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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

AVERA ST LUKE'S

Doing Business As

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

305 SOUTH STATE STREET

Room/suite

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

ABERDEEN, SD 57401

F Name and address of principal officer

TODD FORKEL
305 SOUTH STATE STREET
ABERDEEN,SD 57401

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

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

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

H(c) Group exemption number

0928

I Tax-exempt status

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

J Website:

WWW.AVERASTLUKES.ORG

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

L Year of formation 1901

M State of legal domicile SD

Part I	Summary																								
Activities & Governance	1 Briefly describe the organization's mission or most significant activities PROMOTION OF HEALTH																								
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets																								
	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>18</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>14</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2011 (Part V, line 2a)</td><td>5</td><td>1,771</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>6</td><td>185</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>0</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td>0</td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	3	18	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	14	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	1,771	6	Total number of volunteers (estimate if necessary)	6	185	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	7b	Net unrelated business taxable income from Form 990-T, line 34	7b	0
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Part II

Signature Block

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

Sign Here

Signature of officer

2013-05-10

Date

GEOFF DURST SEC/TREAS & VP OF FINANCE

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

KIM HUNWARDSSEN CPA

Date

2013-05-13

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P00484560

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

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

EIN

45-0250958

Phone no

(612) 253-6500

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part IIIS

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

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

2

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

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

3

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

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 138,074,939 including grants of \$ 546,465) (Revenue \$ 165,851,061)

AVERA ST LUKE'S MISSION IS TO PROVIDE ACUTE CARE AND LONG-TERM HEALTHCARE SERVICES INCLUDING SKILLED NURSING, CONGREGATE LIVING AND ASSISTED LIVING (MEDICAID CERTIFIED), OF WHICH THERE WERE 23,652 ACUTE PATIENT DAYS, 1,435 NURSERY PATIENT DAYS, 49,460 NURSING HOME RESIDENT DAYS, 121,550 CLINIC VISITS AND 208,067 OUTPATIENT VISITS AVERA ST LUKE'S MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FOREGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY AND EQUIVALENT SERVICE STATISTICS THE AMOUNT OF CHARGES FOREGONE, BASED ON ESTABLISHED RATES, WAS \$4,714,880 FOR THE YEAR ENDED JUNE 30, 2012 AVERA ST LUKE'S ALSO PROVIDES COMMUNITY BENEFIT HEALTH ACTIVITIES AT LESS THAN OR AT NO COST TO SUPPORT THOSE IN THE AREA SERVED THESE ACTIVITIES INCLUDE DONATIONS/GRANTS/EDUCATIONAL SCHOLARSHIPS, COMMUNITY EDUCATION PROGRAMS, SPECIAL PROGRAMS FOR THE ELDERLY, HANDICAPPED, AND MEDICALLY UNDERSERVED, SUPPORT FOR RURAL CLINICS, NURSING STAFF FOR HEALTH CENTERS SERVING MINORITY POPULATIONS, AND A VARIETY OF BROAD COMMUNITY SUPPORT ACTIVITIES DURING THE YEAR ENDED JUNE 30, 2012, SPECIFIC ACTIVITIES INCLUDED MEALS DELIVERED TO RESIDENTIAL HOMES, SENIOR RESOURCE PROGRAMS FOR BILLING ASSISTANCE, MEETING FACILITIES, PROGRAMS FOR PATIENTS AND FAMILIES SUFFERING FROM CANCER, DIABETES, BREATHING DISORDERS, MULTIPLE SCLEROSIS, AND OTHERS, ASSISTANCE TO HEALTH EDUCATORS, EMERGENCY HEALTHCARE PROVIDERS, WELLNESS PROGRAMS, AND HOUSING FAMILIES OF HOSPITALIZED PATIENTS AS A MEMBER OF THE AVERA HEALTH SYSTEM, AVERA ST LUKE'S UPHOLDS THE VISION OF THE PRESENTATION AND BENEDICTINE SISTERS TO WORK THROUGH COLLABORATION TO PROVIDE A QUALITY, EFFECTIVE HEALTH MINISTRY AND TO IMPROVE THE HEALTH CARE OF INDIVIDUALS AND OUR COMMUNITIES THROUGH A REGIONALLY INTEGRATED NETWORK OF PERSONS AND INSTITUTIONS AVERA ST LUKE'S ENGAGES IN ACTIVITIES (INCLUDING COMMUNITY NEEDS ASSESSMENT) DESIGNED TO IMPROVE THE HEALTH OF INDIVIDUALS AND COMMUNITIES IN RESPONSE TO A CALLING TO HEAL THE SICK, THE ELDERLY, AND THE OPPRESSED

4b

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

4c

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

4d

Other program services (Describe in Schedule O)

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

4e

Total program service expenses \$ 138,074,939

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <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	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <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	Yes	
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	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
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 ☐									
					Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .				1a	154			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.				1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?				1c	Yes			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return.				2a	1,771			
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?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	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?	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?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. ☐ Own website ☐ Another's website ☒ Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. GEOFF DURST 305 SOUTH STATE STREET ABERDEEN, SD 57401 (605) 622-5272

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) STUART LONNING CHAIR	2 00	X		X				0	0	0
(2) SR KATHLEEN A BIERNE VICE CHAIR	2 00	X		X				0	0	0
(3) SR MARY KAY PANOWICZ DIRECTOR	1 00	X						0	0	0
(4) RICHARD WESTRA DIRECTOR	1 00	X						0	0	0
(5) GARY SHARP DIRECTOR	1 00	X						0	0	0
(6) SR JOANN STURZL DIRECTOR	1 00	X						0	0	0
(7) THOMAS LUZIER MD DIRECTOR	1 00	X						0	0	0
(8) MICHAEL EVANS DIRECTOR	1 00	X						0	0	0
(9) TAGE BORN DIRECTOR	1 00	X						878,778	0	33,723
(10) BOB OLSON DIRECTOR	1 00	X						0	0	0
(11) DEB KNECHT DIRECTOR	1 00	X						0	0	0
(12) JUDITH BLEDSOE DIRECTOR	1 00	X						0	0	0
(13) JOSH KRAFT DIRECTOR	1 00	X						0	0	0
(14) SR DENETTE LEIFELD OSB DIRECTOR	1 00	X						0	0	0
(15) STEPHEN PETERS MD DIRECTOR	1 00	X						31,362	0	2,061
(16) SR MILDRED BUSCH DIRECTOR	1 00	X						0	0	0
(17) SHAHID CHAUDHARY MD EX OFFICIO DIRECTOR	1 00	X						1,015,313	0	30,062

Part VII

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (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			
(18) RON JACOBSON PRESIDENT & CEO (PARTIAL YEAR)	40 00	X		X				0	717,478	46,986
(19) TODD FORKEL PRESIDENT & CEO (PARTIAL YEAR)	40 00	X		X				0	0	0
(20) GEOFFREY DURST SEC/TREAS & SRVP FINANCE	40 00			X				204,511	0	27,001
(21) KC DEBOER VP HOSPITAL DIVISION	40 00				X			226,675	0	34,754
(22) JOHN FRITZ MD VP OUTREACH SVCS	40 00				X			314,566	0	24,148
(23) LEE KARELS VP CLINIC DIVISION	40 00				X			171,536	0	24,112
(24) LALIT VADLAMANI PHYSICIAN	40 00					X		1,225,220	0	38,022
(25) GREGG CARLSON PHYSICIAN	40 00					X		751,853	0	36,963
(26) NAVIN GUPTA PHYSICIAN	40 00					X		1,164,596	0	33,495
(27) FAROOK KIDWAI PHYSICIAN	40 00					X		867,711	0	26,588
(28) CHRISTINE STEHLY PHYSICIAN	40 00					X		809,698	0	35,222
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								7,661,819	717,478	393,137

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶82

		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
ABERDEEN EMERGENCY PHYSICIANS 1411 N 4TH ST ABERDEEN, SD 57401	ER PHYSICIAN SERVICES	1,540,327
JDH CONSTRUCTION PO BOX 1511 ABERDEEN, SD 57401	CONSTRUCTION	1,338,481
MED TRANS CORPORATION PO BOX 789 WEST PLAINS, MO 65775	CAREFLIGHT SERVICES	1,253,665
HUFF CONSTRUCTION 11 N DAKOTA ST ABERDEEN, SD 57401	CONSTRUCTION	991,924
BWBR ARCHITECTS 380 ST PETER STREET SUITE 600 ST PAUL, MN 551021996	ARCHITECTURAL SERVICES	535,192
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 ▶19		

Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	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	91,862				
	e	Government grants (contributions)	1e	186,590				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,565				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		283,017				
Program Service Revenue			Business Code					
	2a	NET PATIENT SERVICES	621110	162,180,529	162,180,529			
	b	OTHER REVENUE	624100	2,800,187	2,800,187			
	c	INVESTMENT IN PARTNERS	900099	773,737	773,737			
	d	INVESTMENT IN AVERA HE	900099	96,608	96,608			
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		165,851,061				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		218,190			218,190	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	Gross rents	(i) Real	(ii) Personal				
			309,585					
			762,565					
			-452,980					
	d	Net rental income or (loss)		-452,980			-452,980	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			1,896,664					
			0					
			1,896,664					
	d	Net gain or (loss)		1,896,664			1,896,664	
	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	90,160				
	b	Less cost of goods sold	b	65,290				
	c	Net income or (loss) from sales of inventory . .		24,870			24,870	
Miscellaneous Revenue		Business Code						
11a	INTEREST INCOME	900099	215,844			215,844		
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d		215,844					
12	Total revenue. See Instructions		168,036,666	165,851,061	0	1,902,588		

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	514,614	514,614		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	31,851	31,851		
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	3,327,588	2,307,508	1,020,080	
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	79,531,051	68,507,165	10,816,769	207,117
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	4,049,669	3,466,570	572,619	10,480
9	Other employee benefits	10,939,556	9,359,690	1,551,569	28,297
10	Payroll taxes	4,653,299	3,961,350	679,973	11,976
11	Fees for services (non-employees)				
a	Management				
b	Legal	137,914		137,914	
c	Accounting				
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	13,687,836	6,269,405	7,418,431	
12	Advertising and promotion	749,322	189,047	550,794	9,481
13	Office expenses	12,565,431	10,510,910	2,052,573	1,948
14	Information technology	23,067	22,742	325	
15	Royalties				
16	Occupancy	1,941,076	1,905,169	35,907	
17	Travel	397,925	265,502	126,268	6,155
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	285,231	249,241	35,960	30
20	Interest	1,368,314	1,368,314		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	7,777,779	7,694,186	83,593	
23	Insurance	1,530,547	1,518,175	12,372	
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	11,342,814	11,342,814		
b	BAD DEBT	6,252,192	6,162,341	89,851	
c	EQUIPMENT LEASE AND REN	2,072,885	2,072,885		
d	LICENSES AND PERMITS	743,842	67,939	675,903	
e					
f	All other expenses	605,680	287,521	313,895	4,264
25	Total functional expenses. Add lines 1 through 24f	164,529,483	138,074,939	26,174,796	279,748
26	Joint costs. Check here ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			10,885,608	2	7,686,115
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			22,863,699	4	23,927,735
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			400,820	5	171,730
	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			1,342,888	7	711,976
	8	Inventories for sale or use			2,406,234	8	2,352,773
	9	Prepaid expenses and deferred charges			1,272,613	9	1,266,599
	10a	Land, buildings, and equipment—cost or other basis. Complete Part VI of Schedule D	10a	200,499,961			
	b	Less—accumulated depreciation	10b	120,613,344	78,014,055	10c	79,886,617
	11	Investments—publicly traded securities			3,519,056	11	
	12	Investments—other securities. See Part IV, line 11			75,227,320	12	72,583,627
	13	Investments—program-related. See Part IV, line 11			314,451	13	876,902
	14	Intangible assets			2,800,251	14	3,163,569
	15	Other assets. See Part IV, line 11			613,561	15	2,010,926
	16	Total assets. Add lines 1 through 15 (must equal line 34)			199,660,556	16	194,638,569
Liabilities	17	Accounts payable and accrued expenses			15,582,263	17	14,158,956
	18	Grants payable				18	
	19	Deferred revenue			4,351	19	0
	20	Tax-exempt bond liabilities			47,588,507	20	43,117,223
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			85,311	21	87,907
	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			4,185,236	25	5,113,388
	26	Total liabilities. Add lines 17 through 25			67,445,668	26	62,477,474
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			129,621,895	27	129,931,853
	28	Temporarily restricted net assets			2,066,816	28	1,702,233
	29	Permanently restricted net assets			526,177	29	527,009
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			132,214,888	33	132,161,095
	34	Total liabilities and net assets/fund balances			199,660,556	34	194,638,569

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	168,036,666
2	Total expenses (must equal Part IX, column (A), line 25)	2	164,529,483
3	Revenue less expenses Subtract line 2 from line 1	3	3,507,183
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	132,214,888
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-3,560,976
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	132,161,095

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		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 ☐ Separate basis ☒ Consolidated basis ☐ Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization AVERA ST LUKE'S	Employer identification number 46-0224598
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Part I

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

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

- 1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety See**section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year	(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	(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 C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization AVERA ST LUKE'S	Employer identification number 46-0224598
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

Part II-A

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

- A
- Check
- ☐
- if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check
- ☐
- if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a	Total lobbying expenditures to influence public opinion (grass roots lobbying)														
b	Total lobbying expenditures to influence a legislative body (direct lobbying)														
c	Total lobbying expenditures (add lines 1a and 1b)														
d	Other exempt purpose expenditures														
e	Total exempt purpose expenditures (add lines 1c and 1d)														
f	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g	Grassroots nontaxable amount (enter 25% of line 1f)														
h	Subtract line 1g from line 1a. If zero or less, enter -0-														
i	Subtract line 1f from line 1c. If zero or less, enter -0-														
j	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		☐ Yes ☐ No												

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?	Yes		11,668
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV		No	
	j Total lines 1c through 1i			11,668
	2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
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SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
AVERA ST LUKE'S

Employer identification number
46-0224598

Part I

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

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

Part II

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

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

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

	Held at the End of the Year
a	Total number of conservation easements
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	
1d	
1e	
1f	

2a

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

☒ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	526,177	525,050	532,742	582,869
b	Contributions	641,131			
c	Investment earnings or losses	-8,187	1,127	-7,692	-50,127
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance	1,159,121	526,177	525,050	532,742

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶ 35 130 %

b

Permanent endowment ▶ 45 460 %

c

Term endowment ▶ 19 410 %

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

☐

b

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

3b

☐ Yes

☐

4

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

Part VI

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	2,052,537	3,196,845		5,249,382
b Buildings		115,670,616	55,942,346	59,728,270
c Leasehold improvements				
d Equipment		74,959,290	62,298,592	12,660,698
e Other		4,620,673	2,372,406	2,248,267
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				79,886,617

Part XIReconciliation of Change in Net Assets from Form 990 to Financial Statements				
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	168,036,666	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	164,529,483	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	3,507,183	
4	Net unrealized gains (losses) on investments	4	-2,901,289	
5	Donated services and use of facilities	5		
6	Investment expenses	6		
7	Prior period adjustments	7		
8	Other (Describe in Part XIV)	8	-659,687	
9	Total adjustments (net) Add lines 4 - 8	9	-3,560,976	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-53,793	
Part XIIReconciliation of Revenue per Audited Financial Statements With Revenue per Return				
1	Total revenue, gains, and other support per audited financial statements	1	159,027,088	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12			
a	Net unrealized gains on investments	2a	-2,901,289	
b	Donated services and use of facilities	2b		
c	Recoveries of prior year grants	2c		
d	Other (Describe in Part XIV)	2d	-5,688,760	
e	Add lines 2a through 2d	2e	-8,590,049	
3	Subtract line 2e from line 1	3	167,617,137	
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	419,529	
c	Add lines 4a and 4b	4c	419,529	
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	168,036,666	

Part XIIIReconciliation of Expenses per Audited Financial Statements With Expenses per Return				
1	Total expenses and losses per audited financial statements	1	158,741,099	
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	389,514	
e	Add lines 2a through 2d	2e	389,514	
3	Subtract line 2e from line 1	3	158,351,585	
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	6,177,898	
c	Add lines 4a and 4b	4c	6,177,898	
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	164,529,483	

Part XIVSupplemental Information

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

Identifier	Return Reference	Explanation
	PART IV, LINE 2B	THE ORGANIZATION HOLDS FUNDS IN TRUST ON BEHALF OF ITS RESIDENTS
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ORGANIZATION'S ENDOWMENTS CONSIST OF A PORTION OF THEIR INTEREST IN THE NET ASSETS OF THE AVERA HEALTH FOUNDATION. THE AVERA HEALTH FOUNDATION INCLUDES ENDOWMENT FUNDS WHICH HAVE BEEN ESTABLISHED FOR A VARIETY OF PURPOSES AS REQUIRED BY GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS, INCLUDING FUNDS DESIGNATED BY THE BOARD OF DIRECTORS TO FUNCTION AS ENDOWMENTS (IF ANY), ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS. THE ORGANIZATION'S PERMANENTLY RESTRICTED ENDOWMENT FUNDS ARE DONOR RESTRICTED.
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE CENTER IS ORGANIZED AS A SOUTH 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). THE CENTER IS ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS. IN ADDITION, THE CENTER IS SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE. THE CENTER FILES AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS TO REPORT ITS UNRELATED BUSINESS TAXABLE INCOME. THE CENTER BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE CENTER WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED. THE CENTER'S FEDERAL FORM 990T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2009.
PART XI, LINE 8 - OTHER ADJUSTMENTS		CAPITAL TRANSFER 890,584. CHANGE IN FAIR VALUE OF INTEREST RATE SWAP -953,152. BOOK/TAX ADJUSTMENT ON INVESTMENT IN ENDOSCOPY LLC -40,634. LOSS FOR RETIREMENT OF DEBT -773,486. DECREASE IN NONCONTROLLING INTEREST 217,001. TOTAL TO SCHEDULE D, PART XI, LINE 8 -659,687.
PART XII, LINE 2D - OTHER ADJUSTMENTS		LOSS FROM RETIREMENT OF DEBT RECORDED AS REVENUE FOR FINANCIAL STATEMENTS -773,486. SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC INCOME INCLUDED IN CONSOLIDATED F/S 2,717,304. CHANGE IN FAIR VALUE OF INTEREST RATE SWAPS RECORDED IN REVENUE FOR F/S -953,152. RECLASS OF ACCUM. LOSSES ON INTEREST RATE SWAPS RECORDED IN REVENUE FOR F/S -70,867. ELIMINATIONS REPORTED FOR CONSOLIDATED FINANCIAL STATEMENTS -446,218. BAD DEBT REPORTED IN REVENUE ON FINANCIAL STATEMENTS -6,162,341.
PART XII, LINE 4B - OTHER ADJUSTMENTS		AUXILIARY REVENUE NOT RECORDED FOR FINANCIAL STATEMENT PURPOSES 29,476. INVESTMENT INCOME REPORTED IN FUND BALANCE FOR FINANCIAL STATEMENTS 42. CHANGE IN INVESTMENT IN SAEC LLC REPORTED FOR TAX PURPOSES 773,737. CHANGE IN INTEREST IN FOUNDATION RECORDED IN FUND BALANCE FOR F/S -383,726.
PART XIII, LINE 2D - OTHER ADJUSTMENTS		SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC EXPENSES PART OF CONSOLIDATED F/S 835,732. ELIMINATIONS REPORTED FOR CONSOLIDATED FINANCIAL STATEMENTS -446,218.
PART XIII, LINE 4B - OTHER ADJUSTMENTS		AUXILIARY EXPENSES NOT RECORDED FOR FINANCIAL STATEMENT PURPOSES 15,557. BAD DEBT REPORTED IN REVENUE ON FINANCIAL STATEMENTS 6,162,341.

SCHEDULE H
(Form 990)

Hospitals

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

Name of the organization
AVERA ST LUKE'S

Employer identification number
46-0224598

Part ICharity 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 ☒ Applied uniformly to all hospitals ☐ Generally tailored to individual hospitals ☐ Applied uniformly to most hospitals			
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 ☐ 100%☒ 150%☐ 200%☐ Other _____% 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 ☐ 200%☐ 250%☐ 300%☐ 350%☒ 400%☐ Other _____% c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care 4 Did the organization's policy provide free or discounted care to the "medically indigent"?	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7Charity 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)		2,610	1,929,311		1,929,311	1 220 %
b Medicaid (from Worksheet 3, column a)		21,312	13,519,812	8,025,373	5,494,439	3 470 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		3,770	4,546,941	3,462,028	1,084,913	0 690 %
d Total Charity Care and Means-Tested Government Programs		27,692	19,996,064	11,487,401	8,508,663	5 380 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		38,718	893,769	119,264	774,505	0 490 %
f Health professions education (from Worksheet 5)		333	28,218	6,987	21,231	0 010 %
g Subsidized health services (from Worksheet 6)		1,798	347,140	54,800	292,340	0 180 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)		11,887	625,472		625,472	0 400 %
j Total Other Benefits		52,736	1,894,599	181,051	1,713,548	1 080 %
k Total. Add lines 7d and 7j		80,428	21,890,663	11,668,452	10,222,211	6 460 %

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						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development	1	5	7,025		7,025	0 %
9Other						
10Total	1	5	7,025		7,025	

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1Yes	
2	Enter the amount of the organization's bad debt expense	26,252,192	
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	30	
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	546,456,667	
6	Enter Medicare allowable costs of care relating to payments on line 5	651,843,781	
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7-5,387,114	
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☐ Cost to charge ratio ☒ Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9aYes	
b	If "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.	9bYes	

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 %
11 SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC	ENDOSCOPY PROCEDURES	51.000 %		49.000 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

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

Name and address

[illegible]

Part V

Facility Information (continued)

Section B. Facility Policies and Practices.

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

AVERA ST LUKE'S

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 ☐ A definition of the community served by the hospital facility b ☐ Demographics of the community c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☐ How data was obtained e ☐ The health needs of the community f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☐ The process for identifying and prioritizing community health needs and services to meet those needs h ☐ The process for consulting with persons representing the community's interests i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs j ☐ 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 ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ 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 ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community b ☐ Execution of the implementation strategy c ☐ Development of a community-wide community benefit plan for the facility d ☐ Participation in community-wide community benefit plan e ☐ Inclusion of a community benefit section in operational plans f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☐ Prioritization of health needs in the community h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 0000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	9	Yes

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☒ Income level b ☒ Asset level c ☒ Medical indigency d ☒ Insurance status e ☒ Uninsured discount f ☒ Medicaid/Medicare g ☒ State regulation h ☐ 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 ☒ The policy was posted at all times on the hospital facility's web site b ☐ The policy was attached to all billing invoices c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☐ The policy was posted in the hospital facility's admissions offices e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☒ 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 ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments or arrests e ☐ 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 ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments e ☐ 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 ☐ Notified patients of the financial assistance policy upon admission b ☐ Notified patients of the financial assistance policy prior to discharge c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ 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	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ 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	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	☐ 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	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	☐ 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	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	Yes	

Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 13

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

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
		PART I, LINE 3C TO DETERMINE ELIGIBILITY FOR CHARITY CARE, AVERA ST LUKE'S HAS DEVELOPED A TEST WHICH UTILIZES A COMBINATION OF HOUSEHOLD INCOME, HOUSEHOLD ASSETS, AND ALSO CONSIDERS UNPAID PAST AND ONGOING MEDICAL EXPENSES CHARITY DISCOUNT MAY RANGE FROM 10 - 100% DEPENDING ON SCORE

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

Identifier	ReturnReference	Explanation
		PART I, LINE 7 A COMBINATION OF COSTING METHODOLOGY WAS USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE A COST TO CHARGE RATIO DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES WAS USED TO CALCULATE CHARITY CARE AT COST, UNREIMBURSED MEDICAID AND MEANS-TESTED GOVERNMENT PROGRAM EXPENSES SUBSIDIZED HEALTH WAS CALCULATED BASED ON ACTUAL COST/LOSS FOR ALL OTHER AMOUNTS, COSTS AND REVENUES AS REFLECTED BY THE GENERAL LEDGER SYSTEM WERE USED

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF \$6,252,192 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) BUT EXCLUDED FOR PURPOSES OF CALCULATING THIS PERCENTAGE

Identifier	ReturnReference	Explanation
		PART II OTHER COMMUNITY BUILDING ACTIVITIES REPORTED ON LINE 9 INCLUDE MONETARY AND IN-KIND DONATIONS TO COMMUNITY ORGANIZATIONS TO SUPPORT THE NEEDS OF THE COMMUNITY BEYOND HEALTHCARE THESE CONTRIBUTIONS STRENGTHEN THE COMMUNITY BY FOCUSING ON UNDERLYING CAUSES OF HEALTH CARE ISSUES

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT IS REPORTED AT CHARGES AS RECORDED BY THE ORGANIZATION BAD DEBT EXPENSE IS REPORTED NET OF DISCOUNTS AND CONTRACTUAL ALLOWANCES A PAYMENT ON AN ACCOUNT PREVIOUSLY WRITTEN OFF REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR NOTE FROM FINANCIAL STATEMENT PATIENT AND RESIDENT RECEIVABLES ARE UNCOLLATERALIZED PATIENT, RESIDENT AND THIRD-PARTY PAYOR OBLIGATIONS UNPAID PATIENT AND RESIDENT RECEIVABLES, EXCLUDING AMOUNTS DUE FROM THIRD-PARTY PAYORS, WITH INVOICE DATES OVER 90 DAYS OLD FOR PATIENT RECEIVABLES AND 60 DAYS OLD FOR RESIDENT RECEIVABLES, HAVE INTEREST ASSESSED AT 1 5 PERCENT PER MONTH 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 PATIENT AND RESIDENT ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE CENTER ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD PARTY COVERAGE, THE CENTER ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS, WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL, THE CENTER RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE CENTER'S PROCESS FOR CALCULATING THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS HAS NOT SIGNIFICANTLY CHANGED FROM JUNE 30, 2011 TO JUNE 30, 2012 THE CENTER DOES NOT MAINTAIN A MATERIAL ALLOWANCE FOR DOUBTFUL ACCOUNTS FROM THIRD-PARTY PAYORS, NOR DID IT HAVE SIGNIFICANT WRITE OFFS FROM THIRD-PARTY PAYORS THE CENTER HAS NOT SIGNIFICANTLY CHANGED ITS CHARITY CARE OR UNINSURED DISCOUNT POLICIES DURING FISCAL YEARS 2012 OR 2011

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

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

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

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

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

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

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 HEALTH CARE NEEDS ARE ASSESSED THROUGH VARIOUS METHODS GIVEN ABERDEEN IS A REGIONAL CENTER/HUB AND THE THIRD LARGEST CITY IN SOUTH DAKOTA, AVERA ST LUKE'S IS INTEGRALLY INVOLVED WITH COMMUNITY ORGANIZATIONS, UNIVERSITIES/COLLEGES, SCHOOLS, STATE PROGRAMS AND LOCAL GOVERNMENTS THE NEXT LARGEST HOSPITAL IS 100 MILES FROM ABERDEEN AND MOST OF THE TOWNS WITHIN OUR REGION HAVE A POPULATION OF LESS THAN 2,000 BY WORKING WITH ALL IN OUR REGION, WE ARE ABLE TO DETERMINE HEALTH NEEDS AND PROVIDE PROGRAMS AND SOLUTIONS WHERE POSSIBLE ON A MORE FORMAL BASIS, OUR SYSTEM IS PRESENTLY ORGANIZING AND CONDUCTING A COMMUNITY NEEDS ASSESSMENT ADDITIONALLY, WE ARE PARTICIPATING IN A COMMUNITY NEEDS ASSESSMENT WITH NORTHERN STATE UNIVERSITY MANY OF OUR HEALTHCARE PROFESSIONALS IN THE AREA OF SOCIAL WORK, DIABETES, HOME HEALTH AND HOSPICE ALSO PROVIDE VALUABLE INSIGHT TO COMMUNITY AND REGIONAL NEEDS

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 THE ORGANIZATION UTILIZES VARIOUS METHODS ADMITTING AREAS HAVE SIGNS/POSTERS NOTING CHARITY CARE AND FINANCIAL ASSISTANCE AVERA ST LUKE'S AND AVERA HEALTH UTILIZE THE INTERNET TO ADDRESS FINANCIAL ASSISTANCE SOCIAL WORKERS ARE IN DIRECT CONTACT WITH PATIENTS AND MAKE REFERRALS TO THE BUSINESS OFFICE FOR FINANCIAL ASSISTANCE AND IN MANY CASES, WORK DIRECTLY WITH THE PATIENT ON VARIOUS GOVERNMENT PROGRAMS WHICH MAY BE AVAILABLE AND HELP WITH APPLICATIONS FOR THOSE WHO RECEIVE BILLS FOR SERVICES AND HAVE CONCERNS ABOUT THEIR ABILITY TO PAY, FINANCIAL COUNSELORS WORK DIRECTLY WITH THEM ON FINANCIAL ASSISTANCE WE HAVE BROCHURES AVAILABLE TO ALL AND TREAT ALL WITHOUT REGARD TO THEIR ABILITY TO PAY

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 ABERDEEN IS THE THIRD LARGEST CITY IN SOUTH DAKOTA THE RECENT 2010 CENSUS REFLECTED A POPULATION OF APPROXIMATELY 26,000 OUR PRIMARY SERVICE AREA CONSISTS OF THE FOLLOWING COUNTIES BROWN, MARSHALL, DAY, FAULK, EDMUNDS, MCPHERSON, SPINK AND DICKEY COUNTY IN NORTH DAKOTA THE POPULATION OF THIS AREA IS APPROXIMATELY 64,000 OUR SECONDARY SERVICE AREA INCLUDES OTHER CLOSE BY COUNTIES THIS LARGE SERVICE AREA IS DUE TO OUTREACH AND THE SCOPE OF SPECIALTY SERVICES OFFERED BY AVERA ST LUKE'S FOR WHICH IF NOT OFFERED, A PATIENT WOULD TRAVEL UP TO 200 MILES FOR THE SAME SERVICE GIVEN WE ARE A RURAL COMMUNITY IN THE TRUEST SENSE, WE HAVE A VERY AGED POPULATION MANY OF THE PATIENTS WITHIN THIS REGION ARE MEDICARE AGE THE CLOSEST HOSPITAL IS 40 TO 100 MILES AWAY AND HAVE LIMITED SERVICES AND ARE CRITICAL ACCESS HOSPITALS SERVED BY LIMITED PHYSICIANS PATIENT DEMOGRAPHICS WITHIN THE REGION WOULD INDICATE THAT AFTER YOU CONSIDER THOSE PATIENTS ADMITTED TO THE SMALLER HOSPITALS, THE MAJORITY OF THE REST SEEK SERVICES AT AVERA ST LUKE'S THE POPULATION IN THE PRIMARY SERVICE COUNTIES RANGE FROM 2,459 TO 36,531 CENSUS DATA FOR 2010 AND 2009 ESTIMATES CONTAINS MANY DATA ELEMENTS, THEREFORE, WILL COMMENT ON BROWN COUNTY (LOCATION OF AVERA ST LUKE'S), SPINK COUNTY (SECOND LARGEST IN PRIMARY SERVICE AREA WITH GROWTH) AND MCPHERSON COUNTY (DUE TO AGED POPULATION) % CHANGE IN POP % OVER 65 NON-WHITE POP % STATE OF SD 7 6% 14 4 12 1BROWN COUNTY 3 02 16 5 5 5 SPINK COUNTY -12 07 19 8 3 1MCPHERSON COUNTY -15 32 30 0 07MEDIAN HOUSEHOLD INCOMESTATE OF SD 46,244BROWN COUNTY 43,140SPINK COUNTY 41,918MCPHERSON COUNTY 31,709AS THE ABOVE INDICATE, OUR REGION HAS EXPERIENCED ESSENTIALLY LITTLE GROWTH AND THE PERCENT OVER 65 YEARS OLD IS HIGH COMPARED TO THE STATE AVERAGE THE HIGH AVERAGE AGE CORRELATES WITH MEDICARE ADMISSIONS BEING APPROXIMATELY 50% OF TOTAL ADMISSIONS MEDICAID ADMISSIONS, INCLUDING BABIES, TOALED 790 OR 12% OF ALL ADMISSIONS IN ADDITION TO MEDICARE AND MEDICAID, THERE IS A COUNTY INDIGENT PROGRAM WHICH RESULTED IN APPROXIMATELY \$1,120,000 OF ASSISTANCE AT CHARGE AND WAS FOR 164 PATIENTS FROM AN UNEMPLOYMENT STANDPOINT, SOUTH DAKOTA AND OUR REGION HAS FAIRED MUCH BETTER THAN THE US WITHIN THE PRIMARY SERVICE AREA, CURRENT UNEMPLOYMENT RATES RANGE FROM A LOW OF 3 6% IN BROWN COUNTY TO A HIGH OF 5 4% IN DAY COUNTY

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 AVERA ST LUKE'S IS A REGIONAL FACILITY WITHIN AVERA HEALTH SYSTEM WE ARE A HEALTH MINISTRY COSPONSORED BY THE BENEDICTINE SISTERS OF YANKTON, SOUTH DAKOTA AND TH E PRESENTATION SISTERS OF ABERDEEN, SOUTH DAKOTA OUR HEALTH MINISTRY IS ROOTED IN THE GOSPEL AND REQUIRES US TO MAKE A POSITIVE IMPACT IN THE LIVES AND HEALTH OF PERSONS AND COMMUNITIES BY PROVIDING QUALITY SERVICES GUIDED BY CHRISTIAN VALUES AVERA ST LUKE'S VISION IS TO BE AN EXCEPTIONAL HEALTH CARE ORGANIZATION FOR PATIENTS TO RECEIVE CARE, PHYSICIANS TO PRACTICE AND EMPLOYEES TO WORK THE ORGANIZATION'S VALUES ARE COMPASSION, HOSPITALITY AND STEWARDSHIP OUR GOVERNING BODY CONSISTS OF 18 MEMBERS WHO ARE PHYSICIANS, COMMUNITY AND REGIONAL RESIDENTS AND SISTER REPRESENTATIVES FROM THE PRESENTATION AND BENEDICTINE ORDERS IN ADDITION, TWO EMPLOYEES (ONE PHYSICIAN AND THE CEO) SERVE ON THE BOARD THE GOVERNING BODY INCLUDED ONE SISTER WHO REPRESENTS BOTH ORDERS AND IS A SYSTEM REPRESENTATIVE IN ADDITION TO THE GOVERNING BODY, WE HAVE VARIOUS ADVISORY BOARDS THESE INCLUDE CITIZEN'S ADVISORY BOARD, FOUNDATION BOARD AND HOME HEALTH, HOSPICE, AND PALLIATIVE CARE ADVISORY BOARD MEDICAL STAFF PRIVILEGES CAN BE EXTENDED TO QUALIFIED PHYSICIANS BASED ON RECEIVING APPROVAL OF THEIR APPLICATION AND CREDENTIALS BY THE MEDICAL DENTAL STAFF AND THEN THE HOSPITAL GOVERNING BODY THE HOSPITAL'S GOVERNING BODY THEN TAKES INTO ACCOUNT OTHER FACTORS RELATED TO OVERALL COMMUNITY NEED AND HOW A PHYSICIAN WOULD IMPACT THE HOSPITAL'S OVERALL ABILITY TO FULFILL THE MISSION AVERA ST LUKE'S MISSION AND VALUES ENSURE OUR FOCUS IS ON THE PATIENT, FAMILY, EMPLOYEES, PHYSICIAN, THOSE IN NEED, VISITORS AND OUR REGION AS A WHOLE THE VALUE OF STEWARDSHIP REQUIRES THE ORGANIZATION TO USE ALL RESOURCES IN A WAY THAT FILLS THE MISSION AND VALUES EACH YEAR, OUR OPERATING AND CAPITAL BUDGETS ARE BASED ON VARIOUS ASSUMPTIONS THAT IN THE END PROVIDE THE NEEDED RESOURCES AND TAKE INTO ACCOUNT CHARITY CARE, PATIENT CARE, TECHNOLOGY, EDUCATION, COMMUNITY SERVICES, EMPLOYEE BENEFIT AND COMPENSATION PLANS AND PROGRAMS FOR MEETING THE REGION'S NEEDS ALL SURPLUS FUNDS ARE USED AND MAINTAINED TO PROVIDE FOR BOTH CURRENT AND FUTURE NEEDS SPECIFIC EXAMPLES OF HOW WE FURTHER OUR EXEMPT PURPOSE INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING A THE ONLY INPATIENT REHABILITATION UNIT WITHIN 200 MILES B THE ONLY INPATIENT PSYCHIATRIC UNIT WITHIN 200 MILES C INTERVENTIONAL CARDIOLOGY AND RADIOLOGY SERVICES THESE SERVICES ALLOW US TO MEET PATIENT NEEDS WHEN CARE IS CRITICAL TO THEIR SURVIVAL AND MUST BE DELIVERED ON A VERY TIMELY BASIS D AIR AMBULANCE TO TRANSPORT PATIENTS TO OUR FACILITY OR 200 MILES TO TERTIARY FACILITIES E END STAGE RENAL DISEASE PROGRAM WHICH SERVES OUR BROAD REGION WITH THE NEXT CLOSEST FACILITY BEING 100 MILES AWAY ADDITIONALLY, WE EMPLOYEE A FULL-TIME NEPHROLOGIST TO CARE FOR THE PATIENTS ALONG WITH OTHERS WHO REQUIRE INTENSIVE PHYSICIAN CARE F A 24 HOUR EMERGENCY ROOM WHICH TREATS ALL PATIENTS WITHOUT REGARD TO THE ABILITY TO PAY THE ER IS STAFFED BY PHYSICIANS 24 HOURS PER DAY G PROVISION OF A MULTITUDE OF EDUCATIONAL AND TRAINING PROGRAMS FOR HEALTHCARE PROFESSIONALS AND REGIONAL RESIDENTS THE REGION WAS JUST AWARDED AN AREA HEALTH EDUCATION CENTER BY THE SOUTH DAKOTA SCHOOL OF MEDICINE AND WILL BE LOCATED IN ABERDEEN THE AWARD WAS BASED ON APPLICATIONS AND INTERVIEWS WITHIN THE STATE AND WAS A COLLABORATIVE EFFORT OF MANY HEALTHCARE AND NON-HEALTHCARE ORGANIZATIONS WITHIN THE REGION WITH TWO BEING 100 MILES FROM ABERDEEN H AVERA ST LUKE'S IS CURRENTLY A RURAL REFERRAL CENTER AND SOLE COMMUNITY HOSPITAL THE NEAREST LIKE HOSPITALS ARE TERTIARY FACILITIES 200 MILES AWAY BY GROUND AND APPROXIMATELY 140 MILES BY AIR I AVERA ST LUKE'S PARTICIPATES IN MANY COMMUNITY ORGANIZATIONS AND EFFORTS TO BETTER THE REGION LEADERSHIP OF THE ORGANIZATION IS ON BOARDS OF MANY EXEMPT ORGANIZATIONS (SALVATION ARMY, YMCA, FOUNDATIONS, COLLEGE/UNIVERSITY ADVISORY BOARDS, YOUTH ADULT PARTNERSHIP OF ABERDEEN) J OUR FOUNDATION BOARD WORKS DILIGENTLY TO NOT ONLY ATTRACT OUTSIDE FUNDS BUT TO ENSURE THEY MEET THE NEEDS OF OUR ORGANIZATION AND OVERSEES THEIR USE K OUR AUXILIARY AND VOLUNTEERS PROVIDE OPPORTUNITIES FOR OVER 400 INDIVIDUALS THE AUXILIARY PROVIDES ANNUAL SCHOLARSHIPS OF \$500 FOR STUDENTS ENTERING HIGHER EDUCATION IN HEALTH RELATED FIELDS IN FISCAL YEAR 2011, 23,307 HOURS OF SERVICE WERE PROVIDED TO AVERA ST LUKE'S BY VOLUNTEERS WHICH REDUCES COSTS L PROVIDE ASSISTANCE TO SMALL RURAL HOSPITALS (CRITICAL ACCESS HOSPITALS) WITHIN THE REGION THROUGH VARIOUS PROGRAMS, MANAGEMENT AGREEMENTS, COMPUTER SYSTEMS, EDUCATIONS AND OTHER SERVICES TO ASSIST IN KEEPING THEIR AREA'S PATIENTS IN THE LOCAL COMMUNITY WHEN POSSIBLE M RECRUITMENT OF SPECIALISTS IN NEPHROLOGY, NEUROSURGERY, NEUROLOGY, CARDIOLOGY AND PSYCHIATRY TO MEET THE REGION'S NEED IN ORDER TO ELIMINATE TRAVEL OF 200 MILES TO OBTAIN THESE SERVICES N DEVELOPMENT AND SUBSIDY OF VARIOUS RURAL CLINICS

Identifier	ReturnReference	Explanation
		NICS TO MEET NEEDS IN THOSE COMMUNITIES O DEVELOPMENT OF A LOCAL CLINIC TO PROVIDE PRIMAR Y HEALTH CARE (NOT URGENT OR EMERGENCY CARE) TO INDIVIDUALS REGARDLESS OF THEIR ABILITY TO PAY IN A SETTING THAT IS CONDUCIVE TO WALK-IN FOR A VERY MINIMAL COST (ABOUT \$65) THIS C LINIC IS STAFFED BY MID-LEVEL PROVIDERS (PA/NURSE PRACTITIONERS) AND IS OPEN ON WEEKEND AND CERTAIN HOLIDAYS TO ALL AND INSURANCE BILLING IS PROVIDED P CHEMICAL ADDICTION SERVICES O N AN OUTPATIENT BASIS ARE PROVIDED TO THE REGION AND STATE OUR WORTHMORE PROGRAM IS WELL KNOWN AND RESPECTED WITHIN THE REGION AND STATE AND IS THE CLOSEST PROGRAM WITHIN 150-200 MILES WE CONTRACT WITH THE STATE FOR PATIENTS WHO MEET THEIR QUALIFICATION GUIDELINES AND WORK WITH GOVERNMENTAL AGENCIES WITHIN THE REGION AND STATE Q PROVIDE DRUG AND ALCOHOL PREVENTION PROGRAMS TO THE LOCAL SCHOOLS THROUGH VARIOUS CONTRACTS OUR INVOLVEMENT STARTE D WHEN THE PREVIOUS PROVIDER DISCONTINUED THEIR CONTRACT R PROVIDE HOME CARE (HOMEMAKER) SERVICES TO THE REGION THROUGH A STATE CONTRACT MANY YEARS AGO ,THE STATE PROVIDED THESE SERVICES BUT DISCONTINUED THEIR DIRECT INVOLVEMENT AND OPTED FOR CONTRACTING WITH REGIONAL PROVIDERS TO MEET THEIR NEEDS, AVERA ST LUKE'S THEN CONTRACTED WITH LOCAL PROVIDERS IN THE REAL RURAL AREAS OF THE REGION TO ENSURE COVERAGE COULD BE PROVIDED TO THEIR RESIDENTS

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

Additional Data

Software ID:
Software Version:
EIN: 46-0224598
Name: AVERA ST LUKE'S

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

[illegible]

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
AVERA ST LUKE'S

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Employer identification number
46-0224598

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) NORTHERN STATE UNIVERSITY FOUNDATION620 15TH AVE SE ABERDEEN,SD 57401	23-7002314	501(C)(3)	169,630				GENERAL SUPPORT
(2) ABERDEEN RIDE LINE 205 N 4TH STREET ABERDEEN,SD 57401	46-6000010	501(C)(3)	12,510				GENERAL SUPPORT
(3) ABSOLUTELY ABERDEEN416 PRODUCTION STREET NORTH ABERDEEN,SD 57401	52-2424588	501(C)(6)	10,000				GENERAL SUPPORT
(4) PRESENTATION COLLEGE1500 N MAIN ABERDEEN,SD 57401	52-2424588	501(C)(3)	163,806				GENERAL SUPPORT
(5) ABERDEEN YMCA5 S STATE STREET ABERDEEN,SD 57401	46-0255779	501(C)(3)		30,620	APPRAISAL	LAND	DAYCARE
(6) BETHESDA HOME OF ABERDEEN1224 S HIGH ST ABERDEEN,SD 57401	46-0367117	501(C)(3)	10,000				GENERAL SUPPORT
(7) ABERDEEN PUBLIC SCHOOL FOUNDATION 1224 S 3RD ST ABERDEEN,SD 57401	46-0423109	501(C)(3)	10,000				FOUNDATION
(8) ABERDEEN CATHOLIC SCHOOL SYSTEM1400 N DAKOTA ST ABERDEEN,SD 57401	46-0336005	501(C)(3)	76,951				GENERAL SUPPORT
(9) ABERDEEN BOYS AND GIRLS CLUB1111 1ST AVE SE ABERDEEN,SD 57401	23-7062273	501(C)(3)	5,400				GENERAL SUPPORT

2

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

8

3

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

1

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV , appraisal, other)	(f)Description of non-cash assistance
(1) MEDICAL SCHOLARSHIPS	8	27,000			

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 AVERA ST LUKE'S POLICY IS TO PROVIDE GRANTS/CONTRIBUTIONS TO NOT-FOR-PROFIT ENTITIES AND GOVERNMENTAL DIVISIONS THAT BENEFIT THE COMMUNITY AND REGION THROUGH PROGRAMS AND ACTIVITIES THE ORGANIZATION ALSO PROVIDES SCHOLARSHIPS TO MEDICAL STUDENTS AND OTHER STUDENTS IN THE COMMUNITY SCHOLARSHIPS ARE GIVEN TO SCHOOLS TO HELP MONITOR THE USE OF THE FUNDS

Software ID:
Software Version:
EIN: 46-0224598
Name: AVERA ST LUKE'S

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NORTHERN STATE UNIVERSITY FOUNDATION620 15TH AVE SE ABERDEEN,SD 57401	23-7002314	501(C)(3)	169,630				GENERAL SUPPORT
ABERDEEN RIDE LINE205 N 4TH STREET ABERDEEN,SD 57401	46-6000010	501(C)(3)	12,510				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ABSOLUTELY ABERDEEN416 PRODUCTION STREET NORTH ABERDEEN, SD 57401	52-2424588	501(C)(6)	10,000				GENERAL SUPPORT
PRESENTATION COLLEGE1500 N MAIN ABERDEEN, SD 57401	52-2424588	501(C)(3)	163,806				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ABERDEEN YMCA5 S STATE STREET ABERDEEN,SD 57401	46- 0255779	501(C)(3)		30,620	APPRAISAL	LAND	DAYCARE
BETHESDA HOME OF ABERDEEN 1224 S HIGH ST ABERDEEN,SD 57401	46- 0367117	501(C)(3)	10,000				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ABERDEEN PUBLIC SCHOOL FOUNDATION1224 S 3RD ST ABERDEEN, SD 57401	46-0423109	501(C)(3)	10,000				FOUNDATION
ABERDEEN CATHOLIC SCHOOL SYSTEM 1400 N DAKOTA ST ABERDEEN, SD 57401	46-0336005	501(C)(3)	76,951				GENERAL SUPPORT

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ABERDEEN BOYS AND GIRLS CLUB 1111 1ST AVE SE ABERDEEN, SD 57401	23-7062273	501(C)(3)	5,400				GENERAL SUPPORT

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
AVERA ST LUKE'S

Employer identification number

46-0224598

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

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

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) TAGE BORN	(i)	745,116	20,732	112,930	12,250	21,473	912,501	0
	(ii)	0	0	0	0	0	0	0
(2) SHAHID CHAUDHARY MD	(i)	962,755	51,100	1,458	12,250	17,882	1,045,445	0
	(ii)	0	0	0	0	0	0	0
(3) RON JACOBSON	(i)	0	0	0	0	0	0	0
	(ii)	631,189	500	85,789	29,975	17,538	764,991	0
(4) GEOFFREY DURST	(i)	198,121	520	5,870	4,869	22,202	231,582	0
	(ii)	0	0	0	0	0	0	0
(5) KC DEBOER	(i)	220,961	520	5,194	11,782	23,042	261,499	0
	(ii)	0	0	0	0	0	0	0
(6) JOHN FRITZ MD	(i)	305,048	724	8,794	5,635	18,583	338,784	0
	(ii)	0	0	0	0	0	0	0
(7) LEE KARELS	(i)	150,818	405	20,313	6,139	18,042	195,717	0
	(ii)	0	0	0	0	0	0	0
(8) LALIT VADLAMANI	(i)	822,500	401,100	1,620	12,250	25,772	1,263,242	0
	(ii)	0	0	0	0	0	0	0
(9) GREGG CARLSON	(i)	634,035	1,100	116,718	12,250	24,713	788,816	0
	(ii)	0	0	0	0	0	0	0
(10) NAVIN GUPTA	(i)	895,016	201,125	68,455	10,523	22,972	1,198,091	0
	(ii)	0	0	0	0	0	0	0
(11) FAROOK KIDWAI	(i)	801,368	1,100	65,243	12,250	14,338	894,299	0
	(ii)	0	0	0	0	0	0	0
(12) CHRISTINE STEHLY	(i)	695,692	1,125	112,881	12,250	22,972	844,920	0
	(ii)	0	0	0	0	0	0	0
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
SUPPLEMENTAL INFORMATION	PART III	SCHEDULE J, PART I LINE 3 THE PRESIDENT/CEO'S COMPENSATION IS PAID BY A RELATED ORGANIZATION, AVERA HEALTH. AVERA ST LUKE'S RELIED ON THE RELATED ORGANIZATION FOR DETERMINING THE COMPENSATION FOR THE PRESIDENT/CEO USING THE METHODS DESCRIBED IN PART I, LINE 3.

Schedule L
(Form 990 or 990-EZ)

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

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization
AVERA ST LUKE'S

Employer identification number

46-0224598

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
(1) FAROOK KIDWAI COMMUNITY SERVICE		X	150,000	9,615		No	Yes		Yes	
(2) STEPHEN PETERS COMMUNITY SERVICE		X	15,000	12,115		No	Yes		Yes	
(3) TAGE BORN MD COMMUNITY SERVICE		X	300,000	50,000		No	Yes		Yes	
(4) CHRISTINE STEHLY COMMUNITY SERVICE		X	300,000	50,000		No	Yes		Yes	
(5) GREGG CARLSON MD COMMUNITY SERVICE		X	300,000	50,000		No	Yes		Yes	
Total ▶ \$ 171,730										

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) STEPHEN PETERS MD	BOARD MEMBER IN RADIOLOGY PRACTICE	971,463	HOSPITAL ACQUISITION OF PRACTICE OF AN EXISTING BOARD MEMBER APPROVED IN ACCORDANCE WITH THE CONFLICT OF INTEREST POLICY OF AVERA ST LUKE'S		No

Part V

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

Identifier	Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)Department of the Treasury
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ****Complete to provide information for responses to specific questions on
Form 990 or to provide any additional information.**
▶ **Attach to Form 990 or 990-EZ.**

OMB No 1545-0047

2011**Open to Public
Inspection**Name of the organization
AVERA ST LUKE'S**Employer identification number**

46-0224598

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	IMPLEMENTATION OF ROOM SERVICE FOR PATIENTS THIS PROGRAM HAS IMPROVED PATIENT SATISFACTION RESULTS INTO THE UPPER 90TH PERCENTILE AND REDUCED WASTED FOOD IMPLEMENT A ONE-CALL PROGRAM THAT ALLOWS REFERRING PHYSICIANS IN OUTLYING AREAS TO CALL A CENTRAL NUMBER THIS PROGRAM SIMPLIFIES THE REFERRAL PROCESS AND RESULTS IN LESS PHONE CALLS WHEN A PATIENT IS TRANSFERRED TO THE HOSPITAL IMPLEMENTED A HOSPITALIST PROGRAM OPENED AN ADDITIONAL FASTCARE CLINIC TO IMPROVE ACCESS, LOWER COSTS AND PROVIDE SERVICES SEVEN DAYS PER WEEK IN MOST CASES WITH HOURS INTO THE EVENING OPENED A NEW OUTPATIENT THERAPY CENTER ADJACENT TO THE HOSPITAL CAMPUS TO REPLACE THE PRIOR FACILITY THAT WAS LOCATED THREE MILES FROM THE HOSPITAL

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

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

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

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS REVIEWED BY THE CEO AND CFO. AFTER INITIAL REVIEWS, A DRAFT IS PROVIDED TO THE FINANCE COMMITTEE FOR FINAL REVIEW. THE RETURN IS PROVIDED TO THE BOARD PRIOR TO FILING.

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

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15B	THE CEO IS COMPENSATED BY AVERA HEALTH. ANNUALLY THE COMPENSATION COMMITTEE OF AVERA HEALTH, WHICH IS COMPRISED OF SIX (6) SYSTEM MEMBERS APPOINTED BY THE RELIGIOUS ORDERS, MEETS WITH AN INDEPENDENT CONSULTANT REGARDING FAIR MARKET VALUE OF OFFICERS AND KEY EMPLOYEES. THE COMPENSATION COMMITTEE APPROVES ALL SALARIES BASED ON COMPARABLE DATA AND DOCUMENTS THE BASIS FOR THEIR DECISION IN MEETING MINUTES. IN 2004 THE BOARD OF DIRECTORS ADOPTED A RESOLUTION TO INITIATE THE PHYSICIAN RELATIONS COMMITTEE TO REVIEW ALL PHYSICIAN RELATED TRANSACTIONS AND COMPENSATION. IN FEBRUARY 2010 THE BOARD OF DIRECTORS ADOPTED A RESOLUTION TO CHANGE THE NAME OF THE PHYSICIAN RELATIONS COMMITTEE TO PHYSICIAN RELATIONS/EXECUTIVE COMPENSATION COMMITTEE TO REVIEW PHYSICIAN RELATED TRANSACTIONS AND COMPENSATION RELATED TO PHYSICIANS, OTHER OFFICERS AND KEY EMPLOYEES OF THE ORGANIZATION. THE COMMITTEE MEETS AS NEEDED WITH RESPECT TO PHYSICIAN COMPENSATION. WITH RESPECT TO LEADERSHIP POSITIONS WE CONTRACT WITH AN OUTSIDE CONSULTANT TO GATHER WAGE AND MARKET DATA. INFORMATION IS PROVIDED TO THE CONSULTANT FOR LEADERSHIP POSITIONS THAT REFLECTS THE LEADER'S AREA OF RESPONSIBILITIES INCLUDING THE POSITION TITLE AND EDUCATION REQUIREMENTS, REPORTING STRUCTURE, NUMBER OF FTE'S, TOTAL REVENUE AND EXPENSES AND YEARS OF EXPERIENCE. ON JANUARY 12, 2012, THE COMMITTEE REVIEWED LEADERSHIP RECOMMENDATIONS AND APPROVED THOSE RECOMMENDATIONS SUBJECT TO BOARD APPROVAL. THE BOARD OF DIRECTORS APPROVED THE RECOMMENDATIONS AT THEIR FEBRUARY 2, 2012 MEETING.

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

Identifier	Return Reference	Explanation
	FORM 990, PART VII	IN ADDITION TO THE TIME SERVED AT AVERA ST. LUKE'S, SISTER JOANN STURZL SERVES ONE AND THREE TENTHS HOURS PER WEEK AT AVERA MARSHALL, A RELATED ORGANIZATION

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -2,901,289 CAPITAL TRANSFER 890,584 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP -953,152 BOOK/TAX ADJUSTMENT ON INVESTMENT IN ENDOSCOPY LLC -40,634 LOSS FOR RETIREMENT OF DEBT -773,486 DECREASE IN NONCONTROLLING INTEREST 217,001 TOTAL TO FORM 990, PART XI, LINE 5 -3,560,976

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE AUDIT COMMITTEE OF AVERA HEALTH, PARENT ORGANIZATION, SELECTS THE AUDITOR AND REVIEWS THE AUDITED FINANCIAL STATEMENTS FOR AVERA ST LUKE'S

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

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

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AVERA ST LUKE'S

Employer identification number
46-0224598

Part I

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

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

Part II

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

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

Part III

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

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

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) ACCOUNTS MANAGEMENT INC 5132 S CLIFF AVE SUITE 101 SIOUX FALLS, SD 57108 46-0373021	COLLECTION AGENCY	SD	N/A	C			
(2) AVERA HEALTH PLANS INC 3900 WEST AVERA DRIVE SUITE 101 SIOUX FALLS, SD 57108 46-0451539	HEALTH FINANCING AND HEALTH PLAN ADMINISTRATION	SD	N/A	C			
(3) AVERA PROPERTY INSURANCE INC 610 W 23RD ST STE 1 PO BOX 38 YANKTON, SD 57078 46-0463155	INSURANCE	SD	N/A	C			
(4) VALLEY HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD 57078 46-0357149	MEDICAL EQUIPMENT	SD	N/A	C			

Part V

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

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

j

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

k

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

l

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

m

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

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

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

r

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

Yes

No

1a

Yes

1b

No

1c

Yes

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

No

1m

No

1n

No

1o

Yes

1p

No

1q

No

1r

Yes

2

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC	K	443,683	ACTUAL PAYMENTS
(2) SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC	R	714,467	FINANCIAL STATEMENTS
(3) SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC	A	85,329	ACTUAL PAYMENTS
(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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Software ID:

Software Version:

EIN: 46-0224598

Name: AVERA ST LUKE'S

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c) (3))	(f) Direct Controlling Entity	(g) Section 512 (b)(13) controlled organization	
AVERA HEALTH 3900 WEST AVERA DRIVE SUITE 300 SIOUX FALLS, SD 57108 46-0422673	PROMOTION OF HEALTH	SD	501(C) (3)	LINE 9	N/A		No
AVERA WORKERS' COMPENSATION TRUST PO BOX 38 YANKTON, SD 57078 46-0407148	ECONOMICAL COVERAGE OF WORKERS' COMPENSATION CLAIMS	SD	501(C) (3)	LINE 11B, II	AVERA HEALTH		No
AVERA ST ANTHONY'S HOSPITAL 300 N 2ND STREET ONEILL, NE 68763 47-0463911	HEALTHCARE SERVICES	NE	501(C) (3)	LINE 3	AVERA HEALTH		No
AVERA HOLY FAMILY 826 NORTH 8TH STREET ESTHERVILLE, IA 51334 42-0680370	HEALTHCARE SERVICES	IA	501(C) (3)	LINE 3	AVERA HEALTH		No
AVERA HOLY FAMILY FOUNDATION 826 NORTH 8TH STREET ESTHERVILLE, IA 51334 42-1317452	FUNDRAISING	IA	501(C) (3)	LINE 9	AVERA HOLY FAMILY		No
AVERA MARSHALL 300 S BRUCE STREET MARSHALL, MN 56258 41-0919153	HEALTHCARE SERVICES	MN	501(C) (3)	LINE 3	AVERA HEALTH		No
AVERA MARSHALL FOUNDATION 300 S BRUCE STREET MARSHALL, MN 56258 41-1784801	FUNDRAISING	MN	501(C) (3)	LINE 7	AVERA MARSHALL		No
ST BENEDICT HEALTH CENTER 401 WEST GLYNN DRIVE PARKSTON, SD 57366 46-0226738	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
ST BENEDICT HEALTH CENTER FOUNDATION WEST GLYNN DRIVE PO BOX B PARKSTON, SD 57366 46-0458725	SUPPORT HEALTH RELATED SERVICES	SD	501(C) (3)	LINE 11A, I	ST BENEDICT HEALTH CENTER		No
AVERA MCKENNAN 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 57117 46-0224743	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
AVERA QUEEN OF PEACE HOSPITAL 525 NORTH FOSTER MITCHELL, SD 57301 46-0224604	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
SACRED HEART HEALTH SERVICES 501 SUMMIT STREET YANKTON, SD 57078 46-0225483	HEALTHCARE SERVICES	SD	501(C) (3)	LINE 3	AVERA HEALTH		No
SACRED HEART RURAL HEALTH CLINICS 501 SUMMIT STREET YANKTON, SD 57078 46-0423930	CLINIC SERVICES	SD	501(C) (3)	LINE 3	SACRED HEART HEALTH SERVICES		No
HEALTH MANAGEMENT SERVICES 501 SUMMIT STREET YANKTON, SD 57078 46-0399291	ADULT DAYCARE AND HOMEMAKING SERVICES	SD	501(C) (3)	LINE 9	SACRED HEART HEALTH SERVICES		No
LEWIS AND CLARK HEALTH EDUCATION AND SERVICE AGENCY 1000 W 4TH STREET SUITE 9 YANKTON, SD 57078 46-0337013	HEALTHCARE EDUCATION	SD	501(C) (3)	LINE 9	SACRED HEART HEALTH SERVICES		No



Consolidated Financial Statements
June 30, 2012 and 2011

Avera St. Luke's

Independent Auditor's Report	1
Consolidated Financial Statements	
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Changes in Net Assets	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	7



Independent Auditor's Report

The Board of Directors
Avera St. Luke's
Aberdeen, South Dakota

We have audited the accompanying consolidated balance sheets of Avera St. Luke's (Center) 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 consolidated financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

As disclosed in Note 22 to the consolidated financial statements, in accordance with updates to the relevant accounting standards pertaining to the presentation and disclosure of patient service revenue, provision for bad debts, and the allowance for doubtful accounts for certain health care entities, Avera St. Luke's has changed its presentation and disclosure of those financial statement elements.

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

As disclosed in Note 22 to the consolidated financial statements, Avera St. Luke's adopted Accounting Standards Update No. 2011-08, *Testing Goodwill for Impairment*, which changed the initial assessment of goodwill impairment to a qualitative assessment.

A handwritten signature in cursive script that reads "EideBailly LLP".

Sioux Falls, South Dakota
October 2, 2012

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,837,515	\$ 10,863,725
Assets limited as to use	-	1,661,044
Receivables		
Patient and resident, net of estimated uncollectibles, admission policy charity, and other allowances of \$27,468,000 in 2012 and \$24,416,000 in 2011	22,970,157	21,521,538
Other, net of estimated uncollectibles of \$185,000 in 2012 and \$238,000 in 2011	1,677,324	2,031,408
Supplies	2,350,447	2,401,018
Prepaid expenses	1,949,812	1,747,870
Custodial funds held by related party	2,010,926	-
Total current assets	38,796,181	40,226,603
Assets Limited as to Use		
Under indenture agreements	-	3,490,152
By Board for capital improvements and debt redemption	69,169,577	72,088,817
Interest in net assets of Avera Health Foundation	2,606,904	2,676,307
	71,776,481	78,255,276
Less portion in current assets	-	(1,661,044)
Noncurrent assets limited as to use	71,776,481	76,594,232
Property and Equipment, net	78,233,235	75,991,239
Other Assets		
Real estate held for future use	2,052,537	2,014,558
Intangible assets, net	1,869,023	1,748,317
Goodwill	1,684,333	1,441,720
Deferred expenses	810,298	1,407,706
Deferred financing costs, net	-	601,886
Total other assets	6,416,191	7,214,187
	<u>\$ 195,222,088</u>	<u>\$ 200,026,261</u>

See Notes to Consolidated Financial Statements

Avera St. Luke's
Consolidated Balance Sheets
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 83,950	\$ 1,164,891
Accounts payable		
Trade	6,461,522	5,161,627
Estimated third-party payor settlements	2,845,000	2,870,000
Accrued expenses		
Salaries and wages	1,862,716	5,080,455
Paid time off benefits	4,491,895	4,344,104
Taxes and other	1,340,714	649,647
Interest	144,876	496,153
Total current liabilities	17,230,673	19,766,877
Long-Term Debt, Less Current Maturities	43,033,273	46,423,616
Other Liabilities	2,268,388	1,315,236
Total liabilities	62,532,334	67,505,729
Net Assets		
Unrestricted	129,860,001	129,544,029
Temporarily restricted	1,702,233	2,066,816
Permanently restricted	527,009	526,177
	132,089,243	132,137,022
Noncontrolling interest	600,511	383,510
Total net assets	132,689,754	132,520,532
	<u>\$ 195,222,088</u>	<u>\$ 200,026,261</u>

Avera St. Luke's
Consolidated Statements of Operations
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Revenue, Gains, and Other Support		
Net patient and resident service revenue	\$ 164,820,338	\$ 156,021,112
Provision for bad debts	(6,162,341)	(4,490,015)
Net patient and resident service revenue less provision for bad debts	158,657,997	151,531,097
Other revenue	3,109,777	2,637,442
Total unrestricted revenue, gains and other support	161,767,774	154,168,539
Expenses		
Salaries and wages	80,112,968	72,779,513
Employee benefits	20,036,380	18,549,178
Professional fees	3,689,830	3,235,206
Purchased services	5,477,719	4,517,961
Supplies	19,969,218	19,930,243
Repairs and maintenance	2,578,497	2,551,819
Other expenses	14,020,902	12,887,808
Insurance	1,536,085	1,450,940
Utilities and telephone	1,922,982	2,065,656
Interest	1,481,921	1,692,015
Depreciation and amortization	7,914,597	7,464,189
Total expenses	158,741,099	147,124,528
Operating Income	3,026,675	7,044,011
Other (Loss) Income		
Investment (loss) income	(821,933)	9,066,034
Change in fair value of interest rate swaps	(953,152)	243,793
Reclassification of accumulated losses on interest rate swaps	(70,867)	(70,867)
Change in interest in net assets of Avera Health Foundation	480,334	(8,878)
Rental property, net	(458,385)	(178,579)
Loss on sale of assets	(143,197)	(4,230)
Loss on extinguishment of long-term debt	(773,486)	(42,706)
Other (loss) income, net	(2,740,686)	9,004,567
Revenues in Excess of Expenses	285,989	16,048,578
Change in Net Assets Attributable to Noncontrolling Interest	(931,468)	(985,885)
Reclassification of Accumulated Losses on Interest Rate Swaps	70,867	70,867
Equity Transfers	890,584	(473,387)
Increase in Unrestricted Net Assets attributable to Avera St. Luke's	\$ 315,972	\$ 14,660,173

Avera St. Luke's
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted Net Assets		
Revenues in excess of expenses	\$ 285,989	\$ 16,048,578
Reclassification of accumulated losses on interest rate swaps	70,867	70,867
Equity transfers	890,584	(473,387)
	<u>1,247,440</u>	<u>15,646,058</u>
Increase in unrestricted net assets	1,247,440	15,646,058
Change in net assets attributable to noncontrolling interest	<u>(931,468)</u>	<u>(985,885)</u>
Increase in unrestricted net assets attributable to Avera St. Luke's	<u>315,972</u>	<u>14,660,173</u>
Temporarily Restricted Net Assets		
Change in interest in net assets of Avera Health Foundation	<u>(364,583)</u>	<u>842,312</u>
Permanently Restricted Net Assets		
Investment income	42	108
Change in interest in net assets of Avera Health Foundation	<u>790</u>	<u>1,019</u>
Increase in permanently restricted net assets	<u>832</u>	<u>1,127</u>
Noncontrolling Interest		
Increase in unrestricted net assets attributable to noncontrolling interest	931,468	985,885
Distributions to noncontrolling interest	<u>(714,467)</u>	<u>(1,010,000)</u>
Increase (decrease) in noncontrolling interest	<u>217,001</u>	<u>(24,115)</u>
Increase in Net Assets	169,222	15,479,497
Net Assets, Beginning of Year	<u>132,520,532</u>	<u>117,041,035</u>
Net Assets, End of Year	<u><u>\$ 132,689,754</u></u>	<u><u>\$ 132,520,532</u></u>

Avera St. Luke's
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Activities		
Change in net assets	\$ 169,222	\$ 15,479,497
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	8,347,576	8,022,990
Amortization of bond premium	-	(9,896)
Loss on sale of assets	143,197	4,230
Net realized and unrealized gains and losses on investments	2,901,289	(6,807,517)
Loss on extinguishment of long-term debt	567,022	-
Change in fair value of interest rate swaps	953,152	(243,793)
Change in interest in net assets of Avera Health Foundation	69,403	(8,878)
Equity transfers	(890,584)	473,387
Restricted contributions and investment gains and losses	363,751	(834,453)
Change in assets and liabilities		
Receivables	(200,177)	(1,292,880)
Supplies	50,571	302,956
Prepaid expenses	395,466	842,182
Accounts payable	1,072,626	(274,100)
Accrued expenses	(2,730,158)	1,042,945
Net Cash from Operating Activities	<u>11,212,356</u>	<u>16,696,670</u>
Investing Activities		
Property and equipment additions and replacements	(10,272,168)	(9,081,297)
Proceeds from disposal of assets	158,326	3,500
Purchase of assets limited as to use	(2,976,320)	(9,445,916)
Proceeds from sales and maturities of assets limited as to use	6,484,423	2,801,171
Purchase of real estate held for future use	(68,599)	-
Cash paid for acquisition of clinic practices	(1,717,693)	(800,000)
Net Cash used for Investing Activities	<u>(8,392,031)</u>	<u>(16,522,542)</u>
Financing Activities		
Repayment of long-term debt	(47,588,507)	(794,889)
Proceeds from issuance of long-term debt	43,117,223	-
Payment of deferred financing costs	-	(39,177)
Equity transfers	890,584	(473,387)
Restricted contributions and investment gains and losses	(363,751)	834,453
Increase in custodial funds held by related party	(1,902,084)	-
Net Cash used for Financing Activities	<u>(5,846,535)</u>	<u>(473,000)</u>
Net Decrease in Cash and Cash Equivalents	(3,026,210)	(298,872)
Cash and Cash Equivalents, Beginning of Year	<u>10,863,725</u>	<u>11,162,597</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,837,515</u>	<u>\$ 10,863,725</u>

Avera St. Luke's
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 1,833,198</u>	<u>\$ 1,723,512</u>
Supplemental Disclosure of Noncash		
Investing and Financing Activities		
Accounts payable - construction in progress	<u>\$ 245,835</u>	<u>\$ 43,566</u>
Acquisition of clinic practices		
Patient receivables	\$ 894,358	\$ -
Supplies	-	44,328
Equipment	-	245,981
Other intangible assets	574,835	509,691
Goodwill	<u>248,500</u>	<u>-</u>
Net cash paid	<u>\$ 1,717,693</u>	<u>\$ 800,000</u>

Note 1 - Organization and Significant Accounting Policies

Organization

Avera St. Luke's ("Center") operates a 133-bed acute care hospital and an 81-bed nursing home in Aberdeen, South Dakota, a 56-bed nursing home in Eureka, South Dakota, and physician clinics within its service area. The Center is organized as a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Center operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values established for Avera Health, the sole member of the Center and a sponsored ministry of the Benedictine and Presentation Sisters.

Consolidation

The consolidated financial statements for the years ended June 30, 2012 and 2011, include the accounts of Avera St. Luke's and Surgical Associates Endoscopy, LLC ("Subsidiary"), of which Avera St. Luke's owns a 51% interest. Significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Cash and Cash Equivalents

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

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient, resident and third-party payor obligations. Unpaid patient and resident receivables, excluding amounts due from third-party payors, with invoice dates over 90 days old for patient receivables and 60 days old for resident receivables, have interest assessed at 1.5 percent per month. 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.

Patient and resident accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

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

Physician and Employee Receivables

The Center issues notes to employees and physicians as part of its recruitment process. Notes are repayable over a minimum of a one-year period to a maximum of a four-year period and are issued at prime interest rate plus 2%. The notes are issued with forgiveness provisions over the life of the note to encourage retention. Based on historical analysis, it is anticipated that the balance of the notes will be forgiven.

At June 30, 2012 and 2011, notes receivable from physicians and employees totaled \$1,493,511 and \$1,822,963. As notes receivable from physicians and employees are expected to be forgiven they are included in prepaid expenses and deferred expenses on the balance sheets.

Supplies

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

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, assets held under indenture agreements, and funds held by the Avera Health Foundation. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets.

Property and Equipment

Property and equipment acquisitions in excess of \$2,000 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. The estimated useful lives of property and equipment are as follows:

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

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

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using both the effective interest and straight-line methods. Accumulated amortization was \$0 and \$499,265 as of June 30, 2012 and 2011, respectively.

Investments and Investment Income

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

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

Fair Value Measurements

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

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

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

Interest in Net Assets of Avera Health Foundation

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

Goodwill and Intangible Assets

Goodwill and intangible assets consist of patient records, non-compete agreements, and goodwill associated with business combinations. Goodwill represents the excess of cost over the fair value of the net assets acquired from business acquisitions.

On an annual basis and at interim periods when circumstances require, the Center tests the recoverability of its goodwill. The Center has the option, when each test of recoverability is performed, to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Center determines that it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then additional analysis is unnecessary. If the Center concludes otherwise, then a two-step impairment analysis, whereby the Center compares the carrying value of each identified reporting unit to its fair value, is required. The first step is to quantitatively determine if the carrying value of the reporting unit is greater than its fair value. If the Center determines that this is true, the second step is required, where the implied fair value of goodwill is compared to its carrying value.

The Center recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value. The fair value of the reporting unit is estimated using the net present value of discounted cash flows, excluding any financing costs or dividends, generated by each reporting unit. The discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of respective reporting unit. The Center performs its test for recoverability for goodwill at the same time each year, unless circumstances require additional analysis. There have been no impairment charges resulting from this review for the years ended June 30, 2012 and 2011.

Impairment of Long-lived Assets

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

Income Taxes

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

The Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Center would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Center's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2009.

The Subsidiary is treated as a partnership for federal income tax purposes. No provision for income taxes has been provided since the members include the Subsidiary's earnings in their tax returns. The Subsidiary believes that it does not have any uncertain tax positions that are material to the consolidated financial statements.

Temporarily and Permanently Restricted Net Assets

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

Net Patient and Resident Service Revenue

The Center has agreements with third-party payors that provide for payments to the Center 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.

The Center recognizes patient and resident service revenue associated with services provided to patients and residents who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Center recognizes revenue on the basis of its standard rates for services provided. On the basis of historical experience, a significant portion of the Center's uninsured patients and residents will be unable or unwilling to pay for the services provided. Thus, the Center records a significant provision for bad debts related to uninsured patients and residents in the period the services are provided. Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended June 30, 2012 and 2011 from these major payor sources, is as follows:

	2012	2011
Net patient and resident service revenue		
Third-party payors	\$ 159,453,968	\$ 149,864,637
Self-pay	5,366,370	6,156,475
Total all payors	<u>\$ 164,820,338</u>	<u>\$ 156,021,112</u>

Revenues in Excess of Expenses

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

Charity Care

The Center provides health care services to patients who meet certain criteria under its Charity Care Policy without charge or at amounts less than established rates. Since the Center does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was \$2,334,000 and \$1,915,000 for the years ended June 30, 2012 and 2011, calculated by multiplying the ratio of cost to gross charges for the Center by the gross uncompensated charges associated with providing charity care to its patients.

Donor-Restricted Gifts

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

Advertising Costs

The Center expenses advertising costs as incurred. Advertising costs were \$676,228 and \$582,075 for the years ended June 30, 2012 and 2011, respectively.

Use of Estimates

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

Market Risk

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

Reclassifications

Reclassifications have been made to the June 30, 2011, financial presentation to make it conform to the current year presentation. The reclassification had no effect on previously reported operating results or changes in net assets.

Note 2 - Loan Guarantees

As discussed in Note 10, the Center is a member of the Avera Health Obligated Group (Obligated Group) and is a party to a Master Trust Indenture that results in the Organization being jointly and severally obligated for various debt issues of the Obligated Group. The Obligated Group is comprised of Avera Health and five of its sponsored organizations including Avera McKennan, Avera St. Luke's, Sacred Heart Health Services, Avera Queen of Peace, and Avera Marshall. Avera McKennan and other Obligated Group members have recorded their allocable share of the par amount of these debt transactions based on their respective underlying proceeds from the various debt issuances. The Master Trust Indenture also places limits on the incurrence of additional borrowings and requires that the Obligated Group satisfy certain measures of financial performance as long as the debt is outstanding.

The Center is jointly and severally obligated for various bond issues as of June 30, 2012 under a Master Trust Indenture as follows:

	<u>2012</u>
South Dakota Health and Educational Facilities Authority Series 2008B Revenue Bonds, 5.25% to 5.50% interest only until July 1, 2033, then varying installments to July 1, 2038	\$ 50,320,000
South Dakota Health and Educational Facilities Authority Series 2008C Variable Rate Demand Revenue Bonds, 1.01% to 1.07% during the fiscal year for a weighted average interest rate of 1.04%, interest only until July 1, 2014, then varying annual installments through initial tender date of May 1, 2017 with a stated maturity of July 1, 2033	61,495,000
South Dakota Health and Educational Facilities Authority Series 2012A Revenue Bonds, fixed interest rates ranging from 3.00% to 5.00%, due in varying semi-annual interest payments and annual principal payments to July 1, 2042	71,205,000
South Dakota Health and Educational Facilities Authority Series 2012B Revenue Bonds, variable interest rates of approximately 1.24% from May 1, 2012 to June 30, 2012, varying principal payments due annually through initial tender date of May 1, 2019, final maturity of July 1, 2038	131,265,000
Series 2012C term note obligation payable to a financial institution, fixed interest rate of 2.45%, due in monthly payments of \$70,201 with final balloon payment of \$15,672,840 due May 1, 2017	17,767,351
	<u>\$ 332,052,351</u>

Note 3 - Net Patient and Resident Service Revenue

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

Medicare: Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit. These rates varied according to a patient classification system based on clinical, diagnostic, and other factors. The Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Center and audits thereof by the Medicare fiscal intermediary. The Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2007. Clinic services are paid on a cost-based methodology subject to limits if the clinic is a rural health clinic, and are reimbursed on a fixed fee schedule for other clinics.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Clinical and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Center's Medicaid cost reports have been settled by the Medicaid program through June 30, 2007.

Wellmark-Blue Cross: Services rendered to Wellmark-Blue Cross subscribers are reimbursed under a prospectively determined percentage of charge methodology.

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

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

Revenue from the Medicare and Medicaid programs accounted for approximately 36% and 5% of the Center's net patient service revenue for the year ended June 30, 2012 and 34% and 5% for the year ended June 30, 2011. 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.

During the year ended June 30, 2012, net patient service revenue increased by \$1,038,104 related to a legal settlement from Medicare. Medicare had erroneously reduced payments to numerous hospitals across the nation that were paid under the inpatient prospective payment system by incorrectly calculating the effect of applying budget neutrality to the rural wage index floor for the years 1999 to 2006. By accepting the settlement from Medicare, the hospital agreed not to pursue any additional remediation from Medicare in regards to this specific calculation.

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

	<u>2012</u>	<u>2011</u>
Total patient and resident service revenue	\$ 309,917,745	\$ 284,904,043
Contractual adjustments		
Medicare	(83,638,062)	(78,691,608)
Medicaid	(14,256,731)	(12,487,702)
Blue Cross	(15,499,009)	(13,144,502)
Other	(31,703,605)	(24,559,119)
Total contractual adjustments	(145,097,407)	(128,882,931)
Net patient and resident service revenue	164,820,338	156,021,112
Provision for bad debts	(6,162,341)	(4,490,015)
Net patient and resident service revenue less provision for bad debts	<u>\$ 158,657,997</u>	<u>\$ 151,531,097</u>

Note 4 - Investments and Investment Income

Assets Limited as to Use

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

	<u>2012</u>	<u>2011</u>
Under indenture agreements - held by trustee		
Cash and cash equivalents	\$ -	\$ 1,782,109
U S Government agency securities	-	1,696,368
Interest receivable	-	11,675
	-	3,490,152
Less amount shown as current	-	(1,661,044)
	<u>\$ -</u>	<u>\$ 1,829,108</u>
By Board for capital improvements and debt redemption		
Cash and cash equivalents	\$ 37,278	\$ 37,236
Interest in Pooled Investment Fund *	69,128,956	72,048,238
Other	3,343	3,343
	<u>\$ 69,169,577</u>	<u>\$ 72,088,817</u>
Interest in net assets of Avera Health Foundation		
Interest in Pooled Investment Fund *	<u>\$ 2,606,904</u>	<u>\$ 2,676,307</u>

Pooled Investment Fund *

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

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

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

Investment Income

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

	2012	2011
Other revenue		
Interest income	<u>\$ 23,444</u>	<u>\$ 28,684</u>
Other income		
Interest income and realized gains and losses on investments	\$ 2,079,356	\$ 2,258,517
Change in unrealized gains and losses on investments	<u>(2,901,289)</u>	<u>6,807,517</u>
	<u>\$ (821,933)</u>	<u>\$ 9,066,034</u>

Note 5 - Fair Value Measurements

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
Cash equivalents	\$ -	\$ 1,782,109
U S Government agency securities	-	1,696,368
Total assets	<u>\$ -</u>	<u>\$ 3,478,477</u>
Interest rate swap agreements liability	<u>\$ 2,268,388</u>	<u>\$ 1,315,236</u>

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			
Interest rate swap agreements liability	<u>\$ -</u>	<u>\$ 2,268,388</u>	<u>\$ -</u>
June 30, 2011			
Cash equivalents	\$ 1,782,109	\$ -	\$ -
U S Government agency securities	<u>1,696,368</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 3,478,477</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate swap agreements liability	<u>\$ -</u>	<u>\$ 1,315,236</u>	<u>\$ -</u>

The fair value of U S Government Agency securities and cash equivalents is determined by reference to quoted market prices. The fair value of the interest rate swap agreements is based upon estimates of the related LIBOR swap rates during the term of the swap agreement.

Note 6 - Fair Value of Financial Instruments

The Center considers the carrying amount of significant classes of financial instruments on the consolidated balance sheets, including cash and cash equivalents, net accounts receivable, other assets, accounts payable, accrued liabilities, derivative liabilities, other current and long-term liabilities, and variable rate long-term debt to be reasonable estimates of fair value either due to their length of maturity or the existence of variable interest rates underlying such financial instruments that approximate prevailing market rates at June 30, 2012 and 2011.

The Center's fixed rate long-term debt has a carrying amount that differs from its estimated fair value. The fair value of the Center's fixed rate long-term debt is determined by references to trading activity of the underlying bonds. The carrying value of the Center's fixed rate debt is \$0- and \$18,429,363 as of June 30, 2012 and 2011, respectively. The fair value of the Center's fixed rate debt is \$0- and \$18,710,370 as of June 30, 2012 and 2011, respectively.

Note 7 - 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	\$ 3,196,844	\$ -	\$ 3,196,845	\$ -
Land improvements	2,728,804	2,372,406	2,661,714	1,990,267
Buildings and improvements	115,670,616	55,942,346	110,494,545	52,510,317
Equipment	75,562,623	62,502,770	73,985,184	61,411,958
Construction in progress	1,891,870	-	1,565,493	-
	<u>\$ 199,050,757</u>	<u>\$ 120,817,522</u>	<u>\$ 191,903,781</u>	<u>\$ 115,912,542</u>
Net property and equipment		<u>\$ 78,233,235</u>		<u>\$ 75,991,239</u>

Construction in progress at June 30, 2012, represents costs incurred for several building remodeling and equipment acquisition projects. The projects are projected to be completed within the Center's year ended June 30, 2013 with an estimated cost of \$2,330,000. The Center is committed to pay approximately \$450,000 in additional costs related to construction projects. These projects are being financed with existing funds of the Center.

Note 8 - Leases

The Center leases certain equipment and buildings under various operating leases with terms of less than one year or cancelable upon written notice. Total lease expense for all operating leases was \$2,125,921 and \$2,017,986 for the years ended June 30, 2012 and 2011, respectively.

Note 9 - Goodwill and Intangible Assets

Changes in the carrying amount of goodwill during the years ended June 30, 2012 and 2011 were as follows

	2012	2011
Balance, beginning of year	\$ 1,441,720	\$ 1,547,055
Goodwill acquired	248,500	-
Goodwill impairment	-	-
Other goodwill adjustments	(5,887)	(105,335)
Balance, end of year	<u>\$ 1,684,333</u>	<u>\$ 1,441,720</u>

Intangible assets as of June 30, 2012 and 2011 consist of the following

	Cost	Accumulated Amortization	Net
Balance, June 30, 2012			
Noncompete agreements	\$ 1,908,212	\$ (755,684)	\$ 1,152,528
Patient records	815,919	(99,424)	716,495
	<u>\$ 2,724,131</u>	<u>\$ (855,108)</u>	<u>\$ 1,869,023</u>
Balance, June 30, 2011			
Noncompete agreements	\$ 1,437,212	\$ (408,661)	\$ 1,028,551
Patient records	784,419	(64,653)	719,766
	<u>\$ 2,221,631</u>	<u>\$ (473,314)</u>	<u>\$ 1,748,317</u>

Amortization expense for the years ended June 30, 2012 and 2011 was \$381,794 and \$332,905 respectively
Estimated future amortization expense is as follows

Years Ending June 30,

2013	\$ 421,175
2014	421,175
2015	261,175
2016	172,936
2017	80,046
Thereafter	512,516
	<u>\$ 1,869,023</u>

Note 10 - Long-Term Debt

Long-term debt consists of

	2012	2011
Series 2002 Revenue Refunding Bonds 5.125% to 5.75%, due annually in varying installments through July 1, 2027	\$ -	\$ 18,429,363
Unamortized bond premium	-	91,348
South Dakota Health and Educational Facilities Authority Series 2008A Variable Rate Demand Revenue Bonds, (0.03% to 0.27% during the fiscal year for a weighted average interest rate of 0.15%, varying annual installments to July 1, 2038, extinguished on May 1, 2012	-	20,057,796
South Dakota Health and Educational Facilities Authority Series 2008C Variable Rate Demand Revenue Bonds, 1.01% to 1.07% during the fiscal year for a weighted average interest rate of 1.04%, interest only until July 1, 2014, then varying annual installments through initial tender date of May 1, 2017 with a stated maturity of July 1, 2033	-	9,010,000
Related party payables to Avera Health Variable Rate Demand Revenue Bonds Payable, Series 2008C	9,010,000	-
Revenue Bonds, Series 2012A	14,942,533	-
Revenue Bonds, Series 2012B	19,164,690	-
	<u>43,117,223</u>	<u>47,588,507</u>
Less current maturities	<u>(83,950)</u>	<u>(1,164,891)</u>
	<u><u>\$ 43,033,273</u></u>	<u><u>\$ 46,423,616</u></u>

Long-term debt maturities are as follows

Years Ending June 30,

2013	\$ 83,950
2014	845,991
2015	931,155
2016	969,694
2017	1,012,045
Thereafter	<u>39,274,388</u>
	<u><u>\$ 43,117,223</u></u>

Obligated Group

The Center is a member of the Avera Health Obligated Group (Obligated Group). On May 1, 2012, Avera Health, the sole corporate sponsor of the Center, and Avera Marshall became members of the Obligated Group and became party to a Master Trust Indenture. All members of the Obligated Group are jointly and severally obligated for various debt issues of the Obligated Group.

Simultaneously with the changes to the Obligated Group discussed above, Avera Health, as agent for the Obligated Group, executed other financing transactions including the following:

- Refinanced its Series 2002 bonds with proceeds from a portion of the Series 2012A bonds
- Refinanced its Series 2008A bonds with proceeds from Series 2012B bonds
- Executed a tender date extension on the Series 2008C bonds which are held by a financial institution
- Executed a term note with a financial institution dated May 1, 2012 (the "Series 2012C obligation") that was used to refinance the Series 2010A bonds that were issued for Avera Marshall

The financing transactions noted above were recorded by Avera Health, as Obligated Group agent, and sole corporate sponsor of the various members of the Obligated Group. Avera St. Luke's and other Obligated Group members have recorded their allocable share of the par amount of these debt transactions based on their respective underlying proceeds from the various debt issuances.

Under the terms of the revenue bond loan agreements, Obligated Group members, including the Center, have been required to maintain certain deposits with a trustee. The loan agreements place limits on the incurrence of additional borrowings and requires that the Center satisfy certain measures of financial performance as long as the bonds are outstanding.

Note 11 - Interest Rate Swaps

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

Reference	Maturity Date	Notional Amount	Center Pays	Center Receives	Fair Value	
					2012	2011
Swap A	2028	\$ 140,753	3.870%	67% of LIBOR	\$ (36,393)	\$ (22,095)
Swap B	2033	7,369,600	3.915%	67% of LIBOR	(2,231,995)	(1,293,141)

The Center entered into Swap A to effectively convert \$140,753 of variable rate debt to synthetic fixed rate debt at the rate of 3.87%. The Center entered into Swap B to effectively convert \$7,369,600 of variable rate debt into synthetic fixed rate debt at a rate of 3.915%.

Effective July 1, 2009, the Center elected to discontinue the designation of Swap A and Swap B as cash flow hedges. The net unrealized loss on the date of hedge accounting discontinuance of \$1,183,624 is being prospectively reclassified into revenues in excess of expenses as future interest payments are made over the remaining term of the swap agreements. For the years ended June 30, 2012 and 2011, \$70,867 was reclassified into revenues in excess of expenses in relation to the hedging discontinuance. The aggregate fair value of the swap agreements was recorded as a long-term liability of \$2,268,388 and \$1,315,236 as of June 30, 2012 and 2011, respectively. The change in fair value of \$(953,152) and \$243,793 for the years ended June 30, 2012 and 2011, respectively, was recorded to revenues in excess of expenses.

The following table summarizes the derivative transactions reflected in the Center's consolidated balance sheets and statements of operation for the years ended June 30, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Long-term Liability		
Fair value of interest rate swap agreements	\$ 2,268,388	\$ 1,315,236
Revenues in Excess of Expenses		
Change in fair value of interest rate swaps not designated as hedging instruments	(953,152)	243,793
Reclassification of unrealized loss on interest rate swaps	(70,867)	(70,867)
Interest expense (net outflow of cash)	281,976	280,548
Other Changes in Net Assets		
Reclassification of unrealized loss on interest rate swaps	70,867	70,867

Note 12 - Temporarily and Permanently 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>
Various health care programs and services	<u>\$ 1,702,233</u>	<u>\$ 2,066,816</u>

Permanently restricted net assets at June 30, 2012 and 2011, are restricted to

	<u>2012</u>	<u>2011</u>
Various health care programs and services	\$ 330,017	\$ 488,941
Loans for healthcare students	196,992	37,236
	<u>\$ 527,009</u>	<u>\$ 526,177</u>

Note 13 - Endowment

The Center's endowments consist of a portion of their interest in the net assets of the Avera Health Foundation. The Avera Health Foundation includes endowment funds which have been established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions. The Center's permanently restricted endowment funds are donor restricted and totaled \$527,009 and \$526,177 at June 30, 2012 and 2011, respectively. The Center's temporarily restricted portion of endowment funds for unappropriated earnings totaled \$224,958 and \$230,685, respectively. The Center currently does not have any board-designated endowment funds.

Interpretation of Relevant Law

The Center has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1 The duration and preservation of the fund
- 2 The purposes of the Foundation and the donor-restricted endowment fund
- 3 General economic conditions
- 4 The possible effect of inflation and deflation
- 5 The expected total return from income and the appreciation of investments
- 6 Other resources of the Foundation
- 7 The investment policies of the Foundation

Changes in Endowment Net Assets for the years ending June 30, 2012 and 2011 are as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2010	\$ 366,910	\$ 628,471	\$ 525,050	\$ 1,520,431
Investment income	13,028	-	108	13,136
Change in interest in net assets of Avera Health Foundation	30,508	(397,786)	1,019	(366,259)
Endowment net assets, June 30, 2011	410,446	230,685	526,177	1,167,308
Investment income	12,306	-	42	12,348
Change in interest in net assets of Avera Health Foundation	(15,598)	(5,727)	790	(20,535)
Endowment net assets, June 30, 2012	<u>\$ 407,154</u>	<u>\$ 224,958</u>	<u>\$ 527,009</u>	<u>\$ 1,159,121</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Center to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies that were deemed material as of June 30, 2012 and 2011.

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Note 14 - Self-Insurance Programs

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

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

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

	2012	2011
Health and dental	\$ 9,909,665	\$ 9,182,944
Professional liability	1,536,085	1,450,940
Workers' compensation	772,726	590,455
	<u>\$ 12,218,476</u>	<u>\$ 11,224,339</u>

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

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

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

Note 15 - Malpractice Insurance

As discussed in Note 14, the Center participates in a self-insured professional liability and general liability program which provides malpractice insurance coverage for professional and general liability losses subject to a self-insured retention of \$2 million per claim and \$6 million annual aggregate. The Center is also insured under an excess umbrella liability claims made policy with a limit of \$35 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured subject to the self-insured retention only.

Note 16 - Employee Benefit Plans

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

Defined Benefit Pension Plan – Career Average

Under the Career Average plan, employees in an eligible class who were in service on or after January 1, 1988 became active members on the first day of the month coinciding with or next following the date they met the eligibility requirements of age 21 and one year of service. Pension benefits are based on a percentage of the employee's eligible earnings and are payable at retirement under several annuitized payment options. During the years ended June 30, 2012 and 2011, Avera St. Luke's contributed \$2,560,605, and \$2,325,241, respectively, to the Career Average plan.

Defined Benefit Pension Plan – Cash Balance

Under the Cash Balance plan, employees first employed or reemployed after June 30, 2000 become active members on the first day of the month coinciding with or next following the date they meet the eligibility requirements of age 21 and one year of service. Pension benefits are based on a percentage of the employee's eligible earnings and are payable at retirement under several annuitized payment options. During the years ended June 30, 2012 and 2011, Avera St. Luke's contributed \$929,731, and \$868,550, respectively, to the Cash Balance plan.

Career Average and Cash Balance Accumulated Plan Benefits

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

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

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

Defined Contribution Pension Plan

Eligible employees participate in a defined contribution pension plan ("403(b) Plan"). Under the 403(b) Plan, participant contributions are matched up to 2% of eligible employee compensation. Avera St. Luke's recognized total 403(b) Plan contribution costs of \$581,682 and \$642,512 as part of employee benefits for the years ended June 30, 2012 and 2011.

Note 17 - Related Party Transactions

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

	<u>2012</u>	<u>2011</u>
Payments to (from) related organizations recorded by the Center		
Equity transfers	\$ (890,584)	\$ 473,387
Management and other services	5,693,044	5,133,143
Employee benefit programs	13,981,683	13,019,248
Professional liability and workers' compensation insurance programs	2,308,811	2,041,395
Balance sheet items		
Prepaid expenses	264,343	383,903
Other receivables	2,511,602	420,162
Custodial funds due from related party	2,010,926	-
Accounts payable	1,064,732	1,286,197
Interest payable	144,876	-
Long-term debt (including current portion)	34,107,223	-

Note 18 - Concentrations of Credit Risk

The Center 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, is as follows:

	<u>2012</u>	<u>2011</u>
Medicare	35%	31%
Commercial insurance	22%	27%
Other third-party payors, patients and residents	21%	20%
Blue Cross	17%	18%
Medicaid	5%	4%
	<u>100%</u>	<u>100%</u>

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

Note 19 - Functional Expenses

The Center provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	<u>2012</u>	<u>2011</u>
Health care services	\$ 131,317,891	\$ 123,690,882
General and administrative	27,121,035	23,224,381
Fundraising	<u>302,173</u>	<u>209,265</u>
	<u><u>\$ 158,741,099</u></u>	<u><u>\$ 147,124,528</u></u>

Note 20 - Commitments

The Center has various agreements for the purchase of goods and services that require future annual payments to be made. A summary of outstanding commitments are as follows:

Years Ending June 30,

2013	\$ 225,000
2014	225,000
2015	225,000
2016	225,000
2017	225,000
Thereafter	<u>600,000</u>
	<u><u>\$ 1,725,000</u></u>

Note 21 - Business Combinations

During the years ended June 30, 2012 and 2011, the Center acquired various clinic practices. Accordingly, the results of the clinic operations have been included in the accompanying consolidated financial statements for the period subsequent to the acquisition date.

The acquisitions included the operations, patient receivables, supplies, equipment, intangible assets and goodwill. The value of these items is based on the fair market value as of the date of acquisition.

The total purchase price was allocated to the acquired assets as of the purchase date as follows:

	2012	2011
Acquisition of clinic practices' assets		
Patient receivables	\$ 894,358	\$ -
Supplies	-	44,328
Equipment	-	245,981
Other intangible assets	574,835	509,691
Goodwill	248,500	-
	<u>\$ 1,717,693</u>	<u>\$ 800,000</u>
Cash paid		

Note 22 - Changes in Accounting Principles

During year ended June 30, 2012, the Center early adopted the provisions of ASU No. 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, as allowable. In accordance with the implementation guidance, the Center retroactively applied the presentation requirements to 2011. The impact on 2011 was a decrease to total revenues, gains, and other support of \$4,490,015, and a decrease to total expenses of \$4,490,015 in the consolidated statements of operations. There was no impact on operating income or net assets.

During the year ended June 30, 2012, the Center early adopted the provisions of ASU No. 2011-08, *Intangibles—Goodwill and Other (Topic 350) Testing Goodwill for Impairment*, as allowable. Under the standard, an entity may elect to assess qualitative factors in determining whether it is more likely than not that goodwill may be impaired. The adoption of the standard had no impact on recorded assets, liabilities, or changes in net assets.

Note 23 - Subsequent Events

The Center has evaluated subsequent events through October 2, 2012, the date which the financial statements were available to be issued. During the period, the Center did not have any material recognizable subsequent events.