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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 MCKENNAN

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1325 S CLIFF AVE PO BOX 5045

City or town, state or country, and ZIP + 4
SIOUX FALLS, SD 571175045

D Employer identification number
46-0224743

E Telephone number
(605) 322-8000

G Gross receipts $ 720,347,059

F Name and address of principal officer
DR DAVID KAPASKA
1325 S CLIFF AVE PO BOX 5045
SIOUX FALLS, SD 571175045

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 AVERAMCKENNAN ORG

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

L Year of formation 1911

M State of legal domicile SD

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	20
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	11
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	6,573
6	Total number of volunteers (estimate if necessary)	**6**	1,187
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	6,961,467
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	1,722,010

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	7,931,949	2,006,604
	9 Program service revenue (Part VIII, line 2g)	662,236,185	710,238,566
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	5,052,503	5,478,842
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,840,244	1,681,944
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	677,060,881	719,405,956
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	4,118,418	3,588,944
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	338,604,378	371,268,910
	16a Professional fundraising fees (Part IX, column (A), line 11e)	61,855	67,066
	b Total fundraising expenses (Part IX, column (D), line 25) ▶797,434		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	285,920,426	307,380,219
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	628,705,077	682,305,139
	19 Revenue less expenses Subtract line 18 from line 12	48,355,804	37,100,817

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	762,444,106	800,980,977
	21 Total liabilities (Part X, line 26)	336,399,684	348,719,013
	22 Net assets or fund balances Subtract line 21 from line 20	426,044,422	452,261,964

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

****** | 2013-05-13
Signature of officer | Date

DR DAVID KAPASKA REGIONAL PRESIDENT
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed	Preparer's taxpayer identification number (see instructions)
KIM HUNWARDSEN CPA	2013-05-13	☐	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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 325,133,306 including grants of $ 3,516,681) (Revenue $ 462,472,584)

AVERA MCKENNAN HOSPITAL & UNIVERSITY HEALTH CENTERAVERA MCKENNAN PROMOTES THE HEALTH OF THE COMMUNITY BY PROVIDING A VARIETY OF CHARITABLE HEALTH CARE SERVICES AVERA MCKENNAN OPERATES UNDER THE TENETS OF THE ROMAN CATHOLIC CHURCH AND IN ACCORDANCE WITH THE PHILOSOPHY AND VALUES ESTABLISHED FOR AVERA HEALTH, A SPONSORED MINISTRY OF THE BENEDICTINE AND PRESENTATION SISTERS

4b (Code) (Expenses $ 39,060,730 including grants of $ 35,761) (Revenue $ 47,714,386)

RURAL CRITICAL ACCESS HOSPITALSAVERA MCKENNAN OWNS OR LEASES RURAL CRITICAL ACCESS HOSPITALS IN FLANDREAU, GREGORY, DELL RAPIDS, MILBANK AND MILLER (HAND COUNTY), SD AS SUCH, THEY OPERATE AS A DEPARTMENT OF AVERA MCKENNAN THE HOSPITALS IN FLANDREAU, GREGORY AND HAND COUNTY SERVE MEDICALLY UNDERSERVED COUNTIES IN ADDITION TO THE FOLLOWING EXEMPT PURPOSE ACHIEVEMENTS, RURAL HOSPITALS PARTICIPATE IN MANY OF THE ABOVE AS PART OF AVERA MCKENNAN

4c (Code) (Expenses $ 184,116,649 including grants of $ 35,750) (Revenue $ 154,012,920)

CLINICSAVERA MCKENNAN PROVIDES CLINICAL CARE, SECONDARY AND PRIMARY, IN 87 OWNED/JOINT VENTURE CLINICS IN SOUTH DAKOTA, NORTHWEST IOWA, SOUTHWEST MINNESOTA AND NORTHEASTERN NEBRASKA IN ADDITION TO THE FOLLOWING EXEMPT PURPOSE ACHIEVEMENTS, CLINICS PARTICIPATE IN MANY OF THE ABOVE AS PART OF AVERA MCKENNAN CLINIC VISITS IN 2012 TOTALED 1,022,290

(Code) (Expenses $ 30,541,087 including grants of $ 750) (Revenue $ 46,929,942)

AVERA MCKENNAN ALSO PROVIDES LONG-TERM CARE, HOME MEDICAL EQUIPMENT & OTHER RETAIL, HOME INFUSION, RESEARCH, FITNESS CENTER, REGIONAL LAB, AND MOBILE SERVICES MEDICAL RESEARCH AS A RESEARCH INSTITUTION, AVERA MCKENNAN DRAWS PHYSICIANS WHO ARE COMMITTED TO SEEKING NEW TREATMENTS AND PREVENTIVE MEASURES THE AVERA RESEARCH INSTITUTE IS CURRENTLY CONDUCTING PRE-CLINICAL RESEARCH TO ADD TO THE BODY OF MEDICAL KNOWLEDGE IN THE AREAS OF KIDNEY DISEASE LINKED TO OBESITY, KIDNEY FILTRATION AND GROWTH, AND NEUROSCIENCE RESEARCH IN REGARD TO STRESS AND ADDICTION THE AVERA RESEARCH INSTITUTE ALSO CONTINUES ONGOING APPLIED RESEARCH IN THE AREA OF DEVELOPING A NOVEL PHOTOCHEMICAL TISSUE BONDING TECHNOLOGY THAT HAS OPHTHALMOLOGIC AND DERMATOLOGICAL APPLICATIONS THROUGH ITS GENETICS LAB, AVERA MCKENNAN IS STUDYING GENETIC PRECURSORS OF MENTAL HEALTH CONDITIONS, WHICH HAS WIDE APPLICATION IN BOTH THE CLINICAL AND RESEARCH ARENAS THE AVERA RESEARCH INSTITUTE IN 2012 PARTICIPATED IN 90 CLINICAL TRIALS, INVOLVING CANCER, ALZHEIMER'S DISEASE, HYPERCHOLESTEROLEMIA, RHEUMATOID ARTHRITIS, AND MORE IN FISCAL YEAR 2012, AVERA MCKENNAN OPERATED THE AVERA RESEARCH INSTITUTE AT A LOSS OF $3,625,000

4d Other program services (Describe in Schedule O)

(Expenses $ 30,541,087 including grants of $ 750) (Revenue $ 46,929,942)

4e **Total program service expenses** ▶ $ 578,851,772

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (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? *If "Yes," complete Schedule C, Part 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? *If "Yes," complete Schedule C, Part II*	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? *If "Yes," complete Schedule C, Part III*	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? *If "Yes," complete Schedule D, Part 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? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	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? *If "Yes," complete Schedule D, Part IV*	9	Yes	
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	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, line10? *If "Yes," complete Schedule D, Part VI.*	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? *If "Yes," complete Schedule D, Part VII.*	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? *If "Yes," complete Schedule D, Part VIII.*	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? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	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)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	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? *If "Yes," complete Schedule F, Part 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 ? *If "Yes," complete Schedule F, Part II and IV*	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 ? *If "Yes," complete Schedule F, Part III and IV*	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? *If "Yes," complete Schedule G, Part I*	17	Yes	
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	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? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		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? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**	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? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**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? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**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? *If "Yes," complete Schedule R, Part VI*	**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**	408		
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**	6,573			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	20		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	11		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶

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 ▶

JULIE NORTON
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SIOUX FALLS, SD 571175045
(605) 322-8000

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			
See Additional Data Table										

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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								7,801,430	1,138,180	465,296

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 ▶ 483

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**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? *If "Yes," complete Schedule J for such individual*	**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? *If "Yes," complete Schedule J for such person*	**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
AVERA CENTRAL SERVICES 3900 WEST AVERA DRIVE SIOUX FALLS, SD 57108	SHARED SERVICES	21,532,100
SIOUX FALLS CONSTRUCTION PO BOX 2728 SIOUX FALLS, SD 571072728	CONSTRUCTION	5,033,131
SANFORD SCHOOL OF MEDICINE 1400 W 22ND ST 120 SIOUX FALLS, SD 571051505	PHYSICIAN SERVICES	2,821,907
MEDICAL X-RAY CENTER 1417 S MINNESOTA AVE SIOUX FALLS, SD 57105	RADIOLOGY SERVICES	1,870,931
ASSOCIATED REGIONAL & UNIVERSITY PATHOLO PO BOX 27964 SALT LAKE CITY, UT 84127	LAB TESTING	1,841,330

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 ▶ 74

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	45,986				
	b	Membership dues					
	c	Fundraising events					
	d	Related organizations	1,107,700				
	e	Government grants (contributions)	148,815				
	f	All other contributions, gifts, grants, and similar amounts not included above	704,103				
	g	Noncash contributions included in lines 1a-1f $ 73,149					
	h	**Total.** Add lines 1a-1f		2,006,604			
Program Service Revenue			Business Code				
	2a	NET PATIENT SERVICE RE	622110	653,105,834	653,105,834		
	b	OTHER PATIENT AND CLIN	621500	39,265,416	33,222,003	6,043,413	
	c	INCOME FROM SUBSIDIARI	423000	10,660,617	10,478,345	182,272	
	d	PROGRAM RENT	900099	1,471,715	1,471,715		
	e	INTEREST IN FOUNDATION	900099	595,687	595,687		
	f	All other program service revenue		5,139,297	5,119,832	19,465	
	g	**Total.** Add lines 2a–2f		710,238,566			
	3	Investment income (including dividends, interest and other similar amounts)		130,715			130,715
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	1,015,464				
	b	Less rental expenses	941,103				
	c	Rental income or (loss)	74,361				
	d	Net rental income or (loss)		74,361			74,361
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	5,319,453	28,674			
	b	Less cost or other basis and sales expenses	0	0			
	c	Gain or (loss)	5,319,453	28,674			
	d	Net gain or (loss)		5,348,127			5,348,127
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events					
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory					
		Miscellaneous Revenue	Business Code				
	11a	INTEREST INCOME	900099	891,266	891,266		
	b	COMMERCIAL TESTING	621500	698,071		698,071	
	c	MANAGEMENT SERVICES	541610	18,246		18,246	
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		1,607,583			
	12	**Total revenue.** See Instructions		719,405,956	704,884,682	6,961,467	5,553,203

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	3,463,944	3,463,944		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	125,000	125,000		
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	2,319,959	1,019,669	1,300,290	
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	296,903,173	271,997,589	24,533,061	372,523
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	16,668,374	14,864,366	1,779,528	24,480
9	Other employee benefits	36,532,443	32,387,878	4,088,632	55,933
10	Payroll taxes	18,844,961	16,770,516	2,047,908	26,537
11	Fees for services (non-employees)				
a	Management	167,179	167,179		
b	Legal	641,500	309,170	332,330	
c	Accounting	66,946	13,871	53,075	
d	Lobbying	35,343		35,343	
e	Professional fundraising *See Part IV, line 17* . .	67,066			67,066
f	Investment management fees				
g	Other	88,765,546	53,011,896	35,748,783	4,867
12	Advertising and promotion	3,617,795	414,944	3,184,864	17,987
13	Office expenses	9,879,677	5,110,756	4,582,101	186,820
14	Information technology	7,747,684	850,843	6,896,841	
15	Royalties . .				
16	Occupancy	20,090,967	13,921,575	6,144,890	24,502
17	Travel	3,279,993	2,635,776	638,187	6,030
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	1,982,068	1,737,865	243,572	631
20	Interest	8,103,423	7,862,250	241,173	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	34,620,097	28,252,771	6,362,271	5,055
23	Insurance	1,064,988	1,055,402	9,586	
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	100,661,292	100,237,100	422,657	1,535
b	BAD DEBT EXPENSE	18,283,341	18,283,341		
c	EQUIPMENT LEASE AND REN	3,766,383	2,901,311	865,072	
d	UBI TAX	431,759	431,759		
e					
f	All other expenses	4,174,238	1,025,001	3,145,769	3,468
25	**Total functional expenses.** Add lines 1 through 24f	682,305,139	578,851,772	102,655,933	797,434
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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	
	2	Savings and temporary cash investments		26,868,405	2	28,110,750
	3	Pledges and grants receivable, net		3,360,173	3	2,439,599
	4	Accounts receivable, net		85,293,914	4	92,528,140
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		120,833	5	20,833
	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		3,431,202	7	3,360,181
	8	Inventories for sale or use		12,517,902	8	14,389,349
	9	Prepaid expenses and deferred charges		5,340,257	9	8,098,767
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 661,320,856			
	b	Less accumulated depreciation	10b 317,713,194	335,141,000	10c	343,607,662
	11	Investments—publicly traded securities		23,658,088	11	8,322,781
	12	Investments—other securities See Part IV, line 11		202,453,890	12	207,116,305
	13	Investments—program-related See Part IV, line 11		6,876,999	13	12,187,088
	14	Intangible assets		42,209,593	14	44,273,450
	15	Other assets See Part IV, line 11		15,171,850	15	36,526,072
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		762,444,106	16	800,980,977
Liabilities	17	Accounts payable and accrued expenses		66,443,712	17	65,431,052
	18	Grants payable			18	
	19	Deferred revenue		519,843	19	791,440
	20	Tax-exempt bond liabilities		211,970,759	20	224,989,669
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		803,045	21	818,999
	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		26,333,662	23	22,024,359
	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		30,328,663	25	34,663,494
	26	**Total liabilities.** Add lines 17 through 25		336,399,684	26	348,719,013
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		414,988,501	27	440,185,934
	28	Temporarily restricted net assets		9,034,012	28	9,934,388
	29	Permanently restricted net assets		2,021,909	29	2,141,642
		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		426,044,422	33	452,261,964
	34	Total liabilities and net assets/fund balances		762,444,106	34	800,980,977

Part XI Reconcilliation 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	719,405,956
2	Total expenses (must equal Part IX, column (A), line 25)	2	682,305,139
3	Revenue less expenses Subtract line 2 from line 1	3	37,100,817
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	426,044,422
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-10,883,275
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	452,261,964

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? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	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	2c	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?	3a		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 . .	3b		

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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 MCKENNAN

Employer identification number
46-0224743

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?

	Yes	No
(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? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

(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? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support?
Total									

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part 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

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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	Employer identification number
AVERA MCKENNAN	46-0224743

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		
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-		

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

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) Yes	(a) No	(b) 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)?	Yes		
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		33,620
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		1,723
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			35,343
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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	PART II-B LINE 1F AND 1G AVERA MCKENNAN PARTICIPATES THROUGH VARIOUS HOSPITAL ORGANIZATIONS TO PROMOTE LEGISLATION THAT WOULD RESULT IN STRENGTHENING HEALTH CARE DELIVERY SYSTEMS ON A NATIONAL, REGIONAL, AND LOCAL LEVEL AN EMPLOYEE OF MCKENNAN MET WITH CONGRESSIONAL MEMBERS TO DISCUSS AND PROMOTE THE 340B DRUG PROGRAM ANOTHER EMPLOYEE OF MCKENNAN ALSO MET WITH CONGRESSIONAL MEMBERS TO DISCUSS DRUG SHORTAGES

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

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

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

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

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

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

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

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

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

- a ☐ Public exhibition
- 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
c Beginning balance	1c	9,654
d Additions during the year	1d	113,736
e Distributions during the year	1e	111,545
f Ending balance	1f	11,845

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	2,021,909	1,981,042	1,897,334	2,160,515	
b Contributions					
c Investment earnings or losses	119,733	40,867	83,708	-263,181	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	2,141,642	2,021,909	1,981,042	1,897,334	

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

		Yes	No
(i) unrelated organizations	3a(i)		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	7,249,627	20,252,346		27,501,973
b Buildings	1,245,461	380,803,058	145,624,626	236,423,893
c Leasehold improvements				
d Equipment		236,755,633	166,830,135	69,925,498
e Other		15,014,731	5,258,433	9,756,298
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				343,607,662

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) ASSETS LIMITED AS TO USE - AVERA POOLED INVESTMENTS	174,227,695	F
(B) AVERA HOME MEDICAL EQUIPMENT, LLC	4,199,216	C
(C) HEART HOSPITAL OF SOUTH DAKOTA, LLC	12,197,248	C
(D) INTEREST IN AVERA HEALTH FOUNDATION	11,282,031	F
(E) INVESTMENTS IN AFFILIATED COMPANIES	5,210,115	C
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	207,116,305	

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
OTHER LIABILITIES	3,446,646
DUE TO OTHER ORGANIZATIONS	1,174,897
MARKET VALUE OF INTEREST SWAP	12,592,229
CAPITAL LEASE OBLIGATION	24,459
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	12,003,995
DUE TO AFFILATE	5,421,268
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	34,663,494

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	719,405,956
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	682,305,139
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	37,100,817
4	Net unrealized gains (losses) on investments	4	-6,031,404
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-4,851,871
9	Total adjustments (net) Add lines 4 - 8	9	-10,883,275
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	26,217,542

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	752,038,879
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-6,031,404		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	50,963,178		
e	Add lines **2a** through **2d**			2e	44,931,774
3	Subtract line **2e** from line **1**			3	707,107,105
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	12,298,851		
c	Add lines **4a** and **4b**			4c	12,298,851
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	719,405,956

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

1	Total expenses and losses per audited financial statements			1	723,014,035
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	60,767,086		
e	Add lines **2a** through **2d**			2e	60,767,086
3	Subtract line **2e** from line **1**			3	662,246,949
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	20,058,190		
c	Add lines **4a** and **4b**			4c	20,058,190
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	682,305,139

