the resources to be fully responsible for the healthcare they receive. The Charity Care policy is designed to ensure the population served by Garrison Memorial Hospital has access to needed healthcare services. In fiscal year 2011/2012, Garrison Memorial Hospital and its clinic had \$99,810 in charity care and Indian Health Services and \$149,243 in bad debt write offs. Our rural health clinic offers a sliding fee schedule to uninsured and underinsured patients, which is mandated by the National Health Service Corps Program. In 2011/2012, Garrison Memorial Hospital's payer mix was 34% Medicare, 22% Medicaid, 1.4% Indian Health Services, 16.1% self-pay and 26.5% commercial insurance. All payers are charged the same regardless of insurance.

[illegible][illegible]

4e	Total program service expenses	\$ 7,207,076
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Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	Yes	
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (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? <i>If "Yes," complete Schedule C, Part I.</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? <i>If "Yes," complete Schedule C, Part II.</i>		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i>		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	Yes	
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 		No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>		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? <i>If "Yes," complete Schedule F, Part I.</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 ? <i>If "Yes," complete Schedule F, Part II and IV.</i>		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i>		No
17	Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>		No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	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		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a		No
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	13
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	185
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	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a	
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the aggregate amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	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
7b	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		
8a	The governing body?	8a	Yes
8b	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
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	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
11b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	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?		
15a	The organization's CEO, Executive Director, or top management official	15a	Yes
15b	Other officers or key employees of the organization	15b	Yes
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a	No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you 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. Tod Graeber CFO 407 Third Avenue Southeast Garrison, ND 58540 (701) 463-2275

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) John Castleberry Chair	2 00	X		X				0	7,500	0
(2) Sr Nancy Miller President	1 00	X		X				0	0	0
(3) Sr Thomas Welder Vice President	1 00	X		X				0	0	0
(4) Sr Gerard Wald Secretary	1 00	X		X				0	0	0
(5) Sr Rosanne Zastoupil Treasurer	2 00	X		X				0	0	0
(6) Sr Mariah Dietz Director	1 00	X						0	0	0
(7) Pamela Schmidt Director	1 00	X						0	0	0
(8) Charles Reichert Director	2 00	X						0	4,500	0
(9) Robert Gayton Director	1 00	X						0	4,200	0
(10) Vernon Dosch Director	1 00	X						0	3,300	0
(11) Nicholas Neumann MD Director	1 00	X						0	3,500	0
(12) John Giese Director	1 00	X						0	5,100	0
(13) Ernest Godfread Director	1 00	X						0	3,700	0
(14) Ben Roller Director	1 00	X						0	1,750	0
(15) Gary Miller Director	1 00	X						0	494,404	14,115
(16) Tod Graeber CFO	40 00			X				77,957	0	7,936
(17) Dean Mattern Administrator	50 00			X				176,006	0	19,085

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	868,180	527,954	92,123

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. **4**

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

Section B. Independent Contractors

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

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

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

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	64,389				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f			64,389			
Program Service Revenue			Business Code					
	2a	Patient Service Revenue	622110	8,428,242	8,428,242			
	b	Contracted Labor	541900	102,296	102,296			
	c	Miscellaneous Income	900099	23,633	23,633			
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f			8,554,171			
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)			2,222		2,222	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		3,100						
		0						
		3,100						
	d	Net rental income or (loss)			3,100		3,100	
	7a	(i) Securities		(ii) Other				
		164						
		-164						
	d	Net gain or (loss)			-164		-164	
	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			8,623,718	8,554,171	0	5,158	

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	62,803	62,803		
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	316,133		316,133	
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	3,833,015	3,653,860	179,155	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	129,514	124,424	5,090	
9	Other employee benefits	494,263	478,656	15,607	
10	Payroll taxes	296,316	269,045	27,271	
11	Fees for services (non-employees)				
a	Management				
b	Legal				
c	Accounting	14,744		14,744	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	773,920	770,854	3,066	
12	Advertising and promotion	12,925	1,457	11,468	
13	Office expenses	641,639	544,391	97,248	
14	Information technology	3,405		3,405	
15	Royalties				
16	Occupancy	169,127	166,679	2,448	
17	Travel	18,237	4,168	14,069	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	30,624	30,624		
20	Interest	28,622	28,622		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	367,760	367,760		
23	Insurance	17,753		17,753	
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	554,490	554,490		
b	Bad Debt Expense	149,243	149,243		
c					
d					
e					
f	All other expenses	25,049		25,049	
25	Total functional expenses. Add lines 1 through 24f	7,939,582	7,207,076	732,506	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				81,353	2	63,398
	3	Pledges and grants receivable, net					3	
	4	Accounts receivable, net				954,373	4	860,377
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L					5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L					6	
	7	Notes and loans receivable, net					7	158,147
	8	Inventories for sale or use				187,143	8	189,380
	9	Prepaid expenses and deferred charges				44,585	9	55,093
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	8,536,390				
	b	Less: accumulated depreciation	10b	5,906,136	2,679,356	10c	2,630,254	
	11	Investments—publicly traded securities					11	
	12	Investments—other securities. See Part IV, line 11					12	
	13	Investments—program-related. See Part IV, line 11					13	
	14	Intangible assets					14	
	15	Other assets. See Part IV, line 11					15	
	16	Total assets. Add lines 1 through 15 (must equal line 34)				3,946,810	16	3,956,649
Liabilities	17	Accounts payable and accrued expenses				777,832	17	610,409
	18	Grants payable					18	
	19	Deferred revenue					19	
	20	Tax-exempt bond liabilities				692,185	20	549,812
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				14,328	21	15,357
	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				785,530	25	420,000
	26	Total liabilities. Add lines 17 through 25				2,269,875	26	1,595,578
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				1,676,935	27	2,361,071
	28	Temporarily restricted net assets					28	
	29	Permanently restricted net assets					29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.							
	30	Capital stock or trust principal, or current funds					30	
	31	Paid-in or capital surplus, or land, building or equipment fund					31	
	32	Retained earnings, endowment, accumulated income, or other funds					32	
	33	Total net assets or fund balances				1,676,935	33	2,361,071
	34	Total liabilities and net assets/fund balances				3,946,810	34	3,956,649

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	8,623,718
2	Total expenses (must equal Part IX, column (A), line 25)	2	7,939,582
3	Revenue less expenses Subtract line 2 from line 1	3	684,136
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,676,935
5	Other changes in net assets or fund balances (explain in Schedule O)	5	0
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	2,361,071

Part XII Financial Statements and Reporting

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

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

2011

Open to Public Inspection

SCHEDULE A

(Form 990 or 990EZ)

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.

Department of the Treasury
Internal Revenue Service

Name of the organization Garrison Memorial Hospital	Employer identification number 45-0227752
--	--

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 Garrison Memorial Hospital	Employer identification number 45-0227752
--	--

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

	Amount
1c	1,115
1d	21,500
1e	21,655
1f	960

2a

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

☒ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

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

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

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

(i)

unrelated organizations

3a(i)

☐ Yes

☐ No

(ii)

related organizations

3a(ii)

☐ Yes

☐ No

b

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

3b

☐ Yes

☐ No

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings		6,157,431	4,054,684	2,102,747
c Leasehold improvements				
d Equipment		2,368,569	1,851,452	517,117
e Other		10,390		10,390
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				2,630,254

Part XI

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements	1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	
3	Subtract line 2e from line 1	3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
	Part IV, Line 1b	This is a trust fund for residents of our Skilled Nursing Facility. Some patients request that we place their income in a trust fund to pay their bills. This money is held in a separate checking account in the resident's name, and not comingled with hospital funds. The trust account is bonded.
	Part IV, Line 2b	The Employee Fund is listed as a liability on the balance sheet. The money comes from two sources, money that is raised by employees, and restricted donations for certain departments within the hospital. All the money is used for the benefit of our patients and residents. A small amount is used for employee recognition.
Description of Uncertain Tax Positions Under FIN 48	Part X	Garrison Memorial Hospital is included in the consolidated audited financial statements of St. Alexius Medical Center. The following is the Fin 48 note from the consolidated audited financial statements: St. Alexius 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. St. Alexius 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. St. Alexius' federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2008.

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
Garrison Memorial Hospital

Employer identification number
45-0227752

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 checked="" type="checkbox"/> 100%<input 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 checked="" type="checkbox"/> 200%<input type="checkbox"/> 250%<input type="checkbox"/> 300%<input type="checkbox"/> 350%<input 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	3a	Yes	
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
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)			63,476		63,476	0 810 %
b Medicaid (from Worksheet 3, column a)			1,399,607	1,351,576	48,031	0 620 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			1,463,083	1,351,576	111,507	1 430 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			10,723	1,000	9,723	0 120 %
f Health professions education (from Worksheet 5)			40,400		40,400	0 520 %
g Subsidized health services (from Worksheet 6)			1,051,497	912,957	138,540	1 780 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			40,215		40,215	0 520 %
j Total Other Benefits			1,142,835	913,957	228,878	2 940 %
k Total. Add lines 7d and 7j			2,605,918	2,265,533	340,385	4 370 %

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						
3Community support	9	1,522	34,266		34,266	0 440 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total	9	1,522	34,266		34,266	0 440 %

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	149,243	
3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	15,372	
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	2,695,974	
6Enter Medicare allowable costs of care relating to payments on line 5	6	2,692,859	
7Subtract line 6 from line 5. This is the surplus or (shortfall).	7	3,115	
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.)

Garrison Memorial Hospital

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		
8 Did the hospital facility have in place during the tax year a written financial assistance policy that 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 100 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>200 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 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 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 checked="" 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 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		No

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? 1

Name and address		Type of Facility (Describe)
1	GMH Skilled Nursing Facility 407 3rd Ave SE Garrison, ND 58540	Licensed Nursing Home
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 7 The charity care included in Part I, Line 7a is based on the average cost to gross charges calculated from internal cost system The unreimbursed Medicaid in Part I, Line 7b is based on gross charges and claims from the cost report The community health services, education and contributions in Part I, Lines 7e, f and i are based on actual expenses The subsidized health services in Part I, Line 7g are based on estimated costs from the cost report

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The amount of bad debt expense that was removed from the denominator of the calculations in Part I, Line 7, column f was \$149,243

Identifier	ReturnReference	Explanation
		<p>Part II Garrison Memorial Hospital employs an LPN as a full-time community resource coordinator with a wage and benefits of \$34,266, whose responsibilities include helping the uninsured and underinsured access healthcare through Medicaid, Women's Way, Caring Program, Healthy Steps and charity care In 2011/2012 she assisted 32 individuals She is also responsible for our adult preventative programs (diabetes, women's and men's health) by tracking these program services and sending reminders to patients to schedule follow-up visits with 1,477 clients served in 2011/2012 The Community Resource Coordinator also tracks and monitors 224 patients through our impaired glucose/pre-diabetes program The Rx Assist Program also falls under her job duties where she works with our physicians on specialty medication management She helped 13 clients in 2011/2012 She also assists patients with Medicare part D and assists with patient education and free screenings that are done at our annual health fairs She also coordinates the clinic's diabetes education program via telemedicine, in conjunction with a diabetic educator at MID Dakota Clinic in Bismarck Other committees that the Community Resource Coordinator serves on are a diabetes task force sponsored by the North Dakota Department of Health The task force works to improve access and quality care to diabetic patients The Community Resource Coordinator also serves on the Mclean County Interagency Committee This committee works collaboratively with the Mclean County Sheriff's department, county school districts, healthcare entities, and the Mclean County Resource Center on providing access to social services and healthcare The Coordinator also sits on the McLean County Tobacco Task Force The Tobacco Task Force goal is to decrease access to tobacco, provide education and cessation options for patients and the community The Community Resource Coordinator also has established access for dental care for uninsured and under insured patients This is done collaboratively with the dental program at Northland Community Health Center in Turtle Lake, ND Garrison Memorial Hospital is also part of Partners in Prevention immunization program through the North Dakota State Health Department, which allows access to immunizations to all children regardless of ability to pay</p>

Identifier	ReturnReference	Explanation
		Part III, Line 4 Footnote to the organization's consolidated financial statements that describes bad debt expense is as follows The carrying amount of patient and resident receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients, residents, and third-party payors Management reviews patient and resident receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients and residents due to bad debts Management considers historical write off and recovery information in determining the estimated bad debt provision The estimated amount of the organization's bad debt attributable to patients eligible under the charity care policy was calculated by applying the estimated percentage of the service area below the poverty guideline (10 3%) obtained from the most recent census from www census gov to the amount of bad debt expense The Hospital posts discounts and payments to individual payment accounts

Identifier	ReturnReference	Explanation
		Part III, Line 8 Medicare allowable cost is based on the Medicare cost report The Medicare cost report is completed based on the rules & regulations set forth by the Centers for Medicare and Medicaid Services

Identifier	ReturnReference	Explanation
		Part III, Line 9b Our collection policy states the following in regards to medical and financial assistance The Community Resource Coordinator or Social Worker may assist the guarantor to secure alternative medical assistance and financial aid available through Federal, State, and local agencies Examples of these programs include Medicaid, Medicare Disability, Crime Victims program, County funding, Department of Veterans Affairs grants and loans, and/or hospital charity care programs Reasonable efforts are taken for patients qualifying under the financial assistance policy before turning over the account to a third party collector

Identifier	ReturnReference	Explanation
Garrison Memorial Hospital		Part V, Section B, Line 19d The maximum amount Garrison Memorial Hospital 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% The Hospital will review the proposed methods to determine amounts generally billed to determine its discount under the financial assistance policy meets the requirements of 501(r)

Identifier	ReturnReference	Explanation
Garrison Memorial Hospital		Part V, Section B, Line 20 Garrison Memorial Hospital provides a reduction to gross charges based on a sliding fee scale that considers income level and household size 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 determine amounts generally billed to ensure it is in compliance with Section 501(r)

Identifier	ReturnReference	Explanation
		Part VI, Line 2 The University of Mary conducted a Community Health Assessment in the fall of 2010 The community health assessment was conducted by a group of graduate students Information was also gathered through the feedback provided by physicians and the Community Resource Coordinator Garrison Memorial Hospital will finalize the community health needs assessment prior to June 30, 2013

Identifier	ReturnReference	Explanation
		Part VI, Line 3 Garrison Memorial Hospital informs our patients of our charity care policy by posting notices at registration areas Patients that may need financial assistance are referred to our Community Resource Coordinator and/or Social Worker The Community Resource Coordinator will work with the patient to find other sources of payments such as Medicaid, disability, ND Women's Way, ND Health Steps, and charity care if so needed

Identifier	ReturnReference	Explanation
		Part VI, Line 4 Garrison Memorial Hospital is one of two Critical Access Hospitals that serve the nineteen communities in McLean County Garrison is located in the NW section of the county Garrison Memorial Hospital serves northern and central McLean County as well as parts of southern Ward County and parts of southeastern Mountrail County The other hospital is located in Turtle Lake, on the east edge of the county McLean County has an area of 350 square miles and is classified as a Frontier County The average income for McLean County is \$49,212 with 10.3% of the population below the federal poverty guidelines, 16.1% of the population in not insured McLean County is also classified as a federally-designated medically underserved area

Identifier	ReturnReference	Explanation
		<p>Part VI, Line 5 Garrison Memorial Hospital is governed by a Board of Directors made up of 5 Benedictine Sisters from the Annunciation Monastery in Bismarck, North Dakota, 1 physician, 9 community leaders, and the President/CEO of St Alexius Medical Center. This Board meets monthly to conduct the business of Garrison Memorial Hospital. The Hospital has an 8 member advisory board made up of 2 Benedictine Sisters from Bismarck, 1 community member from Max, ND, and 1 community member from White Shield, ND, and the other 4 from the community of Garrison, ND. The Hospital extends medical staff privileges to all qualified physicians in the community. Surplus funds, if available, are reinvested into the facilities to improve patient care. The Hospital operates a 24 hour, Level IV certified trauma center. Garrison Memorial Hospital treats all patients regardless of their ability to pay. Garrison Memorial Hospital participates in Medicare, Medicaid, ND Women's Way, Caring Program, and ND Healthy Steps. Garrison Memorial Hospital participates in education and training of healthcare professionals. We participate with the UND School of Medicine as a site for MD interns to participate and complete their rural rotation, under supervision of our physicians. Our physicians hosted 5 MD interns in 2011/2012. We also have various nursing students from Minot State University, University of North Dakota, Bismarck State College, and Ft. Berthold Community College. In 2011/2012 we hosted 1 nurse completing an internship, 1 nurse completing a practicum, and 11 nursing students who completed rural rotations and preceptorships. We also had 1 Physical therapy student that shadows our Physical Therapists, a requirement to complete their degree. We also have several of our healthcare professionals that share their time and talents with various organizations, which serve for the betterment of our community and state. One Physician Assistant serves on a ND Department of Health Tuberculosis Advisory Board, another Physician Assistant serves as a board member to the North Dakota Board of Medical Examiners. Our Director of Nursing serves on the Minot State University Community and Clinical Advisory Committee that seeks to place nursing students in internships. She also serves on the ND Department of Emergency Services, Northwest Regional Response Committee that works on emergency response plans to prepare for terrorism and public emergencies. In addition to the above activities that the hospital conducts, simply operating a hospital in a small community that serves in a medically underserved area is the community benefit.</p>

OMB No 1545-0047

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

Open to Public Inspection

Employer identification number

45-0227752

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

[illegible]**Schedule I (Form 990) 2011**

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 Organization made a grant in the amount of \$62,803 to a related organization for community benefit purposes The Board of Directors is the same for both entities, therefore the use of the grant is monitored

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
Garrison Memorial Hospital

Employer identification number
45-0227752

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Discretionary spending account</div></div> <div><div><input type="checkbox"/> Housing allowance or residence for personal use</div><div><input type="checkbox"/> Payments for business use of personal residence</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
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		
	<div><div><input checked="" type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Form 990 of other organizations</div></div> <div><div><input type="checkbox"/> Written employment contract</div><div><input checked="" type="checkbox"/> Compensation survey or study</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
c	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		
a	The organization?		No
b	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		
a	The organization?		No
b	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	Yes	
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)?		

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.

Schedule J (Form 990) 2011

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
	Part I, Line 7	Employees are eligible for a bonus based on a balanced scorecard which measures financial performance, quality, and personal goals.

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Garrison Memorial Hospital

Employer identification number
45-0227752

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 McLean County North Dakota	45-6002231		06-23-2003	1,660,914	To refund bonds issued December 21, 2000		X		X		X

Part II Proceeds

		A		B		C		D	
1	Amount of bonds retired	1,111,102							
2	Amount of bonds defeased								
3	Total proceeds of issue	1,660,914							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds	26,886							
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	1,634,028							
12	Other unspent proceeds								
13	Year of substantial completion	2003							
		Yes	No						
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

Part 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?		X						
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?		X						
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	0 %							
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	0 %							
6	Total of lines 4 and 5	0 %							
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X						
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 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	Employer identification number
Garrison Memorial Hospital	45-0227752

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 2	John Giese and Gary Miller have a business relationship

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	Members The corporation shall have one class of members, which shall consist of members of the monastic community known as the Benedictine Sisters of the Annunciation, BMV, who have made their perpetual monastic profession and who have been elected to or appointed to the Sponsorship Group of the Benedictine Sisters of the Annunciation, BMV

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	Joint Powers of Members and Board of Directors The following powers shall be reserved jointly to the members of the corporation and the Board of Directors 1 Approve a new candidate appointed to serve as President/Chief Executive Officer of the corporation 2 Approve any person to be elected to serve on the Board of Directors 3 Remove any director if this action is indicated The power of the Board of Directors to act on any of these matters is subject to the requirement that the members of the corporation shall approve such action prior to the submission of the matter to a vote of the Board of Directors

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	<p>Powers Reserved to Members</p> <p>Exercise of the following powers shall be reserved exclusively to the members of the corporation to</p> <p>1 Change the sponsorship, reserved powers or mission of the corporation as an institution founded on Gospel values, the Benedictine heritage of healing and the healing ministry of Jesus</p> <p>2 Make any major policy change on ethical issues</p> <p>3 Authorize the sale or encumbrance of all or substantially all of the assets or property of the corporation</p> <p>4 Merge, liquidate or dissolve the corporation</p> <p>5 Change the name of the corporation</p> <p>6 Change or amend the structure of the Board of Directors of the corporation</p> <p>7 Amend, alter or repeal the articles of incorporation and/or the bylaws of the corporation</p> <p>8 Approve or disapprove a proposed course of action which could reasonably be anticipated to adversely affect the sponsorship or mission of the corporation as an institution founded on Gospel values, the Benedictine heritage of healing and the healing ministry of Jesus</p>

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 8b	There are no committees with authority to act on behalf of the Board of Directors

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	A draft of the IRS 990 will be reviewed by the Administrator of Garrison Memorial Hospital and the CEO of St. Alexius Medical Center. It will then be presented to the full Board of Directors for their review and approval.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 12c	Annually all employees are asked conflict of interest questions at evaluation time. Employees are responsible for disclosing potential conflicts of interest by completing a disclosure form. Each year the Compliance Officer initiates a review of all conflicts of interests within the medical center. The following annually complete a disclosure form: board members, President/CEO, Vice Presidents, Directors/Managers, other employees with significant decision making authority or who are in a position to influence decisions. The forms are reviewed by the Compliance Officer and if a conflict is "new" or requires review, the CEO and the Audit & Compliance Committee discuss the conflict and determine appropriate course of action.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	The compensation of the Administrator and the CFO are determined based on review by the St. Alexius CEO using compensation survey data and reviewed with the BOD as necessary. The deliberation and decision are documented in the board minutes and the process is completed annually.

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	All of these documents are available upon request

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
Garrison Memorial Hospital

Employer identification number
45-0227752

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) St Alexius Medical Center 900 East Broadway Avenue Bismarck, ND 58501 45-0226711	Health Care Services	ND	501(c)(3)	Line 3	Benedictine Sisters of the Annunciation BMV		No
(2) Benedictine Sisters of the Annunciation BMV 7520 University Drive Bismarck, ND 58504 45-0261530	Religious Purposes	ND	501(c)(3)	Line 1	N/A		No

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) 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	

Part IV

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

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

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

No

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)			
(2)			
(3)			
(4)			
(5)			
(6)			

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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Consolidated Financial Statements
June 30, 2012 and 2011
St. Alexius Medical Center and Subsidiaries

St. Alexius Medical Center and Subsidiaries

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June 30, 2012 and 2011

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Independent Auditor's Report

The Board of Directors
St. Alexius Medical Center and Subsidiaries
Bismarck, North Dakota

We have audited the accompanying consolidated balance sheets of St. Alexius Medical Center and Subsidiaries (St. Alexius) as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of St. Alexius' 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 St. Alexius' 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Alexius Medical Center and Subsidiaries as of June 30, 2012 and 2011, and the results of their operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'Eide Bailly LLP'.

Fargo, North Dakota
September 21, 2012

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	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 33,140,405	\$ 25,380,728
Assets limited as to use	1,990,878	1,801,159
Receivables		
Patient and resident, net of estimated uncollectibles		
of \$45,782,000 in 2012 and \$46,147,000 in 2011	39,852,890	37,393,569
Other	3,424,835	2,453,164
Supplies	4,089,207	4,213,197
Prepaid expenses	1,725,460	1,231,488
Total current assets	84,223,675	72,473,305
Assets Limited as to Use		
Under bond indenture agreements	-	5,026,692
By Board for expansion and replacement	35,252,397	35,852,720
Total assets limited as to use	35,252,397	40,879,412
Property and Equipment, Net	136,347,251	123,423,991
Other Assets		
Rental property, net of accumulated depreciation		
of \$5,398,654 in 2012 and \$4,838,569 in 2011	9,385,769	7,778,048
Land held for expansion	1,789,429	1,789,429
Deferred financing costs, net of accumulated		
amortization of \$989,133 in 2012 and \$762,390 in 2011	924,889	398,447
Estimated professional liability insurance receivable	115,000	-
Other investments	8,766,428	7,702,564
Total other assets	20,981,515	17,668,488
Total assets	\$ 276,804,838	\$ 254,445,196

See Notes to Consolidated Financial Statements

St. Alexius Medical Center and Subsidiaries
Consolidated Balance Sheets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Notes payable to bank	\$ 11,000,000	\$ 5,000,000
Current maturities of long-term debt	4,679,837	4,730,263
Accounts payable		
Trade	12,116,561	9,776,461
Estimated third-party payor settlements	6,207,232	7,095,278
Construction payables	2,733,614	4,348,880
Accrued expenses		
Salaries and wages	5,112,461	3,947,245
Vacation pay	6,774,770	6,410,354
Professional fees	922,772	823,378
Interest	1,046,545	677,152
Payroll taxes and other	667,909	670,169
Insurance reserve	1,134,692	1,300,330
Total current liabilities	52,396,393	44,779,510
Obligation Under Interest Rate Swap Agreement	167,236	171,982
Estimated Liability Claims Payable	115,000	-
Long-Term Debt, Less Current Maturities	61,571,030	57,934,835
Total liabilities	114,249,659	102,886,327
Net Assets		
Unrestricted	161,039,411	150,107,657
Temporarily restricted	1,515,768	1,451,212
Total net assets	162,555,179	151,558,869
Total liabilities and net assets	<u>\$ 276,804,838</u>	<u>\$ 254,445,196</u>

St. Alexius Medical Center and Subsidiaries

Consolidated Statements of Operations Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Revenues, Gains and Other Support		
Net patient and resident service revenue	\$ 277,242,398	\$ 258,845,482
Other revenue	17,633,503	16,177,450
Total revenues, gains and other support	294,875,901	275,022,932
Expenses		
Nursing services	44,430,345	41,330,401
Other professional services	149,391,982	141,892,552
General and administrative	46,398,376	43,207,961
Depreciation and amortization	18,343,336	14,936,945
Property and household	10,102,747	9,512,985
Provision for bad debts	9,544,159	8,215,543
Dietary	3,826,264	3,723,231
Interest	2,862,877	2,557,452
Total expenses	284,900,086	265,377,070
Operating Income	9,975,815	9,645,862
Other Income (Loss)		
Investment income	521,936	373,276
Gain on sale of equipment	56,380	35,637
Loss on refinancing of long-term debt	(2,734,842)	-
Other	2,314,757	2,051,870
Other income (loss), net	158,231	2,460,783
Revenues in Excess of Expenses	10,134,046	12,106,645
Change in Unrealized Gains and Losses on Investments	436,973	367,867
Change in Fair Value of Interest Rate Swap Agreement	4,746	31,243
Contributions for Long-Lived Assets	355,989	58,158
Increase in Unrestricted Net Assets	\$ 10,931,754	\$ 12,563,913

St. Alexius Medical Center and Subsidiaries
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 10,134,046	\$ 12,106,645
Change in unrealized gains and losses on investments	436,973	367,867
Change in fair value of interest rate swap agreement	4,746	31,243
Contributions for long-lived assets	355,989	58,158
	<u>10,931,754</u>	<u>12,563,913</u>
Temporarily Restricted Net Assets		
Restricted contributions and interest	632,859	479,649
Net assets released from restrictions	(568,303)	(255,482)
	<u>64,556</u>	<u>224,167</u>
Increase in Net Assets	10,996,310	12,788,080
Net Assets, Beginning of Year	<u>151,558,869</u>	<u>138,770,789</u>
Net Assets, End of Year	<u><u>\$ 162,555,179</u></u>	<u><u>\$ 151,558,869</u></u>

St. Alexius Medical Center and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	\$ 10,996,310	\$ 12,788,080
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	18,343,336	14,936,945
Depreciation on rental property	550,916	412,065
Amortization of original issue discount	44,286	17,025
Provision for bad debts	9,544,159	8,215,543
Gain on sale of equipment	(56,380)	(35,637)
Restricted contributions and interest	(632,859)	(479,649)
Change in unrealized gains and losses on investments	(436,973)	(367,867)
Gain on investments recognized on the equity method	(2,726,231)	(2,423,508)
Other changes in net assets	(360,735)	(89,401)
Changes in assets and liabilities		
Receivables	(12,868,793)	(10,294,409)
Supplies	123,990	(428,267)
Prepaid expenses	(493,972)	556,905
Accounts payable	1,452,054	6,043,241
Accrued expenses	1,996,159	734,949
Insurance reserve, net	(165,638)	32,145
Net Cash from Operating Activities	25,309,629	29,618,160
Investing Activities		
Purchase and construction of property and equipment	(26,146,606)	(39,175,924)
Proceeds from sale of assets limited as to use	7,736,999	15,279,241
Purchase of assets limited as to use	(1,862,730)	(19,924,218)
Distributions from affiliates	1,900,000	1,205,000
Decrease in other investments	5,807	222,687
Purchase of rental property	(2,158,637)	(120,068)
Decrease (increase) in notes receivable, net	(356,527)	170,234
Net Cash used for Investing Activities	(20,881,694)	(42,343,048)
Financing Activities		
Repayment of long-term debt	(41,635,495)	(4,398,088)
Increase (decrease) in construction payables	(1,615,266)	2,987,286
Restricted contributions and interest	632,859	479,649
Contributions for long-lived assets	355,989	58,158
Payment of deferred financing costs	(614,824)	-
Proceeds from issuance of long-term debt	40,208,479	14,000,000
Increase in notes payable	6,000,000	5,000,000
Net Cash from Financing Activities	3,331,742	18,127,005

St. Alexius Medical Center and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	2012	2011
Net Increase in Cash and Cash Equivalents	\$ 7,759,677	\$ 5,402,117
Cash and Cash Equivalents, Beginning of Year	25,380,728	19,978,611
Cash and Cash Equivalents, End of Year	<u>\$ 33,140,405</u>	<u>\$ 25,380,728</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest, net of amounts capitalized of \$364,369 and \$341,195 in 2012 and 2011	<u>\$ 2,493,484</u>	<u>\$ 2,562,895</u>

Supplemental Disclosure of Noncash Investing and Financing Activities

In 2012 and 2011, St. Alexius entered into capital leases for equipment of \$4,968,499 and \$2,486,034.

Supplemental Disclosure of Noncash Investing Activities

In 2011, St. Alexius transferred \$1,589,127 of property used for operations to rental property.

Note 1 - Organization and Significant Accounting Policies

Organization and Principles of Consolidation

St. Alexius Medical Center (Medical Center) operates a 308-bed acute care hospital, including a 19-bed transitional care unit, in Bismarck, North Dakota. The Medical Center also operates a 25-bed acute care hospital in Turtle Lake, North Dakota, and several clinics. The Medical Center is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Medical Center is the sole member of Garrison Memorial Hospital (Garrison), a 22-bed acute care hospital and 26-bed nursing facility in Garrison, North Dakota. Garrison has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Medical Center also owns 100% of the St. Alexius Heart and Lung Clinic, LLC (Heart and Lung).

The Board of Directors of the Medical Center consists of no fewer than eleven persons and no more than fifteen persons. At least five members of the Board of Directors are required to be members of the Benedictine Sisters of the Annunciation, B.M.V., a religious community. The remaining directors may be members of the civic community. Various members of the religious community also comprise at least the majority of the governing boards of other entities separately incorporated in the State of North Dakota, as follows:

- Benedictine Sisters of the Annunciation, B.M.V.
- University of Mary

The accompanying consolidated financial statements include the accounts of the Medical Center, Garrison, and Heart and Lung (collectively referred to as St. Alexius). All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

Cash and Cash Equivalents

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

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient, resident, and third-party payor obligations. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

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

Supplies

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

Equity Investments

Investments in jointly owned companies in which St. Alexius has a 20% to 50% interest or otherwise exercises significant influence are recorded under the equity method of accounting. Under the equity method, the initial investment is recorded at cost, adjusted for St. Alexius' proportionate share of their undistributed earnings or losses, net of any additional investments or distributions. St. Alexius' share of net earnings or losses of these companies is included in other operating revenue.

Fair Value Measurements

St. Alexius has determined the fair value of certain assets and liabilities using 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 that maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy has also 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.

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes; and assets held by trustees under bond indenture agreements. Assets limited as to use that are available for obligations classified as current liabilities are reported as current assets.

Property and Equipment

Property and equipment acquisitions in excess of \$1,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation in the financial statements. The estimated useful lives of property and equipment are as follows:

Land improvements	5-25 years
Buildings and fixed equipment	5-40 years
Major movable equipment	3-20 years

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

Rental Property

Rental property consists of certain property that is not used in operations and is available for rental to third parties. Rental income, net of depreciation expense on this property, is recorded as other income.

Deferred Financing Costs and Original Issue Discounts

Deferred financing costs are amortized over the period the related obligation is outstanding using the bonds outstanding method. Amortization of deferred financing costs is included in depreciation and amortization in the accompanying consolidated financial statements.

Original issue discounts are amortized to interest expense over the period the related obligation is outstanding using the bonds outstanding method. Amortization of original issue discount is included in interest expense in the accompanying consolidated financial statements.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities.

Interest Rate Swap

St. Alexius uses derivative financial instruments primarily to optimize borrowing costs under its financing strategy. St. Alexius entered into derivative contracts, known as interest rate swaps, which effectively change the interest rate of its borrowings. These contracts hedge interest rate exposure for periods consistent with their underlying exposures and do not constitute investments independent of these exposures. St. Alexius does not hold or issue financial instruments for trading purposes.

Interest rate swaps converted a portion of St. Alexius' floating rate bank debt into fixed rate debt on notional amounts. The notional amounts of derivative financial instruments do not represent actual amounts exchanged by the parties, but instead represented the amounts on which the contracts were based. The floating interest rate payments under these swaps are based on a LIBOR rate plus 1%, the sum of which is multiplied by 69%. Interest to be paid or received on these contracts currently adjusts interest expense.

Self-Funded Health Insurance Reserves

Self-funded health insurance reserves include claims reported as of the balance sheet date and estimates (based on projections from historical data) of health care costs expenses incurred but not paid. Estimates are continually monitored and reviewed, and as settlements are made or estimates adjusted, differences are reflected in current operations.

Income Taxes

St. Alexius is organized as a North Dakota 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). St. Alexius is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, St. Alexius is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. St. Alexius files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income.

St. Alexius 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. St. Alexius 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. St. Alexius' federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2008.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by St. Alexius 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 St. Alexius in perpetuity. At June 30, 2012 and 2011, St. Alexius did not have any permanently restricted net assets.

Revenues in Excess of Expenses

Revenues in excess of expenses excludes unrealized gains and losses on investments other than trading securities, transfers of assets to and from related parties for other than goods and services, change in fair value of effective interest rate swap hedges, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Net Patient and Resident Service Revenue

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

Charity Care

St. Alexius provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because St. Alexius does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charges foregone for services provided under St. Alexius' charity care policy were approximately \$4,621,000 and \$5,552,000 for the years ended June 30, 2012 and 2011. Total direct and indirect costs related to these foregone charges were \$2,088,000 and \$2,492,000 at June 30, 2012 and 2011, based on an average ratios of cost to gross charges.

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

St. Alexius expenses advertising costs as they are incurred. Advertising costs for the years ended June 30, 2012 and 2011 were approximately \$295,000 and \$254,000.

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.

Note 2 - Net Patient and Resident Service Revenue

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

Medicare. The Medical Center is reimbursed under a prospective payment system. Acute care services provided to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2008.

The hospitals in Turtle Lake and Garrison are licensed as Critical Access Hospitals (CAH). Those hospitals are reimbursed for most inpatient and outpatient services at cost plus 1% with final settlement determined after submission of annual cost reports by the Turtle Lake and Garrison hospitals and are subject to audits thereof by the Medicare intermediary. Certain services are subject to cost limits or fee schedules. Turtle Lake and Garrison's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2010.

Medicare patients may participate in Advantage Part D Medicare plans. Contractual adjustments from those plans appear in the "Other" adjustment category on the summary of patient and resident service revenue and contractual adjustments on the following page.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims subsequent to October 1, 2007, are reviewed by contractors for validity, accuracy, and proper documentation. A demonstration project completed in several other states resulted in the identification of potential overpayments, some being significant. The potential exists that the Medical Center may incur a liability for a claims overpayment at a future date. The Medical Center is unable to determine the extent of the liability of overpayments, if any. As the outcome of such reviews is unknown and cannot be reasonably estimated, it is the Medical Center's policy to adjust revenue for deductions from overpayment amounts or additions from underpayment amounts determined under the RAC audits at the time a change in reimbursement is agreed upon between the Medical Center and CMS.

Medicaid Inpatient and outpatient hospital services provided to Medicaid program beneficiaries are paid on a cost related basis. Inpatient services are reimbursed using Medicare interim per diem rates, decreased by 1%, and outpatient services are paid at the Medicare interim payment rates. Final cost settlements are determined based on the audited Medicare cost report.

Blue Cross Inpatient services provided to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. The prospectively determined discount is not subject to retroactive adjustment.

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

St. Alexius is reimbursed for private pay and Medicaid residents at a prospectively determined rate as prescribed by North Dakota Department of Human Services regulations. St. Alexius also participates in the Medicare program for nursing facility residents for which payment for services is made on a prospectively determined per diem rate which varies based on a case-mix adjusted resident classification system.

Laws and regulations governing the 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. Net patient and resident service revenue for the year ended June 30, 2012 increased by approximately \$749,000 due to changes in estimates and final settlements of prior year cost reports. Net patient and resident service revenue for the year ended June 30, 2011 decreased by approximately \$1,496,000 due to changes in estimates and final settlements of prior year cost reports.

St. Alexius Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

A summary of patient and resident service revenue and contractual adjustments is as follows:

	2012	2011
Total patient and resident service revenue	\$ 565,895,443	\$ 531,326,218
Contractual adjustments		
Hospitals		
Medicare	(145,546,788)	(130,668,231)
Medicaid	(17,041,427)	(17,358,493)
Blue Cross	(63,923,549)	(63,724,770)
Workers' compensation	(4,250,375)	(4,245,106)
Other	(25,758,084)	(25,038,214)
Clinics		
Neurology Clinic	(1,173,948)	(974,884)
Neurosurgery Clinic	(6,884,075)	(6,453,094)
Urology Clinic	(2,301,919)	(2,572,714)
Minot Clinic	(1,044,138)	(1,177,109)
Interventional Radiology Clinic	(1,081,514)	(1,104,115)
Radiology Clinic	(2,859,874)	(2,872,300)
Pain Clinic	(1,093,960)	(616,969)
EOPD Physicians	(3,035,660)	(2,822,394)
Hospitalist Physicians	(2,370,942)	(1,652,519)
Great Plains Rehabilitation	(1,851,789)	(1,682,672)
Other	(8,435,003)	(9,517,152)
Total contractual adjustments	(288,653,045)	(272,480,736)
Net patient and resident service revenue	\$ 277,242,398	\$ 258,845,482

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 shown in the following tables. U.S. Treasury, corporate, and government obligations, mutual funds, common stock and cash surrender value of life insurance are stated at fair value. Cash and cash equivalents and certificates of deposit are stated at cost plus accrued interest.

	2012	2011
Under bond indenture agreements - held by trustees		
Cash and cash equivalents	\$ 1,591,392	\$ 5,488,318
U.S. Treasury obligations	399,486	1,339,533
	1,990,878	6,827,851
Less amount shown as current	(1,990,878)	(1,801,159)
	\$ -	\$ 5,026,692

St. Alexius Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

	2012	2011
By Board for expansion and replacement		
Cash and cash equivalents	\$ 1,199,110	\$ 1,658,710
Government obligations	6,420,450	7,980,726
Corporate bonds	14,053,919	14,208,745
Certificates of deposit	8,790,000	7,358,101
Mutual funds	1,097,003	1,358,788
Common stock	3,486,603	3,079,757
Cash surrender value of life insurance and other	205,312	207,893
	<u>\$ 35,252,397</u>	<u>\$ 35,852,720</u>

Investment Income

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

	2012	2011
Other income		
Interest income and realized gains and losses	<u>\$ 521,936</u>	<u>\$ 373,276</u>
Other changes in unrestricted net assets		
Change in unrealized gains and losses on investments	<u>\$ 436,973</u>	<u>\$ 367,867</u>

Note 4 - Property and Equipment

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

	2012		2011	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land and improvements	\$ 11,308,894	\$ 2,828,222	\$ 9,556,698	\$ 2,558,034
Buildings and fixed equipment	186,217,808	98,209,145	155,642,357	90,736,684
Major movable equipment	106,603,836	78,674,818	100,373,722	76,069,700
Construction in progress	11,928,898	-	27,215,632	-
	<u>\$ 316,059,436</u>	<u>\$ 179,712,185</u>	<u>\$ 292,788,409</u>	<u>\$ 169,364,418</u>
Net property and equipment		<u>\$ 136,347,251</u>		<u>\$ 123,423,991</u>

Construction in progress at June 30, 2012 represents costs for various construction and remodeling projects. Estimated costs to complete these projects are approximately \$85,156,000 and will be financed with assets limited as to use and proceeds from additional borrowings. The majority of this cost is associated with the construction of new clinics that will be completed at varying phases through 2015.

Note 5 - Other Investments

Other investments consist of the following at June 30, 2012 and 2011:

	2012	2011
Investments in affiliates (1)	\$ 7,913,811	\$ 7,087,579
Notes receivable from various entities, interest rates of 6% to 8.25%, non-current	683,709	433,540
Other	168,908	181,445
	<u>\$ 8,766,428</u>	<u>\$ 7,702,564</u>

(1) Investments in various related health care ventures are being recorded on the equity method. The net gain on these investments, totaling \$2,726,231 in 2012 and \$2,423,508 in 2011, is included in other income. St. Alexius received distributions of \$1,900,000 and \$1,205,000 from these investments in 2012 and 2011. As of June 30, 2012, these ventures had total assets of approximately \$19,486,000, liabilities of \$3,658,000, and net assets of \$15,828,000 with total revenues and expenses of approximately \$22,755,000 and \$17,503,000 for the year then ended.

A summary of investments recorded on the equity method as of June 30, 2012 and 2011 follows:

	2012	2011
Bismarck Cancer Center	\$ 4,552,724	\$ 3,797,791
Northern Plains Laboratory	3,177,342	3,173,945
Other	183,745	115,843
	<u>\$ 7,913,811</u>	<u>\$ 7,087,579</u>

Note 6 - Notes Payable and Long-Term Debt

Notes payable consists of the following as of June 30, 2012 and 2011:

	2012	2011
3.5% note payable to bank	\$ 5,000,000	\$ 5,000,000
5% note payable to bank	2,000,000	-
3.5% note payable to bank	4,000,000	-
	<u>\$ 11,000,000</u>	<u>\$ 5,000,000</u>

St. Alexius Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

Long-term debt consists of the following:

	2012	2011
Health Care Revenue Bonds, Series 1998A		
5.25% term bonds	\$ -	\$ 4,325,000
5% term bonds, due July 2028, with varying annual sinking fund requirements commencing in 2016	13,500,000	17,840,000
Original issue discount	(89,053)	(167,030)
Health Care Revenue Bonds, Series 2012A		
2% to 5% serial bonds, due in varying annual installments to July 2022	14,745,000	-
4.5% term bonds, due July 2032, with varying annual sinking fund requirements commencing July 2023	13,925,000	-
5% term bonds, due July 2038, with varying annual sinking fund requirements commencing July 2033	11,965,000	-
Original issue discount	(398,661)	-
6.78% Health Care Facilities Revenue Bonds	-	8,256,179
6.5% Health Care Facilities Revenue Bonds	-	7,666,368
5.845% Health Care Facilities Revenue Bonds	-	5,835,897
6.251% Health Care Facilities Revenue Bonds	-	7,946,842
4.15% Municipal Industrial Development Act Revenue Bonds, Series 2007, due in monthly installments of \$32,721 to December 2017, secured by property and equipment (1)	1,924,757	2,229,190
Variable rate note payable (3.375% at June 30, 2012), due in monthly installments of \$19,007 including interest, to January 2017, secured by building and leasehold improvements	979,368	1,157,579
4.38% Municipal Industrial Development Refunding Bonds, Series 2003, due in semi-annual installments of \$85,574, including interest, to December 2015	549,812	692,185
6.0% note payable, due in monthly installments of \$3,347, including interest, to March 2016, secured by building and leasehold improvements	134,584	165,657
6.9% note payable to bank, due in monthly installments of \$9,280, to November 2012, secured by building	45,609	149,882
5.5% note payable, due in monthly installments of \$16,301, including interest, to December 2014, secured by building	470,061	634,865
Non-interest bearing note payable, due in monthly installments of \$1,852, to April 2019, unsecured	151,852	174,074
Capital lease obligations, imputed interest of 4% to 7.22%, secured by equipment - Note 7	8,307,069	5,713,935
Other notes payable	40,469	44,475
	<u>66,250,867</u>	<u>62,665,098</u>
Less current maturities	<u>(4,679,837)</u>	<u>(4,730,263)</u>
Long-term debt, less current maturities	<u>\$ 61,571,030</u>	<u>\$ 57,934,835</u>

(1) The Municipal Industrial Development Act Revenue Bonds, Series 2007, initially had a variable interest rate of LIBOR plus 1%. However, in December 2007, the Medical Center entered into an interest rate swap contract that effectively converted the debt into a fixed rate of 4.15%. Under the swap contract, the Medical Center pays interest at LIBOR plus 1% and receives interest at a LIBOR rate plus 1%, the sum of which is multiplied by 69%.

St. Alexius Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

The interest rate swap related to the Municipal Industrial Development Act Revenue Bonds, Series 2007, was issued at market terms so that it had no fair value at its inception. The carrying amount of the swap has been adjusted to its fair value at the end of the year which, because of changes in forecasted levels of LIBOR, resulted in reporting a liability of \$167,236 and \$171,982 at June 30, 2012 and 2011, for the fair value of the future net payments forecasted under the swap. The liability is classified as noncurrent since management does not intend to settle it during 2013. Since the critical terms of the swap and the note were the same, the swap was assumed to be completely effective as a hedge, and none of the change in its fair value was included in revenues in excess of expenses. Accordingly, all of the adjustment of the swap's carrying amount was reported as an other change in unrestricted net assets.

During 2012, the Medical Center refinanced the Health Care Facilities Revenue Bonds and a portion of the Health Care Revenue Bonds, Series 1998A. This resulted in a loss on refinancing of \$2,734,842, which is reported as a nonoperating loss in the accompanying financial statements.

Long-term debt maturities are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 4,679,837
2014	4,104,043
2015	3,526,330
2016	2,770,644
2017	2,867,238
Thereafter	48,790,489
Less original issue discount	(487,714)
Total	<u>\$ 66,250,867</u>

Under the terms of the revenue bonds loan agreement, St. Alexius has made certain covenants in connection with the revenue bonds, including a covenant that income available for debt service coverage must equal at least 125% of the maximum annual debt service requirement on all funded debt. The loan agreements also place limits on the incurrence of additional borrowings.

Note 7 - Leases

St. Alexius leases certain equipment under noncancelable long-term lease agreements. Certain leases have been recorded as capitalized leases and others as operating leases. Total rent expense for the years ended June 30, 2012 and 2011 for all operating leases was \$2,026,145 and \$2,928,962. The capitalized leased assets consist of:

	<u>2012</u>	<u>2011</u>
Major movable equipment	\$ 12,499,865	\$ 9,534,894
Less accumulated amortization (included in depreciation and amortization in the accompanying financial statements)	<u>(4,734,236)</u>	<u>(5,030,174)</u>
	<u>\$ 7,765,629</u>	<u>\$ 4,504,720</u>

St. Alexius Medical Center and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2012 and 2011

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

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2013	\$ 3,255,744	\$ 1,782,959
2014	2,482,302	903,720
2015	1,829,524	829,975
2016	1,135,531	735,134
2017	411,113	154,547
Total minimum lease payments	9,114,214	<u>\$ 4,406,335</u>
Less interest	<u>(807,145)</u>	
	<u>\$ 8,307,069</u>	

Note 8 - Temporarily Restricted Net Assets

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

	<u>2012</u>	<u>2011</u>
Health care services		
Various programs	<u>\$ 1,515,768</u>	<u>\$ 1,451,212</u>

In 2012 and 2011, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of \$568,303 and \$255,482. These amounts are included in other revenue and net assets released from restrictions in the accompanying financial statements.

Note 9 - Cooperative Laundry Facility

St. Alexius and Sanford Health Bismarck (formerly Medcenter One, Inc., an unrelated nonprofit organization) jointly own Central Dakota Hospital Laundry, Inc. (CDHL), a cooperative association that provides all laundry services for both hospitals. CDHL's operating costs, interest expense, debt payment requirements, and other specified funding requirements are allocated and charged to each facility based upon its proportionate share of the total pounds of laundry processed. St. Alexius' payments to CDHL were \$766,486 in 2012 and \$728,138 in 2011.

Note 10 - Pension Plan

St. Alexius has a defined contribution pension plan under which employees become participants upon reaching age 21 and completion of one year of service. Employee contributions up to the maximum allowed under the Internal Revenue Code and employer contributions of 3% of employee compensation are deposited with the plan trustee who invests the plan assets. Total pension plan expense for the years ended June 30, 2012 and 2011 was \$3,710,105 and \$3,678,274.

Note 11 - Concentrations of Credit Risk

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

	2012	2011
Medicare	36%	40%
Blue Cross	16%	15%
Commercial insurance	6%	8%
Medicaid	10%	9%
Other third-party payors, patients, and residents	32%	28%
	<u>100%</u>	<u>100%</u>

St. Alexius' cash balances are maintained in various bank deposit accounts. At various times during the year, the balance of these deposits was in excess of federally insured limits.

Note 12 - Functional Expenses

St. Alexius provides general health care services to residents within its geographic location. Expenses related to providing these services by functional class for the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Patient and resident health care services	\$ 251,445,688	\$ 234,106,648
General and administrative	33,454,398	31,270,422
	<u>\$ 284,900,086</u>	<u>\$ 265,377,070</u>

Note 13 - Fair Value of Assets and Liabilities

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

	2012	2011
Assets		
Government obligations	\$ 6,420,450	\$ 7,980,726
U.S. Treasury obligations	399,486	1,339,533
Corporate bonds	14,053,919	14,208,745
Common stock	3,486,603	3,079,757
Mutual funds	1,097,003	1,358,788
Cash surrender value of life insurance	146,973	149,241
Pledges receivable	8,920	11,220
	<u>\$ 25,613,354</u>	<u>\$ 28,128,010</u>
Liabilities		
Interest rate swap agreement	<u>\$ (167,236)</u>	<u>\$ (171,982)</u>

St. Alexius Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

The related fair values 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)
June 30, 2012			
Assets			
Government obligations	\$ 6,420,450	\$ -	\$ -
U.S. Treasury obligations	399,486	-	-
Corporate bonds			
Financial	7,527,650	-	-
Technology	3,570,624	-	-
Services	1,447,427	-	-
Utilities	592,356	-	-
Industrial goods	575,392	-	-
Consumer goods	340,470	-	-
Common stock			
Financial	534,042	-	-
Technology	934,217	-	-
Services	692,606	-	-
Utilities	371,802	-	-
Industrial goods	369,885	-	-
Consumer goods	422,551	-	-
Healthcare	161,500	-	-
Mutual funds			
Medium growth	485,233	-	-
Medium blend	611,770	-	-
Cash surrender value of life insurance	-	-	146,973
Pledges receivable	-	-	8,920
Total assets	<u>\$ 25,457,461</u>	<u>\$ -</u>	<u>\$ 155,893</u>
Liabilities			
Interest rate swap agreement	<u>\$ -</u>	<u>\$ (167,236)</u>	<u>\$ -</u>

St. Alexius Medical Center and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2012 and 2011

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2011			
Assets			
Government obligations	\$ 7,980,726	\$ -	\$ -
U.S. Treasury obligations	1,339,533	-	-
Corporate bonds			
Financial	9,137,981	-	-
Technology	3,337,026	-	-
Services	1,399,677	-	-
Consumer goods	334,061	-	-
Common stock			
Financial	552,379	-	-
Technology	652,932	-	-
Services	625,393	-	-
Utilities	445,244	-	-
Industrial goods	341,801	-	-
Consumer goods	279,795	-	-
Healthcare	182,213	-	-
Mutual funds			
Medium growth	437,273	-	-
Medium blend	561,935	-	-
High blend	359,580	-	-
Cash surrender value of life insurance	-	-	149,241
Pledges receivable	-	-	11,220
Total assets	<u>\$ 27,967,549</u>	<u>\$ -</u>	<u>\$ 160,461</u>
Liabilities			
Interest rate swap agreement	<u>\$ -</u>	<u>\$ (171,982)</u>	<u>\$ -</u>

The fair values for government and U.S. Treasury obligations, corporate bonds, common stock, and mutual funds are determined by reference to quoted market prices. The fair value of the interest rate swap is based upon estimates of the related LIBOR swap rate during the term of the swap agreement.

Following is a reconciliation of activity for 2012 and 2011 for assets measured at fair value based upon significant unobservable (non-market) information.

	Cash Surrender Value of Life Insurance	Pledges Receivable
Balance, June 30, 2010	\$ 198,560	\$ 15,120
Change due to the time value of money	681	-
Cash received on life insurance	(50,000)	-
Pledges received	-	375
Cash received on pledges receivable	-	(5,250)
Change in valuation allowance	-	975
	<hr/>	<hr/>
Balance, June 30, 2011	149,241	11,220
Change due to the time value of money	(2,268)	-
Cash received on life insurance	-	-
Pledges received	-	-
Cash received on pledges receivable	-	(2,875)
Change in valuation allowance	-	575
	<hr/>	<hr/>
Balance, June 30, 2012	<u>\$ 146,973</u>	<u>\$ 8,920</u>

Note 14 - Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

Accounts Receivable and Accounts Payable

Accounts receivable has been recorded at net realizable value which is believed to approximate fair value. Account payable approximates fair value because of the short time for which accounts payable are outstanding.

Investments

The fair value of U.S. Treasury, corporate, and government obligations is estimated based on quoted market prices for those or similar investments. For other investments, for which there are no quoted prices, a reasonable estimate of fair value could not be made without incurring excessive costs.

Long-Term Debt

The fair value of long-term debt is based on current traded value. Management has estimated the fair value of these obligations to be approximately \$68,783,000 and \$62,078,000 at June 30, 2012 and 2011.

Note 15 - Commitment and Contingencies

Lease Agreements

The Medical Center entered into a five-year lease and management agreement, renewable for up to three additional five-year terms, with Turtle Lake Community Hospital (Turtle Lake) during 1991. The current agreement with Turtle Lake expires in the year 2015.

Malpractice Insurance

St. Alexius has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$5 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 uninsured.

Self-Funded Health Insurance

St. Alexius is self-insured for health and dental insurance. In connection therewith, St. Alexius charged to operations amounts representing the employer's portion of actual claims paid adjusted for the actuarially determined estimates of liabilities relating to claims resulting from services provided prior to the respective plan period. St. Alexius has a stop-loss policy that limits the organizations liability to \$75,000 per member. The liability relating to self-insured health and dental insurance was \$1,134,692 and \$1,300,330 at June 30, 2012 and 2011.

Litigations, Claims, and Disputes

St. Alexius is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigations, claims, and disputes in process will not be material to the financial position of St. Alexius.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services. Management believes that St. Alexius is in substantial compliance with current laws and regulations.

Note 16 - Subsequent Events

St. Alexius has evaluated subsequent events through September 21, 2012, the date which the financial statements were available to be issued.



Consolidating and Supplementary Information
June 30, 2012 and 2011
St. Alexius Medical Center and Subsidiaries



Independent Auditor's Report on Consolidating and Supplementary Information

The Board of Directors
St. Alexius Medical Center and Subsidiaries
Bismarck, North Dakota

We have audited the consolidated financial statements of St. Alexius Medical Center and Subsidiaries as of and for the years ended June 30, 2012 and 2011, and our report thereon dated September 21, 2012, which expressed an unqualified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on such consolidated financial statements as a whole. The consolidating schedules on pages 26 through 33 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 and 2011 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of those consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the years ended June 30, 2012 and 2011, as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of St. Alexius Medical Center and Subsidiaries as of June 30, 2010, 2009, and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended June 30, 2010 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The operational, statistical, and financial highlights on page 34 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010, 2009, and 2008 financial statements. The operational highlights have been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the operational highlights are fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

The statistical and financial highlights on page 34, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The statistical and financial highlights have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Eide Bailly LLP

Fargo, North Dakota
September 21, 2012

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St. Alexis Medical Center

	St. Alexis Medical Center	Turtle Lake Community Hospital	Intracompany Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 32,979,742	\$ 52,001	\$ -	\$ 33,031,743
Assets limited as to use	1,990,878	-	-	1,990,878
Receivables				
Patient and resident, net	36,702,189	554,066	-	37,256,255
Other	35,911,895	32,834	(1,779,111)	34,165,618
Supplies	3,810,147	89,680	-	3,899,827
Prepaid expenses	1,599,705	11,942	-	1,611,647
Total current assets	112,994,556	740,523	(1,779,111)	111,955,968
Assets Limited as to Use				
Under bond indenture agreements	-	-	-	-
By Board for expansion and replacement	35,252,397	-	-	35,252,397
Total assets limited as to use	35,252,397	-	-	35,252,397
Property and Equipment, Net	132,198,186	1,220,353	-	133,418,539
Other Assets				
Rental property, net	9,333,269	-	-	9,333,269
Land held for expansion	1,789,429	-	-	1,789,429
Deferred financing costs, net	924,889	-	-	924,889
Estimated liability insurance receivable	115,000	-	-	115,000
Other investments	(20,037,383)	-	-	(20,037,383)
Total other assets	(7,874,796)	-	-	(7,874,796)
Total assets	\$ 272,570,343	\$ 1,960,876	\$ (1,779,111)	\$ 272,752,108

St. Alexius Medical Center and Subsidiaries
Consolidating Balance Sheet – Assets
June 30, 2012

<u>Garrison Memorial Hospital</u>	<u>Heart and Lung</u>	<u>Total</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
\$ 63,398	\$ 45,264	\$ 33,140,405	\$ -	\$ 33,140,405
-	-	1,990,878	-	1,990,878
841,203	1,755,432	39,852,890	-	39,852,890
19,174	101,031	34,285,823	(30,860,988)	3,424,835
189,380	-	4,089,207	-	4,089,207
55,093	58,720	1,725,460	-	1,725,460
<u>1,168,248</u>	<u>1,960,447</u>	<u>115,084,663</u>	<u>(30,860,988)</u>	<u>84,223,675</u>
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>35,252,397</u>	<u>-</u>	<u>35,252,397</u>
<u>-</u>	<u>-</u>	<u>35,252,397</u>	<u>-</u>	<u>35,252,397</u>
<u>2,630,254</u>	<u>298,458</u>	<u>136,347,251</u>	<u>-</u>	<u>136,347,251</u>
-	52,500	9,385,769	-	9,385,769
-	-	1,789,429	-	1,789,429
-	-	924,889	-	924,889
-	-	115,000	-	115,000
<u>-</u>	<u>84,119</u>	<u>(19,953,264)</u>	<u>28,719,692</u>	<u>8,766,428</u>
<u>-</u>	<u>136,619</u>	<u>(7,738,177)</u>	<u>28,719,692</u>	<u>20,981,515</u>
<u>\$ 3,798,502</u>	<u>\$ 2,395,524</u>	<u>\$ 278,946,134</u>	<u>\$ (2,141,296)</u>	<u>\$ 276,804,838</u>

St Alexius Medical Center

	St Alexius Medical Center	Turtle Lake Community Hospital	Intracompany Eliminations	Total
Liabilities and Net Assets				
Current Liabilities				
Notes payable to bank	\$ 11,000,000	\$ -	\$ -	\$ 11,000,000
Current maturities of long-term debt	4,531,160	-	-	4,531,160
Accounts payable				
Trade	11,906,943	-	-	11,906,943
Estimated third-party payor settlements	5,780,411	6,821	-	5,787,232
Related parties	-	1,779,111	(1,779,111)	-
Construction payables	2,733,614	-	-	2,733,614
Accrued expenses				
Salaries and wages	4,888,105	-	-	4,888,105
Vacation pay	6,402,738	134,093	-	6,536,831
Professional fees	922,772	-	-	922,772
Interest	1,045,953	-	-	1,045,953
Payroll taxes and other	589,566	29,001	-	618,567
Insurance reserve	1,134,692	-	-	1,134,692
Total current liabilities	50,935,954	1,949,026	(1,779,111)	51,105,869
Obligation Under Interest Rate Swap Agreement	167,236	-	-	167,236
Estimated Liability Claims Payable	115,000	-	-	115,000
Long-Term Debt, Less Current Maturities	61,169,895	-	-	61,169,895
Total liabilities	112,388,085	1,949,026	(1,779,111)	112,558,000
Net Assets				
Unrestricted	158,666,490	11,850	-	158,678,340
Temporarily restricted	1,515,768	-	-	1,515,768
Total net assets	160,182,258	11,850	-	160,194,108
Total liabilities and net assets	\$ 272,570,343	\$ 1,960,876	\$ (1,779,111)	\$ 272,752,108

St. Alexius Medical Center and Subsidiaries
Consolidating Balance Sheet – Liabilities and Net Assets
June 30, 2012

Garrison Memorial Hospital	Heart and Lung	Total	Elimination Entries	Consolidated
\$ -	\$ -	\$ 11,000,000	\$ -	\$ 11,000,000
148,677	-	4,679,837	-	4,679,837
113,537	96,081	12,116,561	-	12,116,561
420,000	-	6,207,232	-	6,207,232
(158,147)	31,019,135	30,860,988	(30,860,988)	-
-	-	2,733,614	-	2,733,614
224,356	-	5,112,461	-	5,112,461
237,939	-	6,774,770	-	6,774,770
-	-	922,772	-	922,772
592	-	1,046,545	-	1,046,545
49,342	-	667,909	-	667,909
-	-	1,134,692	-	1,134,692
1,036,296	31,115,216	83,257,381	(30,860,988)	52,396,393
-	-	167,236	-	167,236
-	-	115,000	-	115,000
401,135	-	61,571,030	-	61,571,030
1,437,431	31,115,216	145,110,647	(30,860,988)	114,249,659
2,361,071	(28,719,692)	132,319,719	28,719,692	161,039,411
-	-	1,515,768	-	1,515,768
2,361,071	(28,719,692)	133,835,487	28,719,692	162,555,179
\$ 3,798,502	\$ 2,395,524	\$ 278,946,134	\$ (2,141,296)	\$ 276,804,838

	St Alexius Medical Center			
	St Alexius Medical Center	Turtle Lake Community Hospital	Intracompany Eliminations	Total
Unrestricted Revenues, Gains and Other Support				
Net patient and resident service revenue	\$ 251,608,263	\$ 3,513,251	\$ -	\$ 255,121,514
Other revenue	13,391,897	14,728	-	13,406,625
Total revenues, gains and other support	265,000,160	3,527,979	-	268,528,139
Expenses				
Nursing services	40,713,050	1,250,398	-	41,963,448
Other professional services	133,866,058	1,141,441	-	135,007,499
General and administrative	39,741,301	704,131	-	40,445,432
Depreciation and amortization	17,734,012	134,738	-	17,868,750
Property and household	8,684,031	173,755	-	8,857,786
Provision for bad debts	8,693,478	25,920	-	8,719,398
Dietary	3,298,400	175,045	-	3,473,445
Interest	2,834,255	-	-	2,834,255
Total expenses	255,564,585	3,605,428	-	259,170,013
Operating Income (Loss)	9,435,575	(77,449)	-	9,358,126
Other Income				
Investment income (loss)	519,188	526	-	519,714
Gain (loss) on sale of equipment	56,544	-	-	56,544
Loss on refinancing of long-term debt	(2,734,842)	-	-	(2,734,842)
Other	2,173,445	141,194	(64,271)	2,250,368
Total other income	14,335	141,720	(64,271)	91,784
Revenues in Excess of (Less Than) Expenses	9,449,910	64,271	(64,271)	9,449,910
Changes in Unrealized Gains and Losses on Investments	436,973	-	-	436,973
Change in Fair Value of Interest Rate Swap Agreement	4,746	-	-	4,746
Contributions for Long-Lived Assets	355,989	-	-	355,989
Support from St Alexius	-	(64,271)	64,271	-
Increase (Decrease) in Unrestricted Net Assets	\$ 10,247,618	\$ -	\$ -	\$ 10,247,618

St. Alexius Medical Center and Subsidiaries
Consolidating Statement of Operations
Year Ended June 30, 2012

Garrison Memorial Hospital	Heart and Lung	Total	Elimination Entries	Consolidated
\$ 8,428,242	\$ 13,692,642	\$ 277,242,398	\$ -	\$ 277,242,398
129,029	11,945	13,547,599	4,085,904	17,633,503
8,557,271	13,704,587	290,789,997	4,085,904	294,875,901
2,452,405	14,492	44,430,345	-	44,430,345
2,731,854	12,343,292	150,082,645	(690,663)	149,391,982
1,373,543	4,653,366	46,472,341	(73,965)	46,398,376
367,760	106,826	18,343,336	-	18,343,336
483,336	1,258,380	10,599,502	(496,755)	10,102,747
149,243	675,518	9,544,159	-	9,544,159
352,819	-	3,826,264	-	3,826,264
28,622	-	2,862,877	-	2,862,877
7,939,582	19,051,874	286,161,469	(1,261,383)	284,900,086
617,689	(5,347,287)	4,628,528	5,347,287	9,975,815
2,222	-	521,936	-	521,936
(164)	-	56,380	-	56,380
-	-	(2,734,842)	-	(2,734,842)
64,389	-	2,314,757	-	2,314,757
66,447	-	158,231	-	158,231
684,136	(5,347,287)	4,786,759	5,347,287	10,134,046
-	-	436,973	-	436,973
-	-	4,746	-	4,746
-	-	355,989	-	355,989
-	-	-	-	-
\$ 684,136	\$ (5,347,287)	\$ 5,584,467	\$ 5,347,287	\$ 10,931,754

	St. Alexis Medical Center			
	St. Alexis Medical Center	Turtle Lake Community Hospital	Intracompany Eliminations	Total
Unrestricted Net Assets				
Revenues in excess of (less than) expenses	\$ 9,449,910	\$ 64,271	\$ (64,271)	\$ 9,449,910
Changes in unrealized gains and losses on investments	436,973	-	-	436,973
Change in fair value of interest rate swap agreement	4,746	-	-	4,746
Contribution for long-lived assets	355,989	-	-	355,989
Support to St. Alexis	-	(64,271)	64,271	-
Increase (decrease) in unrestricted net assets	10,247,618	-	-	10,247,618
Temporarily Restricted Net Assets				
Restricted contributions and interest	632,859	-	-	632,859
Net assets released from restrictions	(568,303)	-	-	(568,303)
Increase in temporarily restricted net assets	64,556	-	-	64,556
Change in Net Assets	10,312,174	-	-	10,312,174
Net Assets, Beginning of Year	149,870,084	11,850	-	149,881,934
Net Assets, End of Year	\$ 160,182,258	\$ 11,850	\$ -	\$ 160,194,108

St. Alexius Medical Center and Subsidiaries
Consolidating Statement of Changes in Net Assets
Year Ended June 30, 2012

Garrison Memorial Hospital	Heart and Lung	Total	Elimination Entries	Consolidated
\$ 684,136	\$ (5,347,287)	\$ 4,786,759	\$ 5,347,287	\$ 10,134,046
-	-	436,973	-	436,973
-	-	4,746	-	4,746
-	-	355,989	-	355,989
-	-	-	-	-
684,136	(5,347,287)	5,584,467	5,347,287	10,931,754
-	-	632,859	-	632,859
-	-	(568,303)	-	(568,303)
-	-	64,556	-	64,556
684,136	(5,347,287)	5,649,023	5,347,287	10,996,310
1,676,935	(23,372,405)	128,186,464	23,372,405	151,558,869
\$ 2,361,071	\$ (28,719,692)	\$ 133,835,487	\$ 28,719,692	\$ 162,555,179

St Alexius Medical Center

	St Alexius Medical Center	Turtle Lake Community Hospital	Intracompany Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 25,281,664	\$ 21,819	\$ -	\$ 25,303,483
Assets limited as to use	1,801,159	-	-	1,801,159
Receivables				
Patient and resident, net	34,288,956	556,376	-	34,845,332
Other	30,026,949	42,531	(1,677,382)	28,392,098
Supplies	3,954,395	71,659	-	4,026,054
Prepaid expenses	1,098,119	9,396	-	1,107,515
Total current assets	96,451,242	701,781	(1,677,382)	95,475,641
Assets Limited as to Use Under Bond Indenture				
Agreements	5,026,692	-	-	5,026,692
By Board for expansion and replacement	35,852,720	-	-	35,852,720
Total assets limited as to use	40,879,412	-	-	40,879,412
Property and Equipment, Net	119,151,122	1,243,105	-	120,394,227
Other Assets				
Rental property, net	7,725,548	-	-	7,725,548
Land held for expansion	1,789,429	-	-	1,789,429
Deferred financing costs, net	398,447	-	-	398,447
Other investments	(15,760,689)	-	-	(15,760,689)
Total other assets	(5,847,265)	-	-	(5,847,265)
Total assets	\$ 250,634,511	\$ 1,944,886	\$ (1,677,382)	\$ 250,902,015

St. Alexius Medical Center and Subsidiaries
Consolidating Balance Sheet – Assets
June 30, 2011

<u>Garrison Memorial Hospital</u>	<u>Heart and Lung</u>	<u>Total</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
\$ 81,353	\$ (4,108)	\$ 25,380,728	\$ -	\$ 25,380,728
-	-	1,801,159	-	1,801,159
933,660	1,614,577	37,393,569	-	37,393,569
20,713	95,859	28,508,670	(26,055,506)	2,453,164
187,143	-	4,213,197	-	4,213,197
44,585	79,388	1,231,488	-	1,231,488
<u>1,267,454</u>	<u>1,785,716</u>	<u>98,528,811</u>	<u>(26,055,506)</u>	<u>72,473,305</u>
-	-	5,026,692	-	5,026,692
-	-	35,852,720	-	35,852,720
-	-	40,879,412	-	40,879,412
<u>2,679,356</u>	<u>350,408</u>	<u>123,423,991</u>	<u>-</u>	<u>123,423,991</u>
-	52,500	7,778,048	-	7,778,048
-	-	1,789,429	-	1,789,429
-	-	398,447	-	398,447
-	90,848	(15,669,841)	23,372,405	7,702,564
-	143,348	(5,703,917)	23,372,405	17,668,488
<u>\$ 3,946,810</u>	<u>\$ 2,279,472</u>	<u>\$ 257,128,297</u>	<u>\$ (2,683,101)</u>	<u>\$ 254,445,196</u>

St Alexius Medical Center

	St Alexius Medical Center	Turtle Lake Community Hospital	Intracompany Eliminations	Total
Liabilities and Net Assets				
Current Liabilities				
Notes payable to bank	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Current maturities of long-term debt	4,587,890	-	-	4,587,890
Accounts payable				
Trade	9,356,078	51,047	-	9,407,125
Estimated third-party payor settlements	6,805,247	31	-	6,805,278
Related parties	-	1,677,382	(1,677,382)	-
Construction payables	4,348,880	-	-	4,348,880
Accrued expenses				
Salaries and wages	3,694,096	-	-	3,694,096
Vacation pay	5,982,346	204,576	-	6,186,922
Professional fees	823,378	-	-	823,378
Interest	676,406	-	-	676,406
Payroll taxes and other	632,771	-	-	632,771
Insurance reserve	1,300,330	-	-	1,300,330
Total current liabilities	43,207,422	1,933,036	(1,677,382)	43,463,076
Obligation Under Interest Rate Swap Agreement	171,982	-	-	171,982
Long-Term Debt, Less Current Maturities	57,385,023	-	-	57,385,023
Total liabilities	100,764,427	1,933,036	(1,677,382)	101,020,081
Net Assets				
Unrestricted	148,418,872	11,850	-	148,430,722
Temporarily restricted	1,451,212	-	-	1,451,212
Total net assets	149,870,084	11,850	-	149,881,934
Total liabilities and net assets	\$ 250,634,511	\$ 1,944,886	\$ (1,677,382)	\$ 250,902,015

St. Alexius Medical Center and Subsidiaries
Consolidating Balance Sheet – Liabilities and Net Assets
June 30, 2011

<u>Garrison Memorial Hospital</u>	<u>Heart and Lung</u>	<u>Total</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
\$ -	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000
142,373	-	4,730,263	-	4,730,263
277,435	91,901	9,776,461	-	9,776,461
290,000	-	7,095,278	-	7,095,278
495,530	25,559,976	26,055,506	(26,055,506)	-
-	-	4,348,880	-	4,348,880
253,149	-	3,947,245	-	3,947,245
223,432	-	6,410,354	-	6,410,354
-	-	823,378	-	823,378
746	-	677,152	-	677,152
37,398	-	670,169	-	670,169
-	-	1,300,330	-	1,300,330
1,720,063	25,651,877	70,835,016	(26,055,506)	44,779,510
-	-	171,982	-	171,982
549,812	-	57,934,835	-	57,934,835
2,269,875	25,651,877	128,941,833	(26,055,506)	102,886,327
1,676,935	(23,372,405)	126,735,252	23,372,405	150,107,657
-	-	1,451,212	-	1,451,212
1,676,935	(23,372,405)	128,186,464	23,372,405	151,558,869
<u>\$ 3,946,810</u>	<u>\$ 2,279,472</u>	<u>\$ 257,128,297</u>	<u>\$ (2,683,101)</u>	<u>\$ 254,445,196</u>

	St. Alexius Medical Center			
	St. Alexius Medical Center	Turtle Lake Community Hospital	Intracompany Eliminations	Total
Unrestricted Revenues, Gains and Other Support				
Net patient and resident service revenue	\$ 234,959,844	\$ 3,448,634	\$ -	\$ 238,408,478
Other revenue	12,418,578	12,447	-	12,431,025
Total revenues, gains and other support	247,378,422	3,461,081	-	250,839,503
Expenses				
Nursing services	37,622,225	1,262,260	-	38,884,485
Other professional services	126,276,946	1,194,605	-	127,471,551
General and administrative	37,305,237	636,365	-	37,941,602
Depreciation and amortization	14,368,502	131,098	-	14,499,600
Property and household	8,271,040	175,807	-	8,446,847
Provision for bad debts	8,370,103	35,175	-	8,405,278
Dietary	3,219,239	172,506	-	3,391,745
Interest	2,522,786	-	-	2,522,786
Total expenses	237,956,078	3,607,816	-	241,563,894
Operating Income (Loss)	9,422,344	(146,735)	-	9,275,609
Other Income (Loss)				
Investment income	364,750	7,477	-	372,227
Gain (loss) on sale of equipment	50,078	-	-	50,078
Other	1,864,002	146,871	(7,613)	2,003,260
Other income, net	2,278,830	154,348	(7,613)	2,425,565
Revenues in Excess of (Less Than) Expenses	11,701,174	7,613	(7,613)	11,701,174
Change in Unrealized Gains and Losses on Investments	367,867	-	-	367,867
Change in Fair Value of Interest Rate Swap Agreement	31,243	-	-	31,243
Contributions for Long-Lived Assets	46,308	11,850	-	58,158
Support from St. Alexius	-	(7,613)	7,613	-
Increase (Decrease) in Unrestricted Net Assets	\$ 12,146,592	\$ 11,850	\$ -	\$ 12,158,442

St. Alexius Medical Center and Subsidiaries
Consolidating Statement of Operations
Year Ended June 30, 2011

Garrison Memorial Hospital	Heart and Lung	Total	Elimination Entries	Consolidated
\$ 8,160,065 112,592	\$ 12,276,939 8,565	\$ 258,845,482 12,552,182	\$ - 3,625,268	\$ 258,845,482 16,177,450
8,272,657	12,285,504	271,397,664	3,625,268	275,022,932
2,428,690	17,226	41,330,401	-	41,330,401
2,817,421	12,186,528	142,475,500	(582,948)	141,892,552
1,245,853	4,093,910	43,281,365	(73,404)	43,207,961
345,524	91,821	14,936,945	-	14,936,945
486,648	899,426	9,832,921	(319,936)	9,512,985
212,116	(401,851)	8,215,543	-	8,215,543
331,486	-	3,723,231	-	3,723,231
34,666	-	2,557,452	-	2,557,452
7,902,404	16,887,060	266,353,358	(976,288)	265,377,070
370,253	(4,601,556)	5,044,306	4,601,556	9,645,862
1,049	-	373,276	-	373,276
(14,441)	-	35,637	-	35,637
48,610	-	2,051,870	-	2,051,870
35,218	-	2,460,783	-	2,460,783
405,471	(4,601,556)	7,505,089	4,601,556	12,106,645
-	-	367,867	-	367,867
-	-	31,243	-	31,243
-	-	58,158	-	58,158
-	-	-	-	-
\$ 405,471	\$ (4,601,556)	\$ 7,962,357	\$ 4,601,556	\$ 12,563,913

	St. Alexis Medical Center			
	St. Alexis Medical Center	Turtle Lake Community Hospital	Intracompany Eliminations	Total
Unrestricted Net Assets				
Revenues in excess of (less than) expenses	\$ 11,701,174	\$ 7,613	\$ (7,613)	\$ 11,701,174
Change in unrealized gains and losses on investments	367,867	-	-	367,867
Change in fair value of interest rate swap agreement	31,243	-	-	31,243
Contribution for long-lived assets	46,308	11,850	-	58,158
Support to St. Alexis	-	(7,613)	7,613	-
Increase (decrease) in unrestricted net assets	12,146,592	11,850	-	12,158,442
Temporarily Restricted Net Assets				
Restricted contributions and interest	479,649	-	-	479,649
Net assets released from restrictions	(255,482)	-	-	(255,482)
Increase in temporarily restricted net assets	224,167	-	-	224,167
Change in Net Assets	12,370,759	11,850	-	12,382,609
Net Assets, Beginning of Year	137,499,325	-	-	137,499,325
Net Assets, End of Year	\$ 149,870,084	\$ 11,850	\$ -	\$ 149,881,934

St. Alexius Medical Center and Subsidiaries
Consolidating Statement of Changes in Net Assets
Year Ended June 30, 2011

<u>Garrison Memorial Hospital</u>	<u>Heart and Lung</u>	<u>Total</u>	<u>Elimination Entries</u>	<u>Consolidated</u>
\$ 405,471	\$ (4,601,556)	\$ 7,505,089	\$ 4,601,556	\$ 12,106,645
-	-	367,867	-	367,867
-	-	31,243	-	31,243
-	-	58,158	-	58,158
-	-	-	-	-
<u>405,471</u>	<u>(4,601,556)</u>	<u>7,962,357</u>	<u>4,601,556</u>	<u>12,563,913</u>
-	-	479,649	-	479,649
-	-	(255,482)	-	(255,482)
-	-	224,167	-	224,167
405,471	(4,601,556)	8,186,524	4,601,556	12,788,080
<u>1,271,464</u>	<u>(18,770,849)</u>	<u>119,999,940</u>	<u>18,770,849</u>	<u>138,770,789</u>
<u>\$ 1,676,935</u>	<u>\$ (23,372,405)</u>	<u>\$ 128,186,464</u>	<u>\$ 23,372,405</u>	<u>\$ 151,558,869</u>

St. Alexius Medical Center and Subsidiaries
Operational, Statistical, and Financial Highlights
Five Years Ended June 30, 2012

	2012	2011	2010 (\$000's omitted)	2009	2008
Operational					
Unrestricted Revenues, Gains and Other Support					
Patient and resident service revenue					
Inpatient services	\$ 302 362	\$ 268 770	\$ 266 738	\$ 251 533	\$ 229 599
Outpatient services	251 561	251 952	232 199	220 370	190 593
Home Care services	6 638	6 721	6 462	5 366	5 695
Rehabilitation services	9 956	9 435	9 516	7 985	7 934
Less charity care	(4 622)	(5 552)	(3 985)	(3 245)	(2 630)
Total patient and resident service revenue	565 895	531 326	510 930	482 009	431 191
Contractual adjustments	(288 653)	(272 481)	(266 341)	(254 442)	(222 050)
Net patient and resident service revenue	277 242	258 845	244 589	227 567	209 141
Other revenue	17 634	16 178	15 701	15 765	14 854
Total revenues, gains and other support	294 876	275 023	260 290	243 332	223 995
Expenses					
Salaries and wages	127 929	122 651	92 230	87 784	83 442
Supplies and other	135 765	125 232	142 655	132 849	120 758
Depreciation and amortization	18 343	14 937	13 723	12 492	12 021
Interest	2 863	2 557	2 533	1 943	1 746
Total expenses	284 900	265 377	251 141	235 068	217 967
Operating Income	9 976	9 646	9 149	8 264	6 028
Other Income (Loss)	158	2 461	1 912	(2 656)	1 932
Revenues in Excess of Expenses	\$ 10 134	\$ 12 107	\$ 11 061	\$ 5 608	\$ 7 960
Statistical					
Number of acute beds at year-end (staffed)	292	292	292	292	292
Available bed days	106 872	106 580	106 580	106 580	106 872
Patient days					
Acute	46 588	41 884	43 093	44 202	44 148
Swing bed	10 568	9 295	11 660	13 143	12 710
Percent of occupancy	53.5%	48.0%	51.4%	53.8%	53.2%
Number of nursing home beds	45	45	45	45	45
Available nursing bed days	16 470	16 425	16 425	16 425	16 470
Resident days	15 686	15 747	14 486	14 479	14 121
Percentage of occupancy	95.2%	95.9%	88.2%	88.2%	85.7%
Discharges (acute)	11 023	10 253	10 605	10 091	10 141
Average acute length of stay in days	4.2	4.1	4.1	4.4	4.4
Financial					
Current ratio	1.6	1.6	2.2	2.4	2.3
Days revenue in patient and resident receivables	53	53	54	55	61