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
	PART IV, LINE 1B	THE ORGANIZATION HOLDS FUNDS IN TRUST ON BEHALF OF ITS LONG-TERM CARE RESIDENTS MANY SMALL DOLLAR TRANSACTIONS FLOW IN AND OUT OF THIS ACCOUNT THE ACCOUNT IS MANAGED BY THE NURSING HOME STAFF THE STATE HAS STRICT GUIDELINES ON HOW THESE ACCOUNTS ARE MANAGED
	PART IV, LINE 2B	THE ORGANIZATION HOLDS AN AMOUNT IN TRUST RELATED TO A NON-COMPETE AS PART OF AN EMPLOYMENT AGREEMENT FOR AN EMPLOYED PHYSICIAN THE AMOUNT WILL BE HELD AND THEN PAID OUT WHEN THE PHYSICIAN REACHES AGE 65 OR EARLIER ACCORDING TO THE WRITTEN TRUST AGREEMENT
DESCRIPTION OF INTENDED USE OF ENDOWMENT FUNDS	PART V, LINE 4	THE ORGANIZATION'S ENDOWMENT CONSISTS OF A PORTION OF THEIR INTEREST IN THE NET ASSETS OF 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 THE ORGANIZATION CURRENTLY DOES NOT HAVE ANY BOARD DESIGNATED ENDOWMENT FUNDS
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	THE ORGANIZATION IS ORGANIZED AS A 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) CERTAIN CONSOLIDATED SUBSIDIARIES, INCLUDING AVERA HOME MEDICAL EQUIPMENT LLC, MIDWEST REGIONAL IMAGING SERVICES LLC, HEART HOSPITAL OF SOUTH DAKOTA LLC, AND ALUMEND LLC, ARE NOT TAX EXEMPT ENTITIES AND ARE CONSIDERED PARTNERSHIPS OR DISREGARDED ENTITIES FOR TAX PURPOSES AVERA MCKENNAN IS ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS IN ADDITION, AVERA MCKENNAN IS SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE AVERA MCKENNAN FILES AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990-T) WITH THE IRS TO REPORT ITS UNRELATED BUSINESS TAXABLE INCOME FOR THE YEARS ENDED JUNE 30, 2012 AND 2011, CASH PAID FOR INCOME TAXES WAS $270,406 AND $112,143, RESPECTIVELY THE ORGANIZATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE CONSOLIDATED FINANCIAL STATEMENTS THE ORGANIZATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED THE ORGANIZATION'S FEDERAL FORM 990-T AND OTHER TAX RETURN FILINGS ARE GENERALLY NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE 2009
PART XI, LINE 8 - OTHER ADJUSTMENTS		EQUITY TRANSFERS, NET 755,783 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP -5,258,882 LOSS ON RETIREMENT OF DEBT -1,419,188 OTHER CHANGES IN NET ASSETS 66,412 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP DESIGNATED AS HEDGE -883,328 GAIN ON ACQUISITION 2,724,749 BOOK TAX DIFFERENCE - EQUITY METHOD -15,814 BOOK TAX DIFFERENCE - CONSOLIDATED -821,603 TOTAL TO SCHEDULE D, PART XI, LINE 8 -4,851,871
PART XII, LINE 2D - OTHER ADJUSTMENTS		REVENUES OF CONSOLIDATED SUBSIDIARIES CONSOLIDATED FOR FINANCIAL STATEMENTS 75,355,429 OCCUPANCY EXPENSES INCLUDED IN NONOPERATING INCOME ON FINANCIAL STATEMENTS - 1,774,849 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP RECORDED IN N/A FOR TAX RETURN -5,258,882 RECLASS OF LOSSES ON INTEREST RATE SWAPS RECORDED IN N/A FOR TAX RETURN -380,740 LOSS FROM RETIREMENT OF DEBT RECORDED IN NET ASSETS FOR TAX RETURN -1,419,188 GAIN ON ACQUISITION 2,724,749 BAD DEBT EXPENSE REPORTED IN REVENUE FOR FINANCIAL STATEMENTS -18,283,341
PART XII, LINE 4B - OTHER ADJUSTMENTS		CHANGE IN INVESTMENT IN AVERA HEALTH FDTN RECORDED IN FUND BALANCE ON F/S 101,688 GAIN FROM INVESTMENT IN SUBSIDIARIES RECORDED IN REVENUE FOR TAX RETURN 9,713,826 MANAGEMENT FEES INCLUDED IN EXPENSES ON FINANCIAL STATEMENTS 1,304,094 RENTAL EXPENSE INCLUDED IN REVENUES ON FINANCIAL STATEMENTS -941,103 BOOK TAX DIFFERENCES - CONSOLIDATED 821,603 CONTRIBUTION OF LONG-LIVED ASSET RECORDED IN NET ASSETS FOR FINANCIAL STMT 137,632 TEMP & PERM CHANGES 1,020,109 BOOK TAX DIFFERENCES - EQUITY METHOD 15,814 CHANGE IN NONCONTROLLING INTEREST IN HEART HOSPITAL OF SOUTH DAKOTA 125,188
PART XIII, LINE 2D - OTHER ADJUSTMENTS		EXPENSES OF CONSOLIDATED SUBSIDIARIES CONSOLIDATED FOR FINANCIAL STATEMENTS 61,130,077 MANAGEMENT FEES INCLUDED IN REVENUE FOR TAX RETURN -1,304,094 RENTAL EXPENSE INCLUDED IN EXPENSES FOR TAX RETURN 941,103
PART XIII, LINE 4B - OTHER ADJUSTMENTS		OCCUPANCY EXPENSES INCLUDED IN THE NONOPERATING INCOME FOR THE F/S 1,774,849 BAD DEBT EXPENSE REPORTED IN REVENUE FOR FINANCIAL STATEMENTS 18,283,341

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SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a.
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 MCKENNAN

Employer identification number
46-0224743

Part I Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.

1 Indicate whether the organization raised funds through any of the following activities Check all that apply

- **a** ☐ Mail solicitations
- **b** ☐ Internet and e-mail solicitations
- **c** ☑ Phone solicitations
- **d** ☑ In-person solicitations
- **e** ☑ Solicitation of non-government grants
- **f** ☑ Solicitation of government grants
- **g** ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☑ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization Form 990-EZ filers are not required to complete this table

(i) Name and address of individual or entity (fundraiser)	**(ii)** Activity	**(iii)** Did fundraiser have custody or control of contributions? Yes	**(iii)** No	**(iv)** Gross receipts from activity	**(v)** Amount paid to (or retained by) fundraiser listed in col **(i)**	**(vi)** Amount paid to (or retained by) organization
RENAISSANCE GROUP INC 7701 DOUGLAS AVENUE DES MOINES, IA 50322	COUNSEL FOR FUNDRAISING CAMPAIGN SERVICES		No	0	67,066	-67,066
Total . . . . . ▶					67,066	-67,066

3 List all states in which the organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 on Form 990-EZ, line 6a. List events with gross receipts greater than $5,000.

		(a) Event #1 (event type)	(b) Event #2 (event type)	(c) Other Events (total number)	(d) Total Events (Add col (a) through col (c))
Revenue	1 Gross receipts				
	2 Less Charitable contributions				
	3 Gross income (line 1 minus line 2)				
Direct Expenses	4 Cash prizes				
	5 Non-cash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses				
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				( )
	11 Net income summary Combine lines 3 and 10 in column (d) ▶				

Part III **Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than $15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (Add col (a) through col (c))
Revenue	1 Gross revenue				
Direct Expenses	2 Cash prizes				
	3 Non-cash prizes				
	4 Rent/facility costs				
	5 Other direct expenses				
	6 Volunteer labor	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	
	7 Direct expense summary Add lines 2 through 5 in column (d) ▶				( )
	8 Net gaming income summary Combine lines 1 and 7 in column (d) ▶				

9 Enter the state(s) in which the organization operates gaming activities _____

a Is the organization licensed to operate gaming activities in each of these states? ☐ Yes ☐ No

b If "No," Explain _____

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? ☐ Yes ☐ No

b If "Yes," Explain _____

11 Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

a	The organization's facility	**13a**	
b	An outside facility	**13b**	

14 Provide the name and address of the person who prepares the organization's gaming/special events books and records

Name ▶ ----------

Address ▶ ----------

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

b If "Yes," enter the amount of gaming revenue received by the organization ▶ $ _____ and the amount of gaming revenue retained by the third party ▶ $ _____

c If "Yes," enter name and address

Name ▶ ----------

Address ▶ ----------

16 Gaming manager information

Name ▶ ----------

Gaming manager compensation ▶ $ ----------

Description of services provided ▶ ----------

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ $

Part IV Complete this part to provide additional information for responses to question on Schedule G (see instructions.)

Identifier	ReturnReference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual 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 *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☑ 150% ☐ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
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"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			10,414,956		10,414,956	1 530 %
b Medicaid (from Worksheet 3, column a)			65,128,812	47,217,235	17,911,577	2 630 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			1,163,145	666,176	496,969	0 070 %
d **Total** Charity Care and Means-Tested Government Programs			76,706,913	47,883,411	28,823,502	4 230 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			3,013,948	298,779	2,715,169	0 400 %
f Health professions education (from Worksheet 5)			6,862,988	1,576,515	5,286,473	0 770 %
g Subsidized health services (from Worksheet 6)			50,528,552	43,510,527	7,018,025	1 030 %
h Research (from Worksheet 7)			3,928,027	2,728	3,925,299	0 580 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,883,011		1,883,011	0 280 %
j **Total** Other Benefits			66,216,526	45,388,549	20,827,977	3 060 %
k **Total.** Add lines 7d and 7j			142,923,439	93,271,960	49,651,479	7 290 %

Part II Community 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
1	Physical improvements and housing						
2	Economic development			107,846		107,846	0 020 %
3	Community support						
4	Environmental improvements			15,000		15,000	0 %
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development			258,086		258,086	0 040 %
9	Other						
10	**Total**			380,932		380,932	0 060 %

Part III Bad 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?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	18,283,341		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
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)	5	142,661,645
6	Enter Medicare allowable costs of care relating to payments on line 5	6	123,224,808
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	19,436,837
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?		9a	Yes	
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		9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 7

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	AVERA MCKENNAN 1325 S CLIFF AVE SIOUX FALLS,SD 57117	X	X	X	X		X	X		30 PROVIDER BASED CLINICS
2	HEART HOSPITAL OF SOUTH DAKOTA LLC 10720 SIKES PLACE SUITE 300 CHARLOTTE,NC 28277	X	X					X		2/3 OWNER IN JOINT VENTURE
3	AVERA GREGORY HEALTHCARE CENTER 400 PARK AVE GREGORY,SD 57533	X	X			X		X		FOUR PROVIDER BASED CLINICS
4	AVERA MILBANK AREA HOSPITAL 901 VIRGIL AVE MILBANK,SD 57252	X	X			X		X		THREE RURAL HEALTH PROVIDER BASED CLINICS
5	AVERA DELLS AREA HEALTH CENTER 909 N IOWA AVENUE DELL RAPIDS,SD 57022	X	X			X		X		THREE PROVIDER BASED CLINICS
6	AVERA FLANDREAU MEDICAL CENTER 214 N PRAIRIE FLANDREAU,SD 57028	X	X			X		X		ONE PROVIDER BASED CLINIC
7	AVERA HAND COUNTY MEMORIAL HOSPITAL 300 W 5TH ST MILLER,SD 57362	X	X			X		X		ONE PROVIDER BASED CLINIC

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 MCKENNAN

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	1		No
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)			
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?	5		
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)			
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?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	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)			
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?	13	Yes	
	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)			

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?	16		No
	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)			
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?	**18**	Yes	
If "No," indicate why			
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?	**20**	Yes	
If "Yes," explain in Part VI			
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?	**21**	Yes	
If "Yes," explain in Part VI			

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)

HEART HOSPITAL OF SOUTH DAKOTA LLC

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

		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	**1**		No
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)			
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?	**5**		
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)			
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?	**9**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	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)			
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?	13	Yes	
	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)			

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?	16		No
	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)			
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?	**18**	Yes	
If "No," indicate why			
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?	**20**	Yes	
If "Yes," explain in Part VI			
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?	**21**	Yes	
If "Yes," explain in Part VI			

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 GREGORY HEALTHCARE CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 3

		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	1		No
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)			
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?	5		
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)			
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?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	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)			
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?	13	Yes	
	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)			

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?	16		No
	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)			
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?	**18**	Yes	
If "No," indicate why			
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?	**20**	Yes	
If "Yes," explain in Part VI			
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?	**21**	Yes	
If "Yes," explain in Part VI			

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 MILBANK AREA HOSPITAL

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 4

		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	1		No
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)			
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?	5		
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)			
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?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	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)			
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?	13	Yes	
	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)			

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?	16		No
	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)			
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?	**18**	Yes	
If "No," indicate why			
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?	**20**	Yes	
If "Yes," explain in Part VI			
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?	**21**	Yes	
If "Yes," explain in Part VI			

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 DELLS AREA HEALTH CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 5

		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	1		No
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)			
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?	5		
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)			
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?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	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)			
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?	13	Yes	
	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)			

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?	16		No
	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)			
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?	**18**	Yes	
If "No," indicate why			
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?	**20**	Yes	
If "Yes," explain in Part VI			
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?	**21**	Yes	
If "Yes," explain in Part VI			

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 FLANDREAU MEDICAL CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 6

		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	1		No
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)			
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?	5		
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)			
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?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	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)			
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?	13	Yes	
	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)			

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?	16		No
	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)			
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?	**18**	Yes	
If "No," indicate why			
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?	**20**	Yes	
If "Yes," explain in Part VI			
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?	**21**	Yes	
If "Yes," explain in Part VI			

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 HAND COUNTY MEMORIAL HOSPITAL

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 7

		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	1		No
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)			
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?	5		
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)			
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?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 150 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	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)			
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?	13	Yes	
	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)			

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?	16		No
	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)			
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?	**18**	Yes	
If "No," indicate why			
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?	**20**	Yes	
If "Yes," explain in Part VI			
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?	**21**	Yes	
If "Yes," explain in Part VI			

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? **67**

	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 A COMBINATION OF INCOME AND ASSETS TEST IS UTILIZED TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE POINTS ARE ASSIGNED BASED ON INCOME AS A PERCENTAGE OF FPG AND NET ASSETS OWNED WITH POINTS DEDUCTED FOR ONGOING MEDICAL EXPENSES SUCH AS DRUGS PATIENTS WITH THE FEWEST POINTS RECEIVE THE LARGEST DISCOUNT 0-1 POINTS RECEIVE 100% DISCOUNT ON BILLS WHILE REMAINING DISCOUNTS RANGE FROM 10-90% DEPENDING ON POINT TOTALS AND DOLLAR AMOUNT OF CHARGES

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 ACCOUNTING SYSTEM WAS USED TO CALCULATE MEDICAID AND MEANS-TESTED GOVERNMENT PROGRAM EXPENSES AND SHORTFALLS AND SUBSIDIZED HEALTH SERVICES FOR OUR TERTIARY MEDICAL CENTER A COST TO CHARGE RATIO DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES WAS USED TO CALCULATE CHARITY CARE AT COST FOR ALL ENTITIES AND MEDICAID AND MEANS-TESTED GOVERNMENT PROGRAM EXPENSES AND SHORTFALLS AND SUBSIDIZED HEALTH SERVICES FOR ANY OPERATIONS OUTSIDE OF THE TERTIARY MEDICAL CENTER FOR ALL OTHER AMOUNTS, COSTS AND REVENUES AS REFLECTED BY THE GENERAL LEDGER SYSTEM WERE USED

Identifier	ReturnReference	Explanation
		PART I, LINE 7G PHYSICIAN CLINIC COSTS FOR BEHAVIORAL HEALTH SERVICES AND TRANSPLANT SERVICES ARE INCLUDED IN SUBSIDIZED HEALTH SERVICES REVENUES OF $7,378,224 AND COSTS OF $11,545,760 WERE INCLUDED FOR A NET COMMUNITY BENEFIT OF $4,167,536 OUTSIDE OF THE VETERANS ADMINISTRATION HOSPITAL, WE ARE THE SOLE PROVIDER OF HOSPITAL BEHAVIORAL HEALTH SERVICES TO THE COMMUNITY, OF WHICH THE CLINICS ARE AN INTEGRAL PART OF THESE SERVICES OUR FACILITY IS ALSO THE PRINCIPAL PROVIDER OF TRANSPLANT SERVICES THROUGHOUT OUR SERVICE AREA AND THE CLINICS ARE A CRUCIAL COMPONENT OF SUCCESSFUL PRE AND POST TRANSPLANT CARE

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) BAD DEBT EXPENSE OF $18,283,341 IS INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A) BUT EXCLUDED FOR PURPOSES OF CALCULATING THIS PERCENTAGE

Identifier	ReturnReference	Explanation
		PART II ECONOMIC DEVELOPMENT, COMMUNITY SUPPORT, AND COALITION BUILDING ARE SUPPORTED MAINLY THROUGH MONETARY DONATIONS IN ADDITION TO SERVICE PREPAREDNESS COMMITTEES THE ORGANIZATION'S WORKFORCE DEVELOPMENT PROGRAM WORKS WITH UNIVERSITIES, TECHNICAL SCHOOLS, AND LOCAL HIGH SCHOOLS TO ADDRESS HEALTHCARE WORKER SHORTFALLS IN THE COMMUNITY THROUGH PARTNERING WITH THESE ORGANIZATIONS, AVERA MCKENNAN PROVIDES SPEAKERS, WORK EXPERIENCE FOR STUDENTS, SHADOWING, CAREER FAIRS AND INFORMATIONAL LITERATURE TO ENCOURAGE STUDENTS TO CONSIDER A CAREER IN HEALTHCARE AND STAY IN THE COMMUNITY

Identifier	ReturnReference	Explanation
		PART III, LINE 4 BAD DEBT EXPENSE 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 HAVE INTEREST ASSESSED AT 1 PERCENT PER MONTH THESE INTEREST CHARGES ARE RECOGNIZED AS INCOME WHEN CHARGED 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 ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE ORGANIZATION ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD PARTY COVERAGE, THE ORGANIZATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID, OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY) FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE ORGANIZATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS THE ORGANIZATION'S PROCESS FOR CALCULATING THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SELF-PAY PATIENTS HAS NOT SIGNIFICANTLY CHANGED BETWEEN THE YEARS ENDED JUNE 30, 2012 AND 2011 THE ORGANIZATION DOES NOT MAINTAIN A MATERIAL ALLOWANCE FOR DOUBTFUL ACCOUNTS FROM THIRD-PARTY PAYORS, NOR DID IT HAVE SIGNIFICANT WRITE OFFS FROM THIRD-PARTY PAYORS THE ORGANIZATION CHANGED ITS CHARITY CARE AND UNINSURED DISCOUNT POLICIES DURING THE YEARS ENDED JUNE 30, 2012 AND 2011 RELATED TO UNINSURED PATIENTS TO COMPLY WITH NEW REGULATORY REQUIREMENTS ISSUED BY THE INTERNAL REVENUE SERVICE THE CHANGES DID NOT HAVE A MATERIAL IMPACT ON CONSOLIDATED FINANCIAL STATEMENT AMOUNTS OR DISCLOSURES PART III, LINES 5, 6, AND 7 THE MEDICARE REVENUES RECEIVED (LINE 5), ALLOWABLE COSTS (LINE 6), AND THE RESULTING SURPLUS (LINE 7) DOES NOT INCLUDE A SIGNIFICANT PORTION OF THE ORGANIZATION'S EXPENSES THESE LINES REQUIRE USE OF THE MEDICARE COST REPORT AS PREPARED BY THE REQUIRED GUIDELINES WHICH DISALLOWS NUMEROUS COSTS OF HOSPITALS, PARTICULARLY IF THEY ARE PART OF AN INTEGRATED SYSTEM SUCH AS AVERA MCKENNAN IN THESE CASES THE ENTITY MUST FILE A HOME OFFICE COST REPORT WHICH "STEPS DOWN" OVERHEAD TO NON-COST REPORT ENTITIES DISPROPORTIONATELY TO ACTUAL ALLOWABLE SHARE AND ESSENTIALLY REMOVING THE COSTS FROM THE HOSPITAL'S COST REPORT ENTIRELY EXAMPLES OF A PORTION OF THESE OVERHEAD COSTS WOULD BE FINANCE, BUSINESS OFFICE, INFORMATION TECHNOLOGY, HUMAN RESOURCES AND ADMINISTRATION EXAMPLES OF NON-COST REPORT ENTITIES OPERATED BY AVERA MCKENNAN INCLUDE CLINICS, HOME MEDICAL EQUIPMENT STORES, MOBILE IMAGING SERVICES, LONG-TERM CARE FACILITIES, AND OTHER HEALTH CARE RELATED BUSINESSES THERE ARE ALSO COSTS COMPLETELY DISALLOWED BY COST REPORT RULES SUCH AS BAD DEBT EXPENSE, HOSPITALISTS CARE, MARKETING, CRNA'S, AND INTEREST EXPENSE AVERA MCKENNAN ALSO RECEIVES A MEDICARE DISPROPORTIONATE SHARE HOSPITAL (DSH) ADJUSTMENT AS PART OF THE COST REPORT DUE TO THE ITS SIGNIFICANT NUMBER OF LOW-INCOME PATIENTS SERVED PART III, LINE 5 REQUIRES INCLUSION OF THIS REVENUE THOUGH EXPENSES INCLUDED ARE MUCH LOWER SCHEDULE H INSTRUCTIONS ALSO REQUIRE THE EXCLUSION OF $10,405,711 OF MEDICARE LOSSES BECAUSE THEY ARE INCLUDED IN SCHEDULE H, PART 1, LINE 7G INCLUDING THE MEDICARE PERCENTAGE OF DISALLOWED COSTS, ENTITIES WHICH DO NOT FILE A COST REPORT BUT NEVERTHELESS CARE FOR MEDICARE PATIENTS, AND THE IMPACT OF THE HOME OFFICE COST REPORT, THE MEDICARE SHORTFALL IS $18,137,186 AS OPPOSED TO A SURPLUS OF $19,436,837

Identifier	ReturnReference	Explanation
		PART III, LINE 8 AVERA MCKENNAN FOLLOWS THE CATHOLIC HEALTH ASSOCIATION 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 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

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 IT'S AGENT SHALL NOT SEND, NOR SUGGEST THAT IT WILL SEND, THE UNPAID BILL TO ANY OUTSIDE 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 DOES NOT REPORT ANY DATA TO ANY OF THE CREDIT AGENCIES, HOWEVER, THE COLLECTION AGENCIES AVERA UTILIZES MAY REPORT TO THE CREDIT AGENCIES ANY EXTENDED PAYMENT PLANS OFFERED BY A HOSPITAL IN SETTLING THE OUTSTANDING BILLS OF LOW INCOME, UNINSURED PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SHALL BE INTEREST-FREE SO LONG AS THE REPAYMENT SCHEDULE IS MET

Identifier	ReturnReference	Explanation
AVERA MCKENNAN		PART V, SECTION B, LINE 13G A SUMMARY OF THE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOM OR WAITING ROOMS, ADMISSIONS OFFICES, AND IS PROVIDED, IN WRITTING, TO PATIENTS ON ADMISSION TO THE HOSPITAL FACILITY

Identifier	ReturnReference	Explanation
HEART HOSPITAL OF SOUTH DAKOTA, LLC		PART V, SECTION B, LINE 13G A SUMMARY OF THE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOM OR WAITING ROOMS, ADMISSIONS OFFICES, AND IS PROVIDED, IN WRITTING, TO PATIENTS ON ADMISSION TO THE HOSPITAL FACILITY

Identifier	ReturnReference	Explanation
AVERA GREGORY HEALTHCARE CENTER		PART V, SECTION B, LINE 13G A SUMMARY OF THE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOM OR WAITING ROOMS, ADMISSIONS OFFICES, AND IS PROVIDED, IN WRITTING, TO PATIENTS ON ADMISSION TO THE HOSPITAL FACILITY

Identifier	ReturnReference	Explanation
AVERA MILBANK AREA HOSPITAL		PART V, SECTION B, LINE 13G A SUMMARY OF THE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOM OR WAITING ROOMS, ADMISSIONS OFFICES, AND IS PROVIDED, IN WRITTING, TO PATIENTS ON ADMISSION TO THE HOSPITAL FACILITY

Identifier	ReturnReference	Explanation
AVERA DELLS AREA HEALTH CENTER		PART V, SECTION B, LINE 13G A SUMMARY OF THE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOM OR WAITING ROOMS, ADMISSIONS OFFICES, AND IS PROVIDED, IN WRITTING, TO PATIENTS ON ADMISSION TO THE HOSPITAL FACILITY

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AVERA FLANDREAU MEDICAL CENTER		PART V, SECTION B, LINE 13G A SUMMARY OF THE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOM OR WAITING ROOMS, ADMISSIONS OFFICES, AND IS PROVIDED, IN WRITTING, TO PATIENTS ON ADMISSION TO THE HOSPITAL FACILITY

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AVERA HAND COUNTY MEMORIAL HOSPITAL		PART V, SECTION B, LINE 13G A SUMMARY OF THE POLICY IS POSTED IN THE HOSPITAL FACILITY'S EMERGENCY ROOM OR WAITING ROOMS, ADMISSIONS OFFICES, AND IS PROVIDED, IN WRITTING, TO PATIENTS ON ADMISSION TO THE HOSPITAL FACILITY

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AVERA MCKENNAN		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%

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HEART HOSPITAL OF SOUTH DAKOTA, LLC		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%

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AVERA GREGORY HEALTHCARE CENTER		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%

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AVERA MILBANK AREA HOSPITAL		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%

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AVERA MCKENNAN		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

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AVERA MCKENNAN		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

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		PART VI, LINE 2 COMMUNITY NEEDS ASSESSMENT OCCURS AT VARIOUS POINTS IN THE SYSTEM THROUGH ANNUAL STRATEGIC PLANNING SESSIONS, COMMUNITY LEADERS ARE BROUGHT IN TO UPDATE AND EDUCATE AVERA MCKENNAN BOARD MEMBERS AND ADMINISTRATIVE COUNCIL ON THE SUCCESSES, CHALLENGES, AND SERVICE GAPS IN THE COMMUNITY EXAMPLES INCLUDE SCHOOL DISTRICT OFFICIALS, STATE HEALTH DEPARTMENT, AND COMMUNITY HEALTH ORGANIZATIONS LEADERS ALSO SERVE ON BOARDS OF VARIOUS COMMUNITY ORGANIZATIONS WHICH SEEK TO ADDRESS THE HEALTH AND WELL-BEING OF AREA CITIZENS LOCAL GOVERNING BOARDS AT OUTLYING FACILITIES, WHO ARE MEMBERS OF THE COMMUNITY, DISCUSS AND HELP DIRECT RESOURCES TO AREAS OF TARGETED NEEDS AS WELL

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 NOTICES ARE POSTED IN ENGLISH AND SPANISH IN A VISIBLE MANNER IN LOCATIONS WHERE THERE IS A HIGH VOLUME OF INPATIENT OR OUTPATIENT ADMITTING/REGISTRATION, SUCH AS EMERGENCY DEPARTMENTS, BILLING OFFICES, ADMITTING OFFICES, AND OUTPATIENT SERVICE SETTINGS AS WELL AS THE ORGANIZATION WEBSITE POSTED NOTICES STATE THAT THE ORGANIZATION HAS A FINANCIAL ASSISTANCE POLICY FOR LOW-INCOME UNINSURED PATIENTS WHO MAY NOT BE ABLE TO PAY THEIR BILL AND THAT THIS POLICY PROVIDES FOR CHARITY CARE AND REDUCED-PAYMENT FOR HEALTHCARE SERVICES THERE IS ALSO IDENTIFICATION OF A CONTACT PHONE NUMBER THAT A PATIENT CAN CALL TO OBTAIN MORE INFORMATION ABOUT THE FINANCIAL ASSISTANCE POLICY AND ABOUT HOW TO APPLY FOR SUCH ASSISTANCE ADDITIONALLY, ADMITTING STAFF MAKES AVAILABLE A BROCHURE DESIGNED TO HELP PATIENTS UNDERSTAND HOW WE BILL PATIENTS AND PROVIDES SUMMARY INFORMATION ON FINANCIAL ASSISTANCE IF YOU ARE UNABLE TO PAY PATIENT ADVOCATES WORK WITH UNINSURED PATIENTS IN OUR MAIN TERTIARY FACILITY TO ENROLL THEM IN APPLICABLE SOCIAL PROGRAMS AND IDENTIFY CHARITY ELIGIBILITY, ELIGIBILITY AND ENROLLMENT FOR COUNTY, STATE OR FEDERAL RISK POOLS, AND ELIGIBILITY FOR MODIFIED MEDICARE OR MEDICAID PROGRAMS

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 AVERA MCKENNAN'S SERVICE AREA IS A LARGELY RURAL POPULATION SERVICES ARE PROVIDED THROUGH A HEALTH CARE NETWORK OF 117 LOCATIONS COVERING 54 COMMUNITIES IN FOUR STATES THE MAIN TERTIARY FACILITY IS LOCATED IN A POPULATION CENTER OF OVER 155,000 SERVED BY ANOTHER NON-PROFIT HOSPITAL OF SIMILAR SIZE, VETERANS ADMINISTRATION HOSPITAL, A HOSPITAL DEDICATED TO DIAGNOSIS AND TREATMENT OF HEART DISEASE, AND A HOSPITAL FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS OUTSIDE OF THIS POPULATION CENTER, MOST OF THE COMMUNITIES SERVED HAVE LESS THAN 4,000 RESIDENTS THE PRIMARY SERVICE AREA INCLUDES FOUR COUNTIES COVERING APPROXIMATELY 2,600 SQUARE MILES AND CONTAINS SEVEN FEDERALLY DESIGNATED MEDICALLY UNDERSERVED AREAS THE U S CENSUS BUREAU DATA ESTIMATES JUST UNDER 10% OF RESIDENTS IN THE PRIMARY SERVICE AREA ARE AT OR BELOW THE POVERTY LEVEL OUR SECONDARY SERVICE AREA COVERS AN ADDITIONAL 19 COUNTIES IN SOUTH DAKOTA, IOWA AND MINNESOTA WITH AN ESTIMATED TOTAL POPULATION OF 235,000 BASED ON U S CENSUS BUREAU PROJECTIONS FOR 2011

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 SURPLUS FUNDS ARE REINVESTED IN FACILITIES TO IMPROVE PATIENT CARE MEDICA L STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY THE AVERA MC KENNAN BOARD OF TRUSTEES IS PRINCIPALLY COMPRISED OF COMMUNITY MEMBERS FROM THE PRIMARY SE RVICE AREA MEMBERS COME FROM A VARIETY OF BACKGROUNDS RANGING FROM PRIVATE INDUSTRY AND B ANKING TO HEALTHCARE AVERA MCKENNAN IS A VERIFIED LEVEL II TRAUMA CENTER AND WAS THE FIRST SUCH CENTER IN THE STATE OF SOUTH DAKOTA AVERA MCKENNAN'S EMERGENCY DEPARTMENT IS STAFFE D 24 HOURS A DAY WITH BOARD-CERTIFIED EMERGENCY SPECIALISTS AND PROVIDES EMERGENCY CARE RE GARDLESS OF ABILITY TO PAY OPERATING BOTH FIXED WING AND HELICOPTER MEDICAL AIR TRANSPORT S, AVERA MCKENNAN'S FLIGHT TEAMS COVER A LARGE GEOGRAPHIC AREA PROVIDING STATE-OF-THE-ART AIR TRANSPORT SERVICES AND ACCESS TO CRITICAL CARE THROUGH AN INTEGRATED NETWORK OF CLINIC PROVIDERS THE ORGANIZATION PROVIDES NON-EMERGENCY SERVICES TO THE COMMUNITITES IT SERVES IT MAKES THESE SERVICES ACCESSIBLE TO THE COMMUNITY THROUGH PARTICIPATION IN GOVERNMENT P ROGRAMS SUCH AS MEDICARE AND MEDICAID AVERA MCKENNAN OWNS OR LEASES RURAL CRITICAL ACCESS HOSPITALS IN FLANDREAU, GREGORY, DELL RAPIDS, MILBANK AND MILLER (HAND COUNTY), S D AS SU CH, THEY OPERATE AS A DEPARTMENT OF AVERA MCKENNAN THE HOSPITALS IN FLANDREAU, GREGORY AN D HAND COUNTY SERVE MEDICALLY UNDERSERVED COUNTIES IN ADDITION TO THE FOLLOWING EXEMPT PU RPOSE ACHIEVEMENTS, RURAL HOSPITALS PARTICIPATE IN MANY OF THE ABOVE AS PART OF AVERA MCKE NNAN AMONG SERVICES OFFERED BY RURAL HOSPITALS ARE RADIOLOGY AND IMAGING, COLONOSCOPY AND ENDOSCOPY, THERAPY AND REHABILITATION, 24-HOUR EMERGENCY CARE, CHEMOTHERAPY, ORTHOPEDICS, CARDIOVASCULAR TESTING AND CARE, OBSTETRICS, SURGERY, AND DIALYSIS EACH OF THE HOSPITALS PROVIDES 24-HOUR EMERGENCY CARE WITH EEMERGENCY SERVICES THROUGH AVERA MCKENNAN EICU SERV ICES ARE ALSO AVAILABLE AT THESE HOSPITALS, PROVIDING ACCESS TO CRITICAL CARE MEDICINE NEA R HOME AND LESSENING THE NEED FOR TRANSPORT THERE IS NO ADDITIONAL BILLING TO PATIENTS T ELEMEDICINE CONSULTS ARE ALSO OFFERED AT RURAL LOCATIONS IN A NUMBER OF MEDICAL SPECIALTIE S HEALTH CARE CLINIC IN 1992, AVERA MCKENNAN ESTABLISHED A HEALTH CARE CLINIC TO PROVIDE FREE CARE FOR PEOPLE WHO ARE UNINSURED OR UNDERINSURED IN THE COMMUNITY THE CLINIC IS MAN AGED BY A REGISTERED NURSE AND STAFFED BY REGISTERED NURSES, TWO MIDLEVEL PROVIDERS, MEDIC AL RESIDENTS AND VOLUNTEER HEALTH CARE PROVIDERS THE GOAL OF THE CLINIC IS TO PREVENT OR TREAT PATIENTS' MEDICAL CONDITIONS BEFORE THEY BECOME CATASTROPHIC THE CLINIC AVERAGES 69 4 VISITS PER MONTH, PROVIDING PREVENTATIVE CARE, DIAGNOSIS AND TREATMENT OF ILLNESSES AND INJURIES, MEDICATION ASSISTANCE AND ASSISTANCE IN OBTAINING SPECIALIST CARE FOR PATIENTS W ITH COMPLEX CASES THE CLINIC ALSO SERVES TO TRAIN PHYSICIANS, NURSES AND OTHER HEALTH CAR E STUDENTS IT PROVIDES A FREE EVENING CLINIC ONE EVENING PER MONTH, STAFFED BY MEDICAL ST UDENTS UNDER SUPERVISION OF PHYSICIANS AVERA MCKENNAN IS THE ONLY HEALTH CARE ORGANIZATIO N TO PROVIDE FREE SERVICES SUCH AS THIS IN THE STATE OF SOUTH DAKOTA THE CLINIC HAD 8,329 VISITS IN 2012, AND WAS OPERATED AT AN ANNUAL COST OF $704,303 AVERA MCKENNAN PARTNERS W ITH THE NOT-FOR-PROFIT DESTINY CLINIC BY PROVIDING FUNDING OF $13,000 PER YEAR TO PROVIDE FREE EVENING CLINIC SERVICES RESIDENCY/HEALTH PROFESSIONS TRAINING AND INTERNSHIPS IN 201 2, AVERA MCKENNAN HAD 90 MEDICAL SCHOOL RESIDENTS IN TRAINING AT AVERA MCKENNAN IN INTERNA L MEDICINE, FAMILY PRACTICE, PSYCHIATRY, GERIATRICS AND TRANSITIONAL RESIDENCY PROGRAMS OF FERED IN PARTNERSHIP WITH THE UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE OVER 800 STUD ENTS IN NURSING, PHARMACY, PHYSICIAN ASSISTANT PROGRAMS, RADIOLOGY AND RESPIRATORY THERAPY ALSO COMPLETED ROTATIONS AT AVERA MCKENNAN AVERA MCKENNAN HAS MANY JOINT AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION FOR BOTH CLINICAL AND EDUCATIONAL PROGRAMMING IN NON-CL INICAL AREAS, AVERA MCKENNAN OFFERED 42 UNPAID INTERNSHIPS IN 2012 IN THE AREAS OF MARKETI NG, HUMAN RESOURCES, FOUNDATION, NETWORK OPERATIONS AND PROCESS EXCELLENCE, WORKING WITH A PPROXIMATELY 17 INSTITUTIONS OF HIGHER EDUCATION COMMUNITY EDUCATION AVERA MCKENNAN IS A REGIONAL LEADER IN OFFERING EDUCATIONAL PROGRAMS FOR A VARIETY OF LEARNERS, LEADERS AND EM PLOYEES UTILIZING ADVANCED TECHNOLOGY, MANY OF THESE PROGRAMS ARE PROVIDED ELECTRONICALLY THROUGHOUT THE TRI-STATE AREA EDUCATIONAL SESSIONS ARE OFFERED TO MEDICAL STAFF, EMPLOYE ES, HEALTH CARE PROFESSIONALS, STUDENTS AT ALL LEVELS AND THE GENERAL PUBLIC UTILIZING AV ERA MCKENNAN'S EDUCATION CENTER, A BROAD CROSS-SECTION OF CLASSES INVOLVING DIVERSE AUDIEN CES ARE PROVIDED AS A COMMUNITY SERVICE EACH YEAR TO BE WELL FREE EDUCATION EVENTS WERE HE LD ON TOPICS INCLUDING ORTHOPEDICS, CANCER, DIABETES, WEIGHT LOSS/HEALTHY EATING, MULTIPLE SCLEROSIS, ANXIETY AND ACUPUNCTURE FORUMS THE AVERA BEHAVIORAL HEALTH CENTER OFFERS FRE E FRIDAY FORUMS, IN WHICH SCHOOL COUNSELORS AND TH

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		ERAPISTS ARE INVITED TO PRESENTATIONS ON CHILDREN'S MENTAL HEALTH TOPICS SUCH AS CONFLICT CYCLES, REACTIVE ATTACHMENT DISORDER, DEPRESSION AND BIPOLAR DISORDER IN CHILDREN, AND TEE N SUBSTANCE USE, ABUSE AND ADDICTION THESE SESSIONS, HELD NINE TIMES EACH YEAR, ARE ATTEN DED IN PERSON BY APPROXIMATELY 85 THROUGHOUT 2012, VIDEOS OF THESE PRESENTATIONS WERE VIE WED 396 TIMES ONLINE THE AVERA BEHAVIORAL HEALTH CENTER OFFERS FREE MONTHLY EDUCATIONAL SE SSIONS ON VARIOUS TOPICS FOLLOWED BY DISCUSSION FOR ADULTS WHO HAVE BEEN IMPACTED BY A LOV ED ONE'S MENTAL ILLNESS TOPICS HAVE INCLUDED GRIEF AND LOSS, ANXIETY, AND PARENTING STRAT EGIES FOR MANAGING CHALLENGING BEHAVIORS WOMEN'S & CHILDREN'S SERVICES AVERA MCKENNAN'S W OMEN'S & CHILDREN'S SERVICES OFFERS A NUMBER OF PARENTING AND COMMUNITY EDUCATION OPPORTUN ITIES, FOR FREE OR AT A MINIMAL COST IN FISCAL YEAR 2012, 166 CHILDBIRTH EDUCATION CLASSE S WERE HELD WITH 1,053 ATTENDEES A TOTAL OF 36 PARENT AND FAMILY EDUCATION CLASSES WERE H ELD WITH 307 ATTENDEES A TOTAL OF 135 CAR SEATS WERE ISSUED THROUGH PROJECT 8, SOUTH DAKO TA GOVERNOR'S CHILD SEAT PROGRAM WITH TRAINING ON THEIR CORRECT USE FREE BURN EDUCATION W AS PROVIDED TO 2,516 STUDENTS DURING PRESENTATIONS IN SCHOOLS DAYCARE TRAINING FREE OF CH ARGE, AVERA MCKENNAN OFFERS FOUR IN-SERVICE TRAINING SESSIONS PER MONTH TO DAYCARE PROVIDE RS THROUGH THE YWCA, WITH A TOTAL OF 36 SCHEDULED ANNUALLY, AND ADDITIONAL SESSIONS FOR RE QUESTED TOPICS SUPPORT GROUPS AVERA MCKENNAN OFFERS APPROXIMATELY 10 FREE SUPPORT GROUPS THEY RANGE IN TOPIC FROM CANCER TO LIVER DISEASE, DIABETES, BONE MARROW TRANSPLANT, STRO KE AND GRIEF AND LOSS THE ORGANIZATION PROVIDES FREE MEETING SPACE AS WELL AS SPEAKERS AN D LEADERS INFORMATION AND ASSISTANCE AVERA MCKENNAN OPERATES A 24-HOUR MEDICAL CALL CENT ER, THROUGH WHICH PATIENTS HAVE ACCESS TO THE ASK-A-NURSE PROGRAM PATIENTS CAN CALL A TOL L-FREE NUMBER AND TALK PERSONALLY WITH A REGISTERED NURSE TO ASK HEALTH QUESTIONS OR RECEI VE GENERAL HEALTH INFORMATION IN 2012, THE MEDICAL CALL CENTER HANDLED 99,000 CALLS AVER A MCKENNAN'S WEB SITE ALSO PROVIDES AN EXTENSIVE HEALTH LIBRARY THAT CONSUMERS CAN ACCESS FREE OF CHARGE INTERPRETER SERVICE AVERA MCKENNAN EMPLOYS TWO FULL-TIME SPANISH INTERPRET ERS IN-HOUSE, AND THEIR SERVICES ARE OFFERED TO PATIENTS FREE OF CHARGE IN ADDITION, IN C OOPERATION WITH EXTERNAL AGENCIES, AVERA MCKENNAN IS ABLE TO HANDLE 99 DIFFERENT LANGUAGES AND DIALECTS AVERA MCKENNAN CONTRACTS FOR AN INBOUND CALL-IN SERVICE FOR SPANISH SPEAKIN G INDIVIDUALS THIS IS AVAILABLE AT THE MAIN HOSPITAL SWITCHBOARD, AS WELL AS AVERA MCGREE VY CLINIC AND AVERA WOMEN'S CLINIC ALL THE ABOVE SERVICES ARE PROVIDED AT NO COST TO THE PATIENT PRENATAL AND DELIVERY CARE BECAUSE EARLY AND REGULAR PRENATAL CARE IS IMPORTANT T O PREVENT PREMATURE BIRTH, AVERA MCKENNAN COLLABORATES IN A COMMUNITY EFFORT TO PROVIDE OB STETRICS CARE FOR WOMEN WHO DO NOT QUALIFY FOR MEDICAID, BUT CANNOT AFFORD HEALTH INSURANC E THE PROGRAM OFFERS PRENATAL CARE, AND HOSPITAL LABOR AND DELIVERY SERVES FOR A LOW FEE OF $1,000 WOMEN RECEIVE CARE WHETHER THEY CAN COVER ANY OR ALL OF THE FEE CARE IS PROVID ED PRIMARILY BY FIRST-YEAR FAMILY PRACTICE RESIDENTS, SUPERVISED BY EXPERIENCED PHYSICIANS THROUGH THIS PROGRAM IN 2012, AVERA MCKENNAN ASSISTED WITH 81 BIRTHS AND PROVIDED 823 PR ENATAL AND POST-PARTUM VISITS

Identifier	ReturnReference	Explanation
		TRANSPORT TO TRANSPLANT AVERA MCKENNAN DEVELOPED THE TRANSPORT TO TRANSPLANT PROJECT, WHI CH REMOVES TRANSPORTATION BARRIERS FOR PATIENTS FROM RURAL AREAS WHICH MAY PREVENT THEM FR OM COMPLETING THE EVALUATION AND TESTING NEEDED FOR KIDNEY AND/OR PANCREAS TRANSPLANT A V AN FUNDED THROUGH A GRANT FROM THE AVERA MCKENNAN FOUNDATION IS USED TO TRANSPORT PATIENTS WHO DEMONSTRATE A FINANCIAL NEED PATIENTS ARE BROUGHT TO THE AVERA TRANSPLANT INSTITUTE FOR A CONDENSED MULTI-DAY EVALUATION WITH ALL TESTING AND VISITS COMPLETED IN LESS THAN ON E WEEK ULTIMATELY, THE PROJECT RESULTS IN IMPROVED MORBIDITY AND MORTALITY, AS KIDNEY TRA NSPLANT DOUBLES PATIENT SURVIVAL AS COMPARED TO REMAINING ON DIALYSIS AVERA FAMILY WELLNES S THIS PROGRAM COMBINES POSITIVE ACTIVITIES LIKE VIOLIN LESSONS WITH FAMILY COACHING AT N O CHARGE FOR CHILDREN IN EARLY CHILDHOOD PROGRAMS IN THE SIOUX FALLS SCHOOL DISTRICT THE GOAL IS TO PREVENT OR LESSEN THE EFFECTS OF BEHAVIORAL HEALTH CONDITIONS ON CHILDREN AND F AMILIES BY FOSTERING A POSITIVE ENVIRONMENT APPROXIMATELY 200 STUDENTS ARE ENROLLED THE W ALSH FAMILY VILLAGE THIS HOSPITALITY HOUSE COMPLEX ADJACENT TO THE AVERA MCKENNAN CAMPUS PROVIDES A HOME AWAY FROM HOME FOR PATIENTS AND THEIR FAMILIES WHO COME FOR CARE AT AVERA MCKENNAN FROM OUTSIDE OF SIOUX FALLS THE PROJECT WAS FUNDED BY DONATIONS AND IS OPERATED BY AVERA MCKENNAN ELEVEN GUEST ROOMS ARE AVAILABLE AVERA MCKENNAN ALSO DONATES USE OF A BUILDING IN THE COMPLEX FOR A RONALD MCDONALD HOUSE FOR FAMILIES OF PEDIATRIC PATIENTS IF THEY CAN AFFORD IT, GUESTS ARE CHARGED A LOW FEE OF $46 50 PER NIGHT IF THEY CANNOT AFFO RD THE EXPENSE, THE COST OF THE ROOM IS WAIVED EMPLOYEES REGULARLY DONATE NON-PERISHABLE FOOD ITEMS TO STOCK A FOOD PANTRY FOR GUESTS IN 2012, THE WALSH FAMILY VILLAGE SERVED 7,0 18 GUESTS, STAYING IN 4,026 NIGHTLY ROOMS - A 92 PERCENT OCCUPANCY AVERA MCKENNAN PROVIDE S A SUBSIDY OF APPROXIMATELY $260,000 PER YEAR TO OPERATE THE HOSPITALITY COMPLEX PREVENTI ON AND SUPPORT OF SUBSTANCE USE DISORDER AVERA MCKENNAN IS A PARTNER WITH FACE IT TOGETHE R SIOUX FALLS, A NONPROFIT ORGANIZATION WHICH SERVES AS THE LOCAL FACE AND VOICE FOR RECOV ERY FROM ADDICTION THROUGH ITS RECOVERY SUPPORT SERVICES, ADVOCACY AND AWARENESS PROGRAMS AVERA HAS BEEN A PARTNER WITH FACE IT TOGETHER SINCE ITS INCEPTION, AND IN A RECENT AWARE NESS CAMPAIGN IN 2012, AVERA MCKENNAN PROVIDED $50,000 IN FUNDING TOWARD THIS EFFORT SUPP ORT OF INDIAN RESERVATIONS IN 2012, AVERA MCKENNAN DELIVERED ONE TRUCKLOAD OF EXCESS MEDI CAL EQUIPMENT, FURNITURE AND SUPPLIES TO INDIAN RESERVATIONS IN SOUTH DAKOTA, AND SUPPORTE D A CHRISTMAS PARTY FOR CHILDREN COMMUNITY CONNECTIONS AVERA MCKENNAN REACHES OUT TO PEOP LE AND COMMUNITIES THROUGHOUT EASTERN SOUTH DAKOTA, SOUTHWESTERN MINNESOTA AND NORTHWEST I OWA THROUGH HOME TOWN CONNECTIONS PROVIDING A CRITICAL FEEDBACK LINK TO LOCAL REFERRING D OCTORS, THIS PROGRAM COMPLETES THE COMMUNICATIONS LINKS NECESSARY TO KEEP LOCAL HEALTH CAR E PROVIDERS CURRENT ON THE TREATMENT OF THEIR PATIENTS AT AVERA MCKENNAN SUPPORT OF THE AR TS AND CULTURAL LIFE AVERA MCKENNAN HOSTS SIOUX FALLS' ONLY INDOOR SCULPTUREWALK, AN EXTE NSION OF THE COMMUNITY'S DOWNTOWN SCULPTUREWALK ARTISTS DONATE SCULPTURES FOR ONE YEAR, W HICH ARE PLACED AT LOCATIONS THROUGHOUT AVERA MCKENNAN'S CAMPUS, IN BUILDINGS CONNECTED BY SKYWALKS BROCHURES CONTAIN A MAP, AND VISITORS WHO FOLLOW THE ROUTE SUGGESTED WALK APPRO XIMATELY 1 MILE, MAKING THIS A HEALTHY AS WELL AS A CULTURAL JOURNEY DIABETES PROGRAMMING AVERA PARTICIPATES IN A COLLABORATIVE PROJECT WITH SIOUX FALLS PUBLIC SCHOOLS AND THE SOU TH DAKOTA BOARD OF NURSING TO IMPLEMENT ECONSULT SERVICES WITH DIABETIC EDUCATION SPECIALI STS MONITORING MEDICATIONS AND THE HEALTH OF CHILDREN WITH DIABETES IN THE SCHOOL SETTING AVERA MCKENNAN DIABETES EDUCATORS PROVIDED CLASSES AND ONE-ON-ONE CONSULTATIONS AT A LOSS OF $648,744 IN THE PAST FISCAL YEAR COMMUNITY BENEFITS AVERA MCKENNAN PROVIDES ADDITIONA L COMMUNITY BENEFITS INCLUDING SUPPORT OF YOUTH PROGRAMS, HOMELESS PROGRAMS, COMMUNITY AR TS PROGRAMMING, HEALTH PREVENTION, AWARENESS AND EDUCATION ABOUT CANCER, HEART DISEASE AND OTHER CONDITIONS, AND SUPPORT OF THE SIOUX EMPIRE UNITED WAY AND OTHER SERVICES IN THE RE GION DONATIONS TOWARD THESE EFFORTS TOTALED $1,858,000 IN 2012 PRESCHOOL VISION AND HEARI NG SCREENING AVERA MCKENNAN PROVIDED FREE SCREENING FOR 347 PRESCHOOL CHILDREN IN FISCAL YEAR 2012 MEDICAL RESEARCH AS A RESEARCH INSTITUTION, AVERA MCKENNAN DRAWS PHYSICIANS WHO ARE COMMITTED TO SEEKING NEW TREATMENTS AND PREVENTIVE MEASURES THE AVERA RESEARCH INSTI TUTE IS CURRENTLY CONDUCTING PRE-CLINICAL RESEARCH TO ADD TO THE BODY OF MEDICAL KNOWLEDGE IN THE AREAS OF KIDNEY DISEASE LINKED TO OBESITY, KIDNEY FILTRATION AND GROWTH, AND NEURO SCIENCE RESEARCH IN REGARD TO STRESS AND ADDICTION THE AVERA RESEARCH INSTITUTE ALSO CONT INUES ONGOING APPLIED RESEARCH IN THE AREA OF DEVELOPING A NOVEL PHOTOCHEMICAL TISSUE BOND ING TECHNOLOGY THAT HAS OPHTHALMOLOGIC AND DERMATO

Identifier	ReturnReference	Explanation
		LOGICAL APPLICATIONS THROUGH ITS GENETICS LAB, AVERA MCKENNAN IS STUDYING GENETIC PRECURS ORS OF MENTAL HEALTH CONDITIONS, WHICH HAS WIDE APPLICATION IN BOTH THE CLINICAL AND RESEA RCH ARENAS THE AVERA RESEARCH INSTITUTE IN 2012 PARTICIPATED IN 90 CLINICAL TRIALS, INVOL VING CANCER, ALZHEIMER'S DISEASE, HYPERCHOLESTEROLEMIA, RHEUMATOID ARTHRITIS, AND MORE IN FISCAL YEAR 2012, AVERA MCKENNAN OPERATED THE AVERA RESEARCH INSTITUTE AT A LOSS OF $3,62 5,000

Identifier	ReturnReference	Explanation
	PART VI, LINE 6	THE COMMUNITIES IN WHICH THE AVERA SYSTEM 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: 46-0224743
Name: AVERA MCKENNAN

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

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? **67** Name and address	Type of Facility (Describe)
AVERA MCKENNAN BEHAVIORAL HEALTH CTR 4400 W 69TH ST AVE SIOUX FALLS, SD 57108	INPATIENT & OUTPATIENT BEHAVIORAL HEALTH SERVICES
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Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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? **67**

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(list in order of size from largest to smallest)

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 46

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 6

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) SCHOLARSHIPS	56	125,000			

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 THE GOVERNING BOARD AND MANAGEMENT DEVELOP PROGRAMS WHICH ENHANCE THE CHARITABLE MISSION OF THE ORGANIZATION DISBURSEMENT FOR GRANTS OR ASSISTANCE FOR THESE PROGRAMS ARE MADE IN ACCORDANCE WITH PRESCRIBED PROCEDURES AND ARE SUBJECT TO CONDITIONS ESTABLISHED BY THE ORGANIZATION'S GOVERNING BOARD AND MANAGEMENT, WHICH ARE DESIGNED TO ENSURE THAT INDIVIDUALS AND ORGANIZATIONS RECEIVING GRANTS OR ASSISTANCE ARE ADEQUATELY INVESTIGATED TO ENSURE THAT THEY ARE QUALIFIED RECIPIENTS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

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
SOUTH DAKOTA STATE UNIVERSITYPO BOX 2218 BROOKINGS,SD 57007	46-0273801	STATE OF SD	996,593				DONATION
SIOUX FALLS CATHOLIC SCHOOLS3100 W 41ST STREET SIOUX FALLS,SD 57105	51-0145184	501(C)(3)	702,150				DONATION

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

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USD FOUNDATION 1100 N DAKOTA VERMILLION,SD 57069	46-6018891	501(C)(3)	196,000				DONATION
RONALD MCDONALD HOUSE 2001 S NORTON SIOUX FALLS,SD 57105	46-0371152	501(C)(3)	25,426	155,573	FMV	RENTED SPACE	DONATION

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

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CATHOLIC DIOCESE523 N DULUTH AVE SIOUX FALLS,SD 57104	46-6000424	501(C)(3)	127,087				DONATION
SOUTH DAKOTA SYMPHONY315 N MAIN AVE SUITE 204 SIOUX FALLS,SD 571046078	46-6017026	501(C)(3)	35,000				DONATION

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
WASHINGTON PAVILIONPO BOX 984 SIOUX FALLS,SD 57101	46-0435791	501(C)(3)	55,241				DONATION
YWCA300 W 11TH STREET SIOUX FALLS,SD 57104	46-0234998	501(C)(3)	17,450				DONATION

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
TRANSITIONAL LIVING CORPORATION2601 S MINNESOTA AVE SIOUX FALLS,SD 571054742	20-0293050	501(C)(3)	30,000				DONATION
AMERICAN CANCER SOCIETY4904 S TECHNOPOLIS DRIVE SIOUX FALLS,SD 57106	13-1788491	501(C)(3)	28,160				DONATION

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

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SIOUX EMPIRE UNITED WAY1000 N WEST AVE 120 SIOUX FALLS,SD 57104	46-0233701	501(C)(3)	62,500				DONATION
HARRISBURG ACTIVITIES FOUNDATIONPO BOX 479 HARRISBURG,SD 57032	06-1749081	501(C)(3)	40,000				DONATION

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
SIOUX FALLS JAZZ & BLUES SOCIETY 123 S MAIN AVE SUITE 204 SIOUX FALLS,SD 571046430	46-0418356	501(C)(3)	10,000				DONATION
SOUTH DAKOTA CHORALE300 S MINNESOTA AVE SIOUX FALLS,SD 57104	46-0225435	501(C)(3)	13,000				DONATION

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
NATIONAL KIDNEY FOUNDATION1100 E 21ST STREET AVERA DOCTORS PLAZA 2 STE 210 SIOUX FALLS,SD 57105	46-0448030	501(C)(3)	32,000				DONATION
NAMI OF SOUTH DAKOTAPO BOX 88808 SIOUX FALLS,SD 57109	36-3593027	501(C)(3)	10,000				DONATION

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
PRESENTATION SISTERS1500 N 2ND ST ABERDEEN,SD 57401	46-0253283	501(C)(3)	7,500				DONATION
HELPLINE CENTER 1000 N WEST AVE STE 310 SIOUX FALLS,SD 57104	23-7424387	501(C)(3)	16,500				DONATION

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
FAMILY VISITATION CENTER311 E 14TH ST SIOUX FALLS,SD 57104	26-3654937	501(C)(3)	8,500				DONATION
SALES & MARKETING EXECUTIVESPO BOX 90310 SIOUX FALLS,SD 57109	46-6012934	501(C)(6)	5,000				DONATION

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
CHILDRENS CARE FOUNDATION2501 W 26TH STREET SIOUX FALLS,SD 57105	46-0233030	501(C)(3)	5,000				DONATION
SOUTHEASTERN BEHAVIORAL HEALTH2000 S SUMMIT AVE SIOUX FALLS,SD 57105	46-0232306	501(C)(3)	5,000				DONATION

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
ST MARY CATHOLIC SCHOOLS812 N STATE AVE DELL RAPIDS,SD 57022	46-6003662	501(C)(3)	5,000				DONATION
AMYOTROPHIC LATERAL SCLEROSIS ASSOCIATION MINNESOTA CHAPTER333 WASHINGTON AVE N STE 105 MINNEAPOLIS,MN 554011352	41-1756085	501(C)(3)	50,000				DONATION

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
ZOOLOGICAL SOCIETY OF SIOUX FALLS GREAT PLAINS ZOO & MUSEUM805 S KIWANIS AVE SIOUX FALLS,SD 57104	46-6015015	501(C)(3)	15,000				DONATION
CHILDRENS HOME FOUNDATIONPO BOX 1749 SIOUX FALLS,SD 571011749	46-0366277	501(C)(3)	31,000				DONATION

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
MCCROSSAN BOYS RANCH47135 260TH STREET SIOUX FALLS,SD 57107	46-0311913	501(C)(3)	19,334				DONATION
VOLUNTEERS OF AMERICA DAKOTAS1401 W 51ST SIOUX FALLS,SD 57105	23-7353508	501(C)(3)	5,000				DONATION

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
SIOUX EMPIRE BASEBALL ASSOCIATION1601 W 44TH PL SUITE 3 SIOUX FALLS,SD 57105	41-1903475	501(C)(3)	8,667				DONATION
BOYS AND GIRLS CLUB OF BROOKINGS307 6TH ST BROOKINGS,SD 57006	73-1630215	501(C)(3)	5,000				DONATION

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
HABITAT FOR HUMANITY OF GREATER SIOUX FALLS INC721 E AMIDON ST SIOUX FALLS,SD 57105	46-0407140	501(C)(3)	5,000				DONATION
VISION BROOKINGS FOUNDATION414 MAIN AVENUE BROOKINGS,SD 57006	36-4585401	501(C)(3)	108,237				DONATION

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
FORWARD SIOUX FALLSPO BOX 907 SIOUX FALLS,SD 57101	46-0396647	501(C)(6)	17,561				DONATION
DAKOTA SKY FOUNDATIONPO BOX 2464 SIOUX FALLS,SD 57101	20-8712140	501(C)(3)	25,000				DONATION

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
DAKOTABILITIES INC3600 S DULUTH AVE SIOUX FALLS,SD 57105	46-0306216	501(C)(3)	23,333				DONATION
SCULPTUREWALK INC PO BOX 1165 SIOUX FALLS,SD 57101	20-8535871	501(C)(3)	23,000				DONATION

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
CATHOLIC FOUNDATION FOR EASTERN SOUTH DAKOTA523 N DULUTH AVE SIOUX FALLS,SD 57104	46-6068924	501(C)(3)	15,000				DONATION
SIOUX FALLS GREEN PROJECT 431 N PHILLIPS AVE 200 SIOUX FALLS,SD 57104	26-3820362	501(C)(3)	15,000				DONATION

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
DESTINY HEALTHCARE INTERNATIONAL 2701 S MINNESOTA AVE 3 SIOUX FALLS,SD 57105	51-0529480	501(C)(3)	13,000				DONATION
SIOUX FALLS AREA CHAMBER OF COMMERCEPO BOX 1425 SIOUX FALLS,SD 57101	46-0189300	501(C)(6)	10,945				DONATION

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
DOWNTOWN SIOUX FALLS INC 230 S PHILLIPS AVE STE 102 SIOUX FALLS,SD 57104	36-3627217	501(C)(4)	10,000				DONATION
SIOUX FALLS SCHOOL DISTRICT 201 E 38TH ST SIOUX FALLS,SD 57105	46-6002586	CITY OF SIOUX FALLS	10,000				DONATION

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
SOUTH DAKOTA PARKS AND WILDLIFE FOUNDATION523 E CAPITOL AVE PIERRE,SD 57501	46-0387968	501(C)(3)	10,000				DONATION
BROOKINGS SCHOOL DISTRICT 530 ELM AVE BROOKINGS,SD 57006	46-6000834	CITY OF BROOKINGS	7,950				DONATION

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
BLACK HILLS PLAYHOUSE INC PO BOX 2513 RAPID CITY,SD 57709	46-0215866	501(C)(3)	5,000				DONATION
THE GOOD SHEPHERD MINISTRY CENTER INC300 N MAIN AVE SIOUX FALLS,SD 57104	91-1836528	501(C)(3)	5,000				DONATION

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
CITY OF GREGORYPO BOX 436 GREGORY,SD 57533	46-6000175	CITY OF GREGORY	5,000				DONATION
JUVENILE DIABITES RESEARCH FOUNDATION INTERNATIONAL26 BROADWAY 14TH FLOOR NEW YORK,NY 10004	23-1907729	501(C)(3)	5,000				DONATION

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
MID-CENTRAL EDUCATIONAL COOPERATIVEPO BOX 228 PLATTE,SD 57369	46-0365249		5,000				DONATION
MINNEHAHA COUNTY HISTORICAL SOCIETY200 W 6TH ST SIOUX FALLS,SD 57104	46-6011931	501(C)(3)	5,000				DONATION

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
MARCH OF DIMES BIRTH DEFECTS FOUNDATION SOUTH DAKOTA1320 S MINNESOTA AVE SIOUX FALLS,SD 57105	46-0340226	501(C)(3)	5,000				DONATION
SOUTH DAKOTA PSYCHOLOGICAL ASSOCIATION105 S EUCLID AVE STE C PIERRE,SD 57501	46-0366504	501(C)(6)	5,000				DONATION

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

Part I Questions Regarding Compensation

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

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) DAVE KAPASKA	(i)	0	0	0	0	0	0	0
DO	(ii)	504,214	500	151,790	25,849	17,709	700,062	0
(2) KIM PEDERSON	(i)	292,795	0	4,397	17,616	15,940	330,748	0
MD	(ii)	0	0	0	0	0	0	0
(3) DON KOSIAK MD	(i)	414,900	0	920	17,616	6,140	439,576	0
	(ii)	0	0	0	0	0	0	0
(4) JULIE N NORTON	(i)	351,421	0	1,001	17,616	23,562	393,600	0
	(ii)	0	0	0	0	0	0	0
(5) JUDY BLAUWET	(i)	315,000	0	6,080	12,716	19,512	353,308	0
	(ii)	0	0	0	0	0	0	0
(6) DAVID FLICEK	(i)	0	0	0	0	0	0	0
	(ii)	366,573	500	114,603	13,475	20,498	515,649	0
(7) STEVE PETERSEN	(i)	191,130	0	1,700	10,143	20,972	223,945	0
	(ii)	0	0	0	0	0	0	0
(8) PATRICIA JAGOE	(i)	189,105	0	850	14,039	20,574	224,568	0
	(ii)	0	0	0	0	0	0	0
(9) CURT HOHMAN	(i)	269,460	0	1,132	17,616	6,796	295,004	0
	(ii)	0	0	0	0	0	0	0
(10) HAMID ABBASI	(i)	1,114,076	0	2,850	17,615	17,972	1,152,513	0
MD	(ii)	0	0	0	0	0	0	0
(11) BRIAN KNUTSON	(i)	1,123,325	0	2,845	17,616	20,472	1,164,258	0
MD	(ii)	0	0	0	0	0	0	0
(12) DANIEL TYNAN	(i)	1,227,478	0	7,892	17,616	18,972	1,271,958	0
MD	(ii)	0	0	0	0	0	0	0
(13) STEVEN	(i)	1,218,816	0	2,496	17,616	22,972	1,261,900	0
CONDRON MD	(ii)	0	0	0	0	0	0	0
(14) KELLY MCCAUL	(i)	1,057,802	0	3,959	17,616	7,296	1,086,673	0
MD	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	PART I, LINE 4A	PATRICIA JAGOE, FORMER KEY EMPLOYEE, RECEIVED SEVERANCE PAYMENTS FROM JULY 11, 2011 THROUGH OCTOBER 10, 2012 THE TOTAL COMPENSATION, PENSION, AND OTHER EMPLOYEE BENEFITS PAID TO HER DURING THAT TIME WERE $220,232
SUPPLEMENTAL INFORMATION	PART III	SCHEDULE J, PART I LINE 3 THE PRESIDENT & CEO'S COMPENSATION IS PAID BY A RELATED ORGANIZATION, AVERA HEALTH AVERA MCKENNAN RELIED ON THE RELATED ORGANIZATION FOR DETERMINING THE COMPENSATION FOR THE PRESIDENT & CEO USING THE METHODS DESCRIBED IN PART I, LINE 3

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Schedule L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

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	(c) Corrected? 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? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
(1) HAMID ABBASI PHYSICIAN RECRUITMENT		X	100,000	20,833		No	Yes		Yes	
Total . . . . . ▶ $				20,833						

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
See Additional Data Table					

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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
MICHAEL BENDER	BOARD MEMBER	213,218	PROPERTY LEASE		No
SURGICAL INSTITUTE OF SD	ENTITY CONTROLLED BY BOARD MEMBER	1,112,746	TRAUMA CONTRACT AND ACUTE SURGICAL SERVICES CONTRACT		No
VICTORIA PETERSEN	FAMILY OF KEY EMPLOYEE	36,345	EMPLOYEE COMPENSATION		No
JAMES HARTUNG	FAMILY OF FORMER KEY EMPLOYEE	42,928	EMPLOYEE COMPENSATION		No
SIOUX FALLS CONSTRUCTION CO	BOARD MEMBER IS AN OFFICER OF THE ENTITY	5,133,665	CONSTRUCTION		No
STEVEN REICHELT	FAMILY OF BOARD MEMBER	24,829	EMPLOYEE COMPENSATION		No
NEUROLOGY ASSOCIATES	BOARD MEMBER IS A GREATER THAN 5% PARTNER IN THE ENTITY	413,560	ER CALL COVERAGE, RENTED SPACE, AND RENTED EQUIPMENT FROM MCKENNAN		No
VINCENTA ROSSING	FAMILY OF BOARD MEMBER	19,126	EMPLOYEE COMPENSATION		No
WOODS FULLER SCHULTZ & SMITH PC	BOARD MEMBER IS AN OFFICER OF THE ENTITY	96,387	LEGAL SERVICES		No

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▸Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▸ Attach to Form 990.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
AVERA MCKENNAN

Employer identification number
46-0224743

Part I Types of Property

		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining contribution amounts
1	Art—Works of art				
2	Art—Historical treasures				
3	Art—Fractional interests				
4	Books and publications				
5	Clothing and household goods				
6	Cars and other vehicles				
7	Boats and planes				
8	Intellectual property				
9	Securities—Publicly traded				
10	Securities—Closely held stock				
11	Securities—Partnership, LLC, or trust interests				
12	Securities—Miscellaneous				
13	Qualified conservation contribution—Historic structures				
14	Qualified conservation contribution—Other				
15	Real estate—Residential				
16	Real estate—Commercial				
17	Real estate—Other				
18	Collectibles				
19	Food inventory				
20	Drugs and medical supplies				
21	Taxidermy				
22	Historical artifacts				
23	Scientific specimens				
24	Archeological artifacts				
25	Other ▸ (ECARE EQUIPMENT)	X	1	73,149	COST OF DONATED PROPERTY
26	Other ▸ ( )				
27	Other ▸ ( )				
28	Other ▸ ( )				

29	Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement	29	0

			Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?	30a		No
b	If "Yes," describe the arrangement in Part II			
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?	32a		No
b	If "Yes," describe in Part II			
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II			

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135056263

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 MCKENNAN

Employer identification number
46-0224743

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	AVERA MCKENNAN EXPANDED OUR PRIMARY CARE CLINICS BY OPENING 2 NEW AVERA MEDICAL GROUP MCGREEVY CLINICS IN SIOUX FALLS, SD SPECIALTY CLINIC OFFERINGS ALSO EXPANDED WITH A NEW PEDIATRIC CLINIC AND THE ACQUISITION OF A COMPREHENSIVE BREAST CARE CLINIC AVERA MCKENNAN ACQUIRED AN ONCOLOGY CLINIC AND INFUSION CENTER WHICH IS A STRATEGIC GAIN FOR OUR CANCER PROGRAM AND ALSO ESTABLISHES AVERA IN COMMUNITIES THAT HAVE OTHERWISE NOT HAD AN AVERA PRESENCE

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4A	MAJOR SERVICE LINES INCLUDE ONCOLOGY, SURGERY, ORTHOPEDICS, OBSTETRICS, PEDIATRICS, NEONAT OLOGY, EMERGENCY AND TRAUMA, CRITICAL CARE INCLUDING EICU, RADIOLOGY AND DIAGNOSTIC IMAGIN G, PSYCHIATRY, PULMONARY, NEUROLOGY, CARDIOLOGY, AND GASTROENTEROLOGY TRANSPLANT SERVICES INCLUDE SOLID ORGAN (KIDNEY AND PANCREAS) AND BONE MARROW TRANSPLANT THE FOLLOWING ARE S PECIFIC EXEMPT PURPOSE ACHIEVEMENTS FOR AVERA MCKENNAN HOSPITAL CHARITY AND UNCOMPENSATED CARE AVERA MCKENNAN PROVIDES NECESSARY MEDICAL SERVICES (DIAGNOSTIC AND TREATMENT) FOR W HOEVER COMES TO US FOR CARE, REGARDLESS OF THEIR ABILITY TO PAY IN FISCAL YEAR 2012, SERV ICES PROVIDED TO THOSE WHO ARE UNABLE TO PAY TOTALED $29,837,000, BASED ON CHARGES FOREGON E ELIGIBILITY FOR DISCOUNTED OR FREE SERVICES UNDER THE CHARITY CARE POLICY IS BASED ON I NCOME LEVELS GENERALLY, INDIVIDUALS EARNING INCOME OF UP TO 400% OF THE FEDERAL POLICY IN COME GUIDELINES ARE ELIGIBLE FOR VARYING LEVELS OF DISCOUNTS, INCLUDING FULL DISCOUNTS FOR CERTAIN INCOME LEVELS APPLICATION FOR COVERAGE UNDER THE PROGRAM MAY BE OBTAINED AT ANY AVERA MCKENNAN PATIENT REGISTRATION AREA OR BY CALLING AVERA MCKENNAN PATIENT FINANCIAL SE RVICES IN ADDITION TO CHARITY CARE, IN THE PAST FISCAL YEAR AVERA MCKENNAN PROVIDED $186, 876 IN LODGING, TRANSPORTATION AND PRESCRIPTIONS TO THOSE IN NEED ACCESSIBILITY TO HEALTH CARE AVERA MCKENNAN MAKES MEDICAL CARE ACCESSIBLE TO THE ENTIRE COMMUNITY IT SERVES IN 2012 AVERA MCKENNAN HAD 20,691 HOSPITAL DISCHARGES, 106,036 PATIENT DAYS AND 220,991 OUTPA TIENT VISITS AVERA MCKENNAN IS A VERIFIED LEVEL II TRAUMA CENTER AND WAS THE FIRST SUCH C ENTER IN THE STATE OF SOUTH DAKOTA AVERA MCKENNAN'S EMERGENCY DEPARTMENT IS STAFFED 24 HO URS A DAY WITH BOARD-CERTIFIED EMERGENCY SPECIALISTS AND PROVIDES EMERGENCY CARE REGARDLES S OF ABILITY TO PAY AVERA MCKENNAN HAD 26,200 EMERGENCY DEPARTMENT VISITS IN FY 2012 OPE RATING BOTH FIXED WING AND HELICOPTER MEDICAL AIR TRANSPORTS, AVERA MCKENNAN'S FLIGHT TEAM S COVER A LARGE GEOGRAPHIC AREA PROVIDING STATE-OF-THE-ART AIR TRANSPORT SERVICES AND ACCE SS TO CRITICAL CARE, WITH 1,328 FLIGHTS IN THE PAST YEAR HEALTH CARE CLINIC IN 1992, AVE RA MCKENNAN ESTABLISHED A HEALTH CARE CLINIC TO PROVIDE FREE CARE FOR PEOPLE WHO ARE UNINS URED OR UNDERINSURED IN THE COMMUNITY THE CLINIC IS MANAGED BY A REGISTERED NURSE AND STA FFED BY REGISTERED NURSES, TWO MIDLEVEL PROVIDERS, MEDICAL RESIDENTS, AND VOLUNTEER HEALTH CARE PROVIDERS THE GOAL OF THE CLINIC IS TO PREVENT OR TREAT PATIENTS' MEDICAL CONDITION S BEFORE THEY BECOME CATASTROPHIC THE CLINIC AVERAGES 694 VISITS PER MONTH, PROVIDING PRE VENTATIVE CARE, DIAGNOSIS AND TREATMENT OF ILLNESSES AND INJURIES, MEDICATION ASSISTANCE A ND ASSISTANCE IN OBTAINING SPECIALIST CARE FOR PATIENTS WITH COMPLEX CASES THE CLINIC ALS O SERVES TO TRAIN PHYSICIANS, NURSES AND OTHER HEALTH CARE STUDENTS IT PROVIDES A FREE EV ENING CLINIC ONE EVENING PER MONTH, STAFFED BY MEDICAL STUDENTS UNDER SUPERVISION OF PHYSI CIANS AVERA MCKENNAN IS THE ONLY HEALTH CARE ORGANIZATION TO PROVIDE FREE SERVICES SUCH A S THIS IN THE STATE OF SOUTH DAKOTA THE CLINIC HAD 8,329 VISITS IN FISCAL YEAR 2012, AND WAS OPERATED AT AN ANNUAL COST OF $704,303 AVERA MCKENNAN PARTNERS WITH THE NOT-FOR-PROFI T DESTINY CLINIC BY PROVIDING FUNDING OF $13,000 PER YEAR TO PROVIDE FREE EVENING CLINIC S ERVICES RESIDENCY/HEALTH PROFESSIONS TRAINING AND INTERNSHIPS IN 2012, AVERA MCKENNAN HA D 90 MEDICAL SCHOOL RESIDENTS IN TRAINING AT AVERA MCKENNAN IN INTERNAL MEDICINE, FAMILY P RACTICE, PSYCHIATRY, GERIATRICS AND TRANSITIONAL RESIDENCY PROGRAMS OFFERED IN PARTNERSHIP WITH THE UNIVERSITY OF SOUTH DAKOTA SCHOOL OF MEDICINE OVER 800 STUDENTS IN NURSING, PHA RMACY, PHYSICIAN ASSISTANT PROGRAMS, RADIOLOGY AND RESPIRATORY THERAPY ALSO COMPLETED ROTA TIONS AT AVERA MCKENNAN AVERA MCKENNAN HAS MANY JOINT AGREEMENTS WITH INSTITUTIONS OF HIG HER EDUCATION FOR BOTH CLINICAL AND EDUCATIONAL PROGRAMMING IN NON-CLINICAL AREAS, AVERA MCKENNAN OFFERED 42 UNPAID INTERNSHIPS IN 2012 IN THE AREAS OF MARKETING, HUMAN RESOURCES, FOUNDATION, NETWORK OPERATIONS AND PROCESS EXCELLENCE, WORKING WITH APPROXIMATELY 17 INST ITUTIONS OF HIGHER EDUCATION COMMUNITY EDUCATION AVERA MCKENNAN IS A REGIONAL LEADER IN OFFERING EDUCATIONAL PROGRAMS FOR A VARIETY OF LEARNERS, LEADERS AND EMPLOYEES UTILIZING ADVANCE TECHNOLOGY, MANY OF THESE PROGRAMS ARE PROVIDED ELECTRONICALLY THROUGHOUT THE TRI- STATE AREA EDUCATIONAL SESSIONS ARE OFFERED TO MEDICAL STAFF, EMPLOYEES, HEALTH CARE PROF ESSIONALS, STUDENTS AT ALL LEVELS AND THE GENERAL PUBLIC UTILIZING AVERA MCKENNAN'S EDUCA TION CENTER, A BROAD CROSS-SECTION OF CLASSES INVOLVING DIVERSE AUDIENCES ARE PROVIDED AS A COMMUNITY SERVICE EACH YEAR -TO BE WELL FREE EDUCATION EVENTS WERE HELD ON TOPICS INCLU DING ORTHOPEDICS, CANCER, DIABETES, WEIGHT LOSS/HEALTHY EATING, MULTIPLE SCLEROSIS, ANXIET Y AND ACUPUNCTURE - FORUMS THE AVERA BEHAVIORAL HEALTH CENTER OFFERS FREE FRIDAY FORUMS, IN WHICH SCHOOL COUNSELORS AND THERAPISTS ARE INV

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4A	ITED TO PRESENTATIONS ON CHILDREN'S MENTAL HEALTH TOPICS SUCH AS CONFLICT CYCLES, REACTIVE ATTACHMENT DISORDER, DEPRESSION AND BIPOLAR DISORDER IN CHILDREN, AND TEEN SUBSTANCE USE, ABUSE AND ADDICTION THESE SESSIONS, HELD NINE TIMES EACH YEAR, ARE ATTENDED IN PERSON BY APPROXIMATELY 85 THROUGHOUT 2012, VIDEOS OF THESE PRESENTATIONS WERE VIEWED 396 TIMES ON LINE -THE AVERA BEHAVIORAL HEALTH CENTER OFFERS FREE MONTHLY EDUCATIONAL SESSIONS ON VARI OUS TOPICS FOLLOWED BY DISCUSSION FOR ADULTS WHO HAVE BEEN IMPACTED BY A LOVED ONE'S MENTA L ILLNESS TOPICS HAVE INCLUDED GRIEF AND LOSS, ANXIETY, AND PARENTING STRATEGIES FOR MANA GING CHALLENGING BEHAVIORS - WOMEN'S & CHILDREN'S SERVICES AVERA MCKENNAN'S WOMEN'S & CH ILDREN'S SERVICES OFFER A NUMBER OF PARENTING AND COMMUNITY EDUCATION OPPORTUNITIES, FOR F REE OR AT A MINIMAL COST IN FISCAL YEAR 2012, 166 CHILDBIRTH EDUCATION CLASSES WERE HELD WITH 1,053 ATTENDEES A TOTAL OF 36 PARENT AND FAMILY EDUCATION CLASSES WERE HELD WITH 307 ATTENDEES A TOTAL OF 135 CAR SEATS WERE ISSUED THROUGH PROJECT 8, SOUTH DAKOTA GOVERNOR' S CHILD SEAT PROGRAM WITH TRAINING ON THEIR CORRECT USE FREE BURN EDUCATION WAS PROVIDED TO 2,516 STUDENTS DURING PRESENTATIONS IN SCHOOLS -DAYCARE TRAINING FREE OF CHARGE, AVER A MCKENNAN OFFERS FOUR IN-SERVICE TRAINING SESSIONS PER MONTH TO DAYCARE PROVIDERS THROUGH THE YWCA, WITH A TOTAL OF 36 SCHEDULED ANNUALLY, AND ADDITIONAL SESSIONS FOR REQUESTED TO PICS SUPPORT GROUPS AVERA MCKENNAN OFFERS APPROXIMATELY 10 FREE SUPPORT GROUPS THEY RAN GE IN TOPIC FROM CANCER TO LIVER DISEASE, DIABETES, BONE MARROW TRANSPLANT, STROKE AND GRI EF AND LOSS THE ORGANIZATION PROVIDES FREE MEETING SPACE AS WELL AS SPEAKERS AND LEADERS INFORMATION AND ASSISTANCE AVERA MCKENNAN OPERATES A 24-HOUR MEDICAL CALL CENTER, THROUG H WHICH PATIENTS HAVE ACCESS TO THE ASK-A-NURSE PROGRAM PATIENTS CAN CALL A TOLL-FREE NUM BER AND TALK PERSONALLY WITH A REGISTERED NURSE TO ASK HEALTH QUESTIONS OR RECEIVE GENERAL HEALTH INFORMATION IN 2012, THE MEDICAL CALL CENTER HANDLED 99,000 CALLS AVERA MCKENNAN 'S WEB SITE ALSO PROVIDES AN EXTENSIVE HEALTH LIBRARY THAT CONSUMERS CAN ACCESS FREE OF CH ARGE INTERPRETER SERVICE AVERA MCKENNAN EMPLOYS TWO FULL-TIME SPANISH INTERPRETERS IN-HO USE, AND THEIR SERVICES ARE OFFERED TO PATIENTS FREE OF CHARGE IN ADDITION, IN COOPERATIO N WITH EXTERNAL AGENCIES, AVERA MCKENNAN IS ABLE TO HANDLE 99 DIFFERENT LANGUAGES AND DIAL ECTS AVERA MCKENNAN CONTRACTS FOR AN INBOUND CALL-IN SERVICE FOR SPANISH SPEAKING INDIVID UALS THIS IS AVAILABLE AT THE MAIN HOSPITAL SWITCHBOARD, AS WELL AS AVERA MCGREEVY CLINIC AND AVERA WOMEN'S CLINIC ALL THE ABOVE SERVICES ARE PROVIDED AT NO COST TO THE PATIENT PRENATAL AND DELIVERY CARE BECAUSE EARLY AND REGULAR PRENATAL CARE IS IMPORTANT TO PREVEN T PREMATURE BIRTH, AVERA MCKENNAN COLLABORATES IN A COMMUNITY EFFORT TO PROVIDE OBSTETRICS CARE FOR WOMEN WHO DO NOT QUALIFY FOR MEDICAID, BUT CANNOT AFFORD HEALTH INSURANCE THE P ROGRAM OFFERS PRENATAL CARE, AND HOSPITAL LABOR AND DELIVERY FOR A LOW FEE OF $1,000 WOME N RECEIVE CARE WHETHER THEY CAN COVER ANY OR ALL OF THE FEE CARE IS PROVIDED PRIMARILY BY FIRST-YEAR FAMILY PRACTICE RESIDENTS, SUPERVISED BY EXPERIENCED PHY SICIANS THROUGH THIS PROGRAM IN 2012, AVERA MCKENNAN ASSISTED WITH 81 BIRTHS AND PROVIDED 823 PRENATAL AND POST -PARTUM VISITS

Identifier	Return Reference	Explanation
		TRANSPORT TO TRANSPLANT AVERA MCKENNAN DEVELOPED THE TRANSPORT TO TRANSPLANT PROJECT, WHICH REMOVES TRANSPORTATION BARRIERS FOR PATIENTS FROM RURAL AREAS WHICH MAY PREVENT THEM FROM COMPLETING THE EVALUATION AND TESTING NEEDED FOR KIDNEY AND/OR PANCREAS TRANSPLANT A VAN FUNDED THROUGH A GRANT FROM THE AVERA MCKENNAN FOUNDATION IS USED TO TRANSPORT PATIENTS WHO DEMONSTRATE A FINANCIAL NEED PATIENTS ARE BROUGHT TO THE AVERA TRANSPLANT INSTITUTE FOR A CONDENSED MULTI-DAY EVALUATION WITH ALL TESTING AND VISITS COMPLETED IN LESS THAN ONE WEEK ULTIMATELY, THE PROJECT RESULTS IN IMPROVED MORBIDITY AND MORTALITY, AS KIDNEY TRANSPLANT DOUBLES PATIENT SURVIVAL AS COMPARED TO REMAINING ON DIALYSIS AVERA FAMILY WELLNESS THIS PROGRAM COMBINES POSITIVE ACTIVITIES LIKE VIOLIN LESSONS WITH FAMILY COACHING AT NO CHARGE FOR CHILDREN IN EARLY CHILDHOOD PROGRAMS IN THE SIOUX FALLS SCHOOL DISTRICT THE GOAL IS TO PREVENT OR LESSEN THE EFFECTS OF BEHAVIORAL HEALTH CONDITIONS ON CHILDREN AND FAMILIES BY FOSTERING A POSITIVE ENVIRONMENT APPROXIMATELY 200 STUDENTS ARE ENROLLED THE WALSH FAMILY VILLAGE THIS HOSPITALITY HOUSE COMPLEX ADJACENT TO THE AVERA MCKENNAN CAMPUS PROVIDES A HOME AWAY FROM HOME FOR PATIENTS AND THEIR FAMILIES WHO COME FOR CARE AT AVERA MCKENNAN FROM OUTSIDE OF SIOUX FALLS THE PROJECT WAS FUNDED BY DONATIONS AND IS OPERATED BY AVERA MCKENNAN ELEVEN GUEST ROOMS ARE AVAILABLE AVERA MCKENNAN ALSO DONATES USE OF A BUILDING IN THE COMPLEX FOR A RONALD MCDONALD HOUSE FOR FAMILIES OF PEDIATRIC PATIENTS IF THEY CAN AFFORD IT, GUESTS ARE CHARGED A LOW FEE OF $46 50 PER NIGHT IF THEY CANNOT AFFORD THE EXPENSE, THE COST OF THE ROOM IS WAIVED EMPLOYEES REGULARLY DONATE NON-PERISHABLE FOOD ITEMS TO STOCK A FOOD PANTRY FOR GUESTS IN 2012 THE WALSH FAMILY VILLAGE SERVED 7,018 GUESTS, STAYING IN 4,026 NIGHTLY ROOMS - A 92 PERCENT OCCUPANCY AVERA MCKENNAN PROVIDES A SUBSIDY OF APPROXIMATELY $260,000 PER YEAR TO OPERATE THE HOSPITAL COMPLEX PREVENTION AND SUPPORT OF SUBSTANCE USE DISORDER AVERA MCKENNAN IS A PARTNER WITH FACE IT TOGETHER SIOUX FALLS, A NONPROFIT ORGANIZATION WHICH SERVES AS THE LOCAL FACE AND VOICE FOR RECOVERY FROM ADDICTION THROUGH ITS RECOVERY SUPPORT SERVICES, ADVOCACY AND AWARENESS PROGRAMS AVERA HAS BEEN A PARTNER WITH FACE IT TOGETHER SINCE ITS INCEPTION, AND IN A RECENT AWARENESS CAMPAIGN IN 2012, AVERA MCKENNAN PROVIDED $50,000 IN FUNDING TOWARD THIS EFFORT SUPPORT OF INDIAN RESERVATIONS IN 2012, AVERA MCKENNAN DELIVERED ONE TRUCKLOAD OF EXCESS MEDICAL EQUIPMENT, FURNITURE AND SUPPLIES TO INDIAN RESERVATIONS IN SOUTH DAKOTA, AND SUPPORTED A CHRISTMAS PARTY FOR CHILDREN COMMUNITY CONNECTIONS AVERA MCKENNAN REACHES OUT TO PEOPLE AND COMMUNITIES THROUGHOUT EASTERN SOUTH DAKOTA, SOUTHWESTERN MINNESOTA AND NORTHWEST IOWA THROUGH HOME TOWN CONNECTIONS PROVIDING A CRITICAL FEEDBACK LINK TO LOCAL REFERRING DOCTORS, THIS PROGRAM COMPLETES THE COMMUNICATIONS LINKS NECESSARY TO KEEP LOCAL HEALTH CARE PROVIDERS CURRENT ON THE TREATMENT OF THEIR PATIENTS AT AVERA MCKENNAN SUPPORT OF THE ARTS AND CULTURAL LIFE AVERA MCKENNAN HOSTS SIOUX FALLS' ONLY INDOOR SCULPTUREWALK, AN EXTENSION OF THE COMMUNITY'S DOWNTOWN SCULPTUREWALK ARTISTS DONATE SCULPTURES FOR ONE YEAR, WHICH ARE PLACED AT LOCATIONS THROUGHOUT AVERA MCKENNAN'S CAMPUS, IN BUILDINGS CONNECTED BY SKYWALKS BROCHURES CONTAIN A MAP, AND VISITORS WHO FOLLOW THE ROUTE SUGGESTED WALK APPROXIMATELY 1 MILE, MAKING THIS A HEALTHY AS WELL AS A CULTURAL JOURNEY DIABETES PROGRAMMING AVERA PARTICIPATES IN A COLLABORATIVE PROJECT WITH SIOUX FALLS PUBLIC SCHOOLS AND THE SOUTH DAKOTA BOARD OF NURSING TO IMPLEMENT ECONSULT SERVICES WITH DIABETIC EDUCATION SPECIALISTS MONITORING MEDICATIONS AND THE HEALTH OF CHILDREN WITH DIABETES IN THE SCHOOL SETTING AVERA MCKENNAN DIABETES EDUCATORS PROVIDED CLASSES AND ONE-ON-ONE CONSULTATIONS AT A LOSS OF $648,744 IN THE PAST FISCAL YEAR COMMUNITY BENEFITS AVERA MCKENNAN PROVIDES ADDITIONAL COMMUNITY BENEFITS INCLUDING SUPPORT OF YOUTH PROGRAMS, HOMELESS PROGRAMS, COMMUNITY ARTS PROGRAMMING, HEALTH PREVENTION, AWARENESS AND EDUCATION ABOUT CANCER, HEART DISEASE AND OTHER CONDITIONS, AND SUPPORT OF THE SIOUX EMPIRE UNITED WAY AND OTHER SERVICES IN THE REGION DONATIONS TOWARD THESE EFFORTS TOTALED $1,858,000 IN 2012 PRESCHOOL VISION AND HEARING SCREENING AVERA MCKENNAN PROVIDED FREE SCREENING FOR 347 PRESCHOOL CHILDREN IN FISCAL YEAR 2012

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4B, DESCRIPTION OF PROGRAM SERVICES	AMONG SERVICES OFFERED BY RURAL HOSPITALS ARE RADIOLOGY AND IMAGING, COLONOSCOPY AND ENDOSCOPY, THERAPY AND REHABILITATION, 24-HOUR EMERGENCY CARE, CHEMOTHERAPY, ORTHOPEDICS, CARDIOVASCULAR TESTING AND CARE, OBSTETRICS, SURGERY, AND DIALYSIS CHARITY AND UNCOMPENSATED CARE. AS PART OF AVERA MCKENNAN, THESE FACILITIES PROVIDE NECESSARY MEDICAL SERVICES (DIAGNOSTIC AND TREATMENT) FOR WHOEVER COMES TO US FOR CARE, REGARDLESS OF THEIR ABILITY TO PAY. IN FISCAL YEAR 2012, CHARITY AND UNCOMPENSATED CARE PROVIDED BY RURAL HOSPITALS TOTALED $539,000. ACCESSIBILITY TO HEALTH CARE. AVERA MCKENNAN REGIONAL HOSPITALS MAKE MEDICAL CARE ACCESSIBLE TO THE ENTIRE COMMUNITY THEY SERVE REGARDLESS OF A PATIENT'S ABILITY TO PAY. IN 2012 RURAL HOSPITALS HAD 1,880 DISCHARGES, 7,904 PATIENT DAYS AND 57,780 OUTPATIENT VISITS. EACH OF THE HOSPITALS PROVIDES 24-HOUR EMERGENCY CARE WITH EEMERGENCY SERVICES THROUGH AVERA MCKENNAN EICU. SERVICES ARE ALSO AVAILABLE AT THESE HOSPITALS, PROVIDING ACCESS TO CRITICAL CARE MEDICINE NEAR HOME AND LESSENING THE NEED FOR TRANSPORT. THERE IS NO ADDITIONAL BILLING TO PATIENTS. TELEMEDICINE CONSULTS ARE ALSO OFFERED AT RURAL LOCATIONS IN A NUMBER OF MEDICAL SPECIALTIES

Identifier	Return Reference	Explanation
PROGRAM SERVICE STATEMENT	FORM 990, PART III, LINE 4C, DESCRIPTION OF PROGRAM SERVICES	CLINICS PROVIDE PRIMARY CARE AND URGENT CARE, AND AMONG SPECIALITIES ARE CARDIOLOGY, DERMATOLOGY, ENDOCRINOLOGY, GASTROENTEROLOGY, HEMATOLOGY, HEPATOLOGY, INFECTIOUS DISEASE, INTERNAL MEDICINE, NEONATOLOGY, NEPHROLOGY, NEUROLOGY AND NEUROSURGERY, OB/GYN, ONCOLOGY, OPHTHALMOLOGY, ORTHOPEDICS, PAIN MANAGEMENT, PEDIATRICS, PSYCHIATRY, PULMONOLOGY, SPORTS MEDICINE, SURGERY, AND VASCULAR SERVICES CHARITY AND UNCOMPENSATED CARE AS PART OF AVERA MCKENNAN, CLINICS PROVIDE NECESSARY MEDICAL SERVICES (DIAGNOSTIC AND TREATMENT) FOR WHOEVER COMES TO US FOR CARE, REGARDLESS OF THEIR ABILITY TO PAY IN FISCAL YEAR 2012, CHARITY AND UNCOMPENSATED CARE PROVIDED BY CLINICS TOTALED $1,079,886 ACCESSIBILITY TO HEALTH CARE IN ADDITION TO REGULAR CLINIC HOURS, AVERA MCGREEVY CLINIC PROVIDES URGENT CARE, SEEING PATIENTS ON A WALK-IN BASIS AT TWO LOCATIONS DURING THE EVENING HOURS ON WEEKDAYS, AND THROUGHOUT THE DAYTIME HOURS ON SATURDAYS AND SUNDAYS THIS PROVIDES GREATER ACCESSIBILITY WITHOUT HAVING TO RELY ON EMERGENCY ROOM CARE IN ADDITION, THROUGH OUR CURAQUICK CLINICS, AVERA OFFERS CONVENIENT, AFFORDABLE CLINIC CARE IN LOCAL HYVEE PHARMACIES IN 2012, AVERA DONATED APPROXIMATELY 40 CURAQUICK AVERA CARDS, GOOD FOR ONE FREE VISIT, TO STUDENTS OF SIOUX FALLS CATHOLIC SCHOOLS AND YWCA DAYCARE, EACH VALUED AT $59 HEALTH SCREENINGS AVERA MCKENNAN CLINICS OFFERED A FREE HEPATITIS C SCREENING, SERVING 610 PERSONS AND VARICOSE VEIN SCREENING SERVING 50

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 2	GENE JONES JR , CINDY WALSH, AND FRED THURMAN - BUSINESS RELATIONSHIP TOM DEMPSTER AND FRED THURMAN - BUSINESS RELATIONSHIP

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 SECTION 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, ALL 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, CFO, AND ASSISTANT VP OF FINANCIAL REPORTING AFTER THE INITIAL REVIEW, A DRAFT IS PROVIDED TO THE FINANCE COMMITTEE FOR THEIR REVIEW THE APPROVED RETURN IS PROVIDED TO THE FULL 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 SYSTEM 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 FOR COMPENSATION 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 THE CFO AND KEY EMPLOYEES ARE COMPENSATED BY AVERA MCKENNAN ANNUALLY, THE COMPENSATION COMMITTEE OF AVERA MCKENNAN, WHICH IS COMPRISED OF BOARD MEMBERS, MEETS TO REVIEW THE COMPENSATION OF EXECUTIVES AND PHYSICIANS AVERA MCKENNAN COMPARES ITS COMPENSATION PLAN TO OTHER HEALTHCARE ORGANIZATIONS SIMILAR IN SIZE AND COMPLEXITY TO AVERA MCKENNAN ON A NATIONAL BASIS TO ENSURE COMPENSATION IS COMPARABLE AVERA MCKENNAN UTILIZES MULTIPLE SALARY SURVEYS AND AN INDEPENDENT COMPENSATION CONSULTANT TO PROVIDE A MARKET ANALYSIS FOR EACH EXECUTIVE'S SUGGESTED PAY OR PAY RANGE INDIVIDUAL SALARIES REFLECT RELATED EDUCATION AND EXPERIENCE, AS WELL AS THE SCOPE OF THE DUTIES TO ASSURE AMOUNTS PAID ARE REASONABLE

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

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 16B	THERE IS NO WRITTEN POLICY OR PROCEDURE REQUIRING THE ORGANIZATION TO EVALUATE ITS PARTICIPATION IN JOINT VENTURE ARRANGEMENTS 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 MUST BE APPROVED BY THE BOARD AND THE MEMBER

Identifier	Return Reference	Explanation
	FORM 990, PART VII, SECTION A, COLUMN (B)	IN ADDITION TO THE AVERAGE OF 2 HOURS PER WEEK THAT SISTER JOAN REICHELT DEDICATES AS A BOARD MEMBER OF AVERA MCKENNAN, SISTER JOAN REICHELT DEDICATES AN AVERAGE OF AN ADDITIONAL 1 3 HOURS PER WEEK AS A BOARD MEMBER TO AVERA MARSHALL AND 2 5 HOURS PER WEEK AS A BOARD MEMBER TO AVERA QUEEN OF PEACE, RELATED ORGANIZATIONS

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 LUKE'S, 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 (EIN 46-0422673)

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -6,031,404 EQUITY TRANSFERS, NET 755,783 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP -5,258,882 LOSS ON RETIREMENT OF DEBT -1,419,188 OTHER CHANGES IN NET ASSETS 66,412 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP DESIGNATED AS HEDGE -883,328 GAIN ON ACQUISITION 2,724,749 BOOK TAX DIFFERENCE - EQUITY METHOD -15,814 BOOK TAX DIFFERENCE - CONSOLIDATED -821,603 TOTAL TO FORM 990, PART XI, LINE 5 -10,883,275

Identifier	Return Reference	Explanation
	FORM 990, PART XII, LINE 2C	THE AUDIT COMMITTEE OF AVERA HEALTH, THE PARENT ORGANIZATION OF AVERA MCKENNAN, SELECTS THE AUDITOR AND REVIEWS THE AUDITED FINANCIAL STATEMENTS FOR AVERA MCKENNAN ALSO, THE FINANCE COMMITTEE AT AVERA MCKENNAN TAKES RESPONSIBILITY FOR REVIEWING THE AUDITED FINANCIAL STATEMENTS

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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 MCKENNAN

Employer identification number
46-0224743

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
(1) SIOUX FALLS HOSPITAL MANAGMENT LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 571175045 56-2141521	MANAGEMENT COMPANY OF HEART HOSPITAL	NC	0	6,042,850	WEST 69TH STREET LLC
(2) WEST 69TH STREET LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 571175045	HOLDING COMPANY	SD	0	6,042,850	AVERA MCKENNAN
(3) ALUMEND LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 571175045	RESEARCH AND DEVELOPMENT	SD	0	1,621,857	AVERA MCKENNAN

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? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
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.)

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III or IV			
1 During the tax year, did the orgranization 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	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
f Sale of assets to related organization(s)	1f		No
g Purchase of assets from related organization(s)	1g		No
h Exchange of assets with related organization(s)	1h		No
i Lease of facilities, equipment, or other assets to related organization(s)	1i		No
j Lease of facilities, equipment, or other assets from related organization(s)	1j		No
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	Yes	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	Yes	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m		No
n Sharing of paid employees with related organization(s)	1n		No
o Reimbursement paid to related organization(s) for expenses	1o		No
p Reimbursement paid by related organization(s) for expenses	1p		No
q Other transfer of cash or property to related organization(s)	1q	Yes	
r Other transfer of cash or property from related organization(s)	1r	Yes	

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate 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		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
	FORM 990, SCHEDULE R, PART V, LINE 2, COLUMN C	THE AMOUNTS REPORTED IN COLUMN C ARE REPORTED BASED ON A REVIEW OF GENERAL LEDGER ACTIVITY IN INTERCOMPANY ACCOUNTS, AND REVIEW OF EQUITY ACCOUNTS FOR CONTRIBUTIONS AND DISTRIBUTIONS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

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 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
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 HEALTH 3900 WEST AVERA DRIVE STE 300 SIOUX FALLS, SD 57108 46-0422673	PROMOTION OF HEALTH	SD	501(C)(3)	LINE 9	N/A		No
AVERA QUEEN OF PEACE 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
AVERA ST LUKE'S 305 SOUTH STATE STREET ABERDEEN, SD 57401 46-0224598	HEALTHCARE SERVICES	SD	501(C)(3)	LINE 3	AVERA HEALTH		No
AVERA WORKERS' COMPENSATION TRUST 3900 WEST AVERA DRIVE SIOUX FALLS, SD 57108 46-0407148	ECONOMICAL COVERAGE OF WORKERS' COMPENSATION CLAIMS	SD	501(C)(3)	LINE 11B, II	AVERA HEALTH		No
AVERA 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 SOUTH BRUCE STREET MARSHALL, MN 56258 41-1784801	FUNDRAISING	MN	501(C)(3)	LINE 7	AVERA MARSHALL		No

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
AVERA HOME MEDICAL EQUIPMENT LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 57117 46-0488198	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA MCKENNAN	RELATED	616,297	5,320,309	Yes		153,051	Yes		78 630 %
MIDWEST REGIONAL IMAGING SERVICES LLC 1325 S CLIFF AVE PO BOX 5045 SIOUX FALLS, SD 57117 47-0874983	HEALTH CARE - MEDICAL IMAGING	SD	AVERA MCKENNAN	RELATED	1,937,357		Yes			Yes		51 000 %
HOME MEDICAL EQUIPMENT OF PIERRE LLC 329 E DAKOTA PIERRE, SD 57501 46-0444002	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA MCKENNAN	RELATED	67,720	219,764		No	19,465	Yes		50 000 %
AVERA HOME MEDICAL EQUIPMENT OF FLOYD VALLEY HOSPITAL LLC 714 LINCOLN ST NE LEMARS, IA 51031 82-0582350	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	24,792	84,435	Yes		6,843	Yes		39 330 %
AVERA HOME MEDICAL EQUIPMENT OF ESTHERVILLE LLC PO BOX 5045 SIOUX FALLS, SD 57117 20-1686097	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	13,560	139,412	Yes		3,690	Yes		39 330 %
AVERA HOME MEDICAL EQUIPMENT OF SIOUX CENTER LLC 38 19TH ST SW SIOUX CENTER, IA 51250 75-3203100	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	32,762	121,478	Yes		10,225	Yes		39 330 %
AVERA HOME MEDICAL EQUIPMENT OF MARSHALL LLC 1104 EAST COLLEGE DRIVE MARSHALL, MN 56258 20-5271924	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	78,257	294,807	Yes		22,585	Yes		39 330 %
Q&M PROPERTIES LLC 525 NORTH FOSTER MITCHELL, SD 57301 73-1652049	MEDICAL CLINIC BUILDING	SD	AVERA QUEEN OF PEACE	RELATED	-477	411,081		No			No	50 000 %
SURGICAL ASSOCIATES ENDOSCOPY CLINIC LLC 310 S PENNSYLVANIA ST ABERDEEN, SD 57401 46-0461429	SURGICAL ASSOCIATES	SD	N/A									
AVERA HME OF SPENCER HOSPITAL LLC 2400 S MINNESOTA AVENUE 102 SIOUX FALLS, SD 57117 80-0619999	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	3,129	99,663	Yes		1,538	Yes		39 330 %
HEART HOSPITAL OF SOUTH DAKOTA LLC 4500 W 69TH STREET SIOUX FALLS, SD 57108 56-2143771	HEALTHCARE SERVICES	SD	AVERA MCKENNAN	RELATED	9,535,430	27,665,905		No			No	66 670 %
BROOKINGS HEALTH SYSTEM - AVERA HME LLC 101 22ND AVE SUITE 101 BROOKINGS, SD 57006 45-3204123	MEDICAL SERVICES - HOME MEDICAL EQUIPMENT	SD	AVERA HOME MEDICAL EQUIPMENT LLC	RELATED	-19,198	180,814	Yes		-15,660	Yes		39 330 %

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved ($)	(d) Method of determining amount involved
(1)	AVERA HOME MEDICAL EQUIPMENT LLC	A	306,876	INTERCOMPANY DETAIL FROM GL
(2)	AVERA HOME MEDICAL EQUIPMENT LLC	K	136,751	INTERCOMPANY DETAIL FROM GL
(3)	MIDWEST REGIONAL IMAGING SERVICES LLC	Q	372,800	INTERCOMPANY DETAIL FROM GL
(4)	AVERA HOME MEDICAL EQUIPMENT LLC	Q	4,291,651	INTERCOMPANY DETAIL FROM GL
(5)	MIDWEST REGIONAL IMAGING SERVICES LLC	R	118,464	INTERCOMPANY DETAIL FROM GL
(6)	AVERA HOME MEDICAL EQUIPMENT LLC	R	5,135,447	INTERCOMPANY DETAIL FROM GL
(7)	AVERA HEART HOSPITAL OF SOUTH DAKOTA LLC	R	1,099,266	INTERCOMPANY DETAIL FROM GL
(8)	MIDWEST REGIONAL IMAGING SERVICES LLC	C	280,500	INTERCOMPANY DETAIL FROM GL
(9)	AVERA HOME MEDICAL EQUIPMENT LLC	C	591,360	INTERCOMPANY DETAIL FROM GL
(10)	AVERA HEART HOSPITAL OF SOUTH DAKOTA LLC	C	8,622,758	INTERCOMPANY DETAIL FROM GL
(11)	AVERA HEART HOSPITAL OF SOUTH DAKOTA LLC	K	1,286,831	INTERCOMPANY DETAIL FROM GL
(12)	AVERA HEART HOSPITAL OF SOUTH DAKOTA LLC	Q	756,833	INTERCOMPANY DETAIL FROM GL

Consolidated Financial Statements
June 30, 2012 and 2011

Avera McKennan

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
Avera McKennan
Sioux Falls, South Dakota

We have audited the accompanying consolidated balance sheets of Avera McKennan and subsidiaries (Organization) 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 Organization'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 Organization's internal control over financial reporting Accordingly, we do not express such an opinion An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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

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

As disclosed in Note 23 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 McKennan has changed its presentation and disclosure of those financial statement elements

As disclosed in Note 23 to the consolidated financial statements, Avera McKennan adopted Accounting Standards Update No 2011-08, Testing Goodwill for Impairment, which changed the initial assessment of goodwill impairment to a qualitative assessment

Eide Bailly LLP

Fargo, North Dakota
October 5, 2012

4310 17th Ave S | PO Box 2545 | Fargo, ND 58108-2545 | T 701 239 8500 | F 701 239 8600 | EOE

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	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	$ 35,027,237	$ 34,729,907
Assets limited as to use	1,488,570	5,041,704
Custodial funds held by related party	18,060,187	-
Receivables		
Patient and resident, net of estimated uncollectibles, charity, and other allowances of $159,700,000 in 2012 and $132,800,000 in 2011	101,712,179	93,276,292
Other	20,981,551	16,613,714
Supplies	16,338,822	14,660,356
Prepaid expenses	8,419,325	5,765,368
Total current assets	202,027,871	170,087,341
Assets Limited as to Use		
Under indenture agreements	1,488,570	6,715,013
By Board for capital improvements and debt redemption	184,422,087	191,188,343
Interest in net assets of Avera Health Foundation	11,282,031	9,923,336
	197,192,688	207,826,692
Less portion in current assets	(1,488,570)	(5,041,704)
Noncurrent assets limited as to use	195,704,118	202,784,988
Property and Equipment	374,436,704	368,164,217
Other Assets		
Goodwill	32,554,378	29,146,279
Intangible assets, net	14,387,944	15,732,186
Investments in affiliated organizations	5,984,201	4,680,620
Noncurrent receivables	9,655,151	6,280,470
Property held for future use	7,634,109	6,696,542
Deferred financing costs, net of accumulated amortization of $1,800,000 in 2012 and $1,700,000 in 2011	561,535	1,879,739
Due from related party	1,250,000	1,250,000
Other assets	3,677,817	3,538,723
Total other assets	75,705,135	69,204,559
Total assets	$ 847,873,828	$ 810,241,105

See Notes to Consolidated Financial Statements

	2012	2011
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 9,232,965	$ 11,048,478
Accounts payable		
Trade	36,555,366	30,418,070
Estimated third-party payor settlements	12,003,995	13,113,706
Accrued expenses		
Salaries and wages	10,153,554	21,419,698
Paid time off benefits	18,103,085	17,089,373
Taxes and other	5,796,407	1,310,829
Interest	2,087,546	2,195,088
Deferred revenue	791,440	519,843
Other	4,455,914	3,961,652
Total current liabilities	99,180,272	101,076,737
Long-Term Debt, Less Current Maturities	266,942,993	256,297,449
Other Liabilities		
Due to other organizations	1,174,897	1,174,897
Other	16,485,454	12,698,395
Total liabilities	383,783,616	371,247,478
Net Assets		
Unrestricted	440,185,934	414,988,501
Noncontrolling interests	11,828,248	12,949,205
Total unrestricted net assets	452,014,182	427,937,706
Temporarily restricted	9,934,388	9,034,012
Permanently restricted	2,141,642	2,021,909
Total net assets	464,090,212	438,993,627
Total liabilities and net assets	$ 847,873,828	$ 810,241,105

	2012	2011
Unrestricted Revenue, Gains and Other Support		
Net patient and resident service revenue	$ 731,498,762	$ 676,830,018
Provision for bad debts	(20,816,115)	(21,557,884)
Net patient service revenue less provision for bad debts	710,682,647	655,272,134
Other revenue	47,395,657	38,599,331
Total unrestricted revenue, gains and other support	758,078,304	693,871,465
Expenses		
Salaries and wages	338,164,838	305,182,752
Employee benefits	80,606,461	71,981,985
Medical fees	12,692,080	10,690,769
Purchased services	24,066,964	19,700,359
Supplies	118,458,548	108,663,057
Repairs and maintenance	12,169,348	11,492,882
Other expenses	74,690,499	72,064,214
Insurance	5,712,880	5,701,104
Utilities and telephone	9,165,413	9,097,521
Interest	8,453,257	8,101,297
Depreciation and amortization	38,833,747	33,050,610
Total expenses	723,014,035	655,726,550
Operating Income	35,064,269	38,144,915
Other Income (Losses)		
Investment (loss) income	(696,270)	20,585,520
Change in fair value of interest rate swaps not designated as hedges	(5,258,882)	1,346,111
Reclassification of accumulated losses on interest rate swaps	(380,740)	(380,740)
Other nonoperating	(1,009,094)	(2,012,162)
Gain on acquisitions	2,724,749	5,083,056
Loss from extinguishment of long-term debt	(1,419,188)	(253,242)
Other income, net	(6,039,425)	24,368,543
Revenues in Excess of Expenses	29,024,844	62,513,458
Change in Interest in Net Assets of Avera Health Foundation	101,688	623,019
Change in Net Assets Attributable to Noncontrolling Interests	(4,386,338)	(3,315,729)
Reclassification of Accumulated Losses on Interest Rate Swaps	380,740	380,740
Contributions of Long Lived Assets	137,632	4,493,890
Change in Fair Value of Interest Rate Swap Designated as Hedge	(883,328)	(718,740)
Cumulative Effect of Change in Accounting Principle - Goodwill	-	(1,918,602)
Equity Transfers	755,783	(699,541)
Other Changes in Unrestricted Net Assets	66,412	318,029
Increase in Unrestricted Net Assets	$ 25,197,433	$ 61,676,524

	2012	2011
Unrestricted Net Assets		
Revenues in excess of expenses	$ 29,024,844	$ 62,513,458
Change in interest in net assets of Avera Health Foundation	101,688	623,019
Reclassification of accumulated losses on interest rate swaps	380,740	380,740
Contributions of long lived assets	137,632	4,493,890
Change in fair value of interest rate swap designated as hedge	(883,328)	(718,740)
Cumulative effect of change in accounting principle - goodwill	-	(1,918,602)
Equity transfers	755,783	(699,541)
Other changes in unrestricted net assets	66,412	318,029
Increase in unrestricted net assets	29,583,771	64,992,253
Change in net assets attributable to noncontrolling interests	(4,386,338)	(3,315,729)
Increase in unrestricted net assets attributable to Avera McKennan	25,197,433	61,676,524
Noncontrolling Interests		
Increase in unrestricted net assets attributable to noncontrolling interests	4,386,338	3,315,729
Initial recognition of noncontrolling interests in step acquisition	-	13,812,583
Acquisition of noncontrolling interests in consolidated subsidiary	(749,776)	-
Distributions to noncontrolling interests, net of investments by noncontrolling interests	(4,757,519)	(9,468,148)
(Decrease) increase in noncontrolling interests	(1,120,957)	7,660,164
Temporarily Restricted Net Assets		
Change in interest in net assets of Avera Health Foundation	900,376	1,683,554
Permanently Restricted Net Assets		
Change in interest in net assets of Avera Health Foundation	119,733	40,867
Increase in Net Assets	25,096,585	71,061,109
Net Assets, Beginning of Year	438,993,627	367,932,518
Net Assets, End of Year	$ 464,090,212	$ 438,993,627

	2012	2011
Operating Activities		
Change in net assets	$ 25,096,585	$ 71,061,109
Adjustments to reconcile change in net assets to net cash from operating activities		
Change in realized and unrealized gains on investments	719,270	(20,785,665)
Change in fair value of interest rate swaps not designated as hedges	5,258,882	(1,346,111)
Cumulative effect of change in accounting principle - goodwill	-	1,918,602
Equity transfers	(755,783)	699,541
Loss on disposal of property and equipment	337,794	2,319,728
Depreciation and amortization	39,446,836	33,752,219
Loss on extinguishment of long-term debt	1,181,432	253,242
Earnings on equity method investments	1,071,934	(453,406)
Restricted contributions	(591,523)	(5,324,617)
Gain on acquisitions	(2,724,749)	(5,083,056)
Distributions to noncontrolling interests, net of investments by noncontrolling interests	4,757,519	9,468,148
Acquisition of noncontrolling interests in consolidated subsidiary	749,776	-
Initial recognition of noncontrolling interests in step acquisition	-	(13,812,583)
Change in assets and liabilities		
Receivables	(12,218,622)	335,122
Supplies	(1,662,114)	(1,333,328)
Prepaid expenses	(2,648,755)	122,412
Accounts payable	4,760,834	(2,698,308)
Accrued expenses	(5,874,396)	6,547,776
Other current liabilities	614,239	(9,493,061)
Net Cash from Operating Activities	57,519,159	66,147,764
Investing Activities		
Purchases of property and equipment	(36,429,034)	(48,691,756)
Purchases of assets limited as to use	(13,826,147)	(37,246,299)
Proceeds from sales and maturities of assets limited as to use	23,740,881	32,257,881
Cash paid for business acquisitions, net of cash acquired in acquisition of controlling interests	(12,350,661)	(9,211,326)
Investments in affiliated organizations	(4,431,803)	(3,311,718)
Distributions from affiliated organizations	2,056,288	2,774,269
Increase in other assets	(1,901,918)	(3,716,547)
Proceeds from disposal of property and equipment	36,146	119,680
Net Cash used for Investing Activities	(43,106,248)	(67,025,816)

	2012	2011
Financing Activities		
Equity transfers	$ 755,783	$ (699,541)
Repayment of long-term debt	(170,302,998)	(9,019,321)
Proceeds from issuance of long-term debt	179,129,640	21,503,760
Distributions to noncontrolling interests, net of investments by noncontrolling interests	(4,757,519)	(9,468,148)
Restricted contributions	591,523	5,324,617
Increase in custodial funds held by related party	(18,060,187)	-
Other long-term liabilities	(1,471,823)	670,569
Payment of deferred financing costs	-	(197,009)
Net Cash (used for) from Financing Activities	(14,115,581)	8,114,927
Net Increase in Cash and Cash Equivalents	297,330	7,236,875
Cash and Cash Equivalents, Beginning of Year	34,729,907	27,493,032
Cash and Cash Equivalents, End of Year	$ 35,027,237	$ 34,729,907
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest, net of interest capitalized of $0 during the year ended June 30, 2012 and $671,647 during the year ended June 30, 2011	$ 8,420,638	$ 8,069,090
Business acquisitions		
Receivables	$ 585,102	$ 6,036,131
Supplies	16,352	1,123,987
Prepaid expenses and other	5,202	770,554
Property and equipment, net	5,281,295	39,412,160
Goodwill	3,408,099	8,943,490
Intangible assets	891,111	-
Other assets	1,621,857	2,801,222
Accounts payable	(56,513)	(1,562,698)
Accrued expenses	-	(3,210,800)
Other current liabilities	(151,620)	(1,227,295)
Notes and bonds payable	-	(24,228,472)
Other noncurrent liabilities	-	(2,187,816)
Noncontrolling interests	749,776	(8,729,569)
Investment in affiliated organization	-	(8,729,568)
Net cash paid	$ 12,350,661	$ 9,211,326

Note 1 - Organization and Significant Accounting Policies

Organization

Avera McKennan (Organization) operates a 505-bed acute care hospital, 90-bed nursing home and congregate housing facility, 16-bed hospice home, and as of October 1, 2010, a 55-bed cardiology and cardiovascular surgical hospital in Sioux Falls, South Dakota, an 18-bed acute care hospital in Flandreau, South Dakota, a 23-bed acute care hospital in Dell Rapids, South Dakota, a 25-bed acute care hospital and a 55-bed nursing home in Gregory, South Dakota, a 25-bed acute care hospital in Milbank, South Dakota, and a 25-bed acute care hospital in Miller, South Dakota The Organization provides clinical care, which includes primary care, urgent care and specialty clinics The Organization also provides other health care related services through various programs The Organization is organized as a non-profit 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 Organization operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values established for Avera Health, the sole member of the Organization and a sponsored ministry of the Benedictine and Presentation Sisters

Consolidation

The consolidated financial statements for the years ended June 30, 2012 and 2011, include the accounts of Avera McKennan and the following controlled organizations Significant intercompany balances and transactions have been eliminated in the consolidated financial statements

Avera Home Medical Equipment LLC
Midwest Regional Imaging Services LLC (through March 2, 2012)
Heart Hospital of South Dakota LLC (as of October 1, 2010)
Alumend LLC

Avera McKennan owns 77% of Avera Home Medical Equipment LLC, 100% of Midwest Regional Imaging Services LLC, 66 2/3 % of Heart Hospital of South Dakota LLC, and 100% of Alumend LLC

Effective March 2, 2012, the Organization acquired the remaining 49% interest in Midwest Regional Imaging Services LLC

Effective October 1, 2010, the Organization acquired a controlling interest in the Heart Hospital of South Dakota LLC (HHSD) Accordingly, HHSD has been consolidated from the acquisition date forward

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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash and Cash Equivalents

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

Patient 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 have interest assessed at 1 percent per month These interest charges are recognized as income when charged 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 accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts

Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

The Organization`s process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed between the years ended June 30, 2012 and 2011 The Organization does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors The Organization changed its charity care and uninsured discount policies during the years ended June 30, 2012 and 2011 related to uninsured patients to comply with new regulatory requirements issued by the Internal Revenue Service The changes did not have a material impact on consolidated financial statement amounts or disclosures

Supplies

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

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 Certificates of deposit are recorded at historical cost, plus accrued interest The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 825 ASC 825 permits entities to choose to measure many financial instruments and certain other items at fair value All investments are classified as trading securities, therefore investment income or loss (including interest income, dividends, net changes in unrealized gains and losses, and net realized gains and losses) is included in revenues in excess of 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 consolidated statements of operations

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

Investments in Affiliated Organizations

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

Physician Notes Receivable and Guarantees

A consolidated subsidiary of the Organization has entered into notes receivable and guaranteed salary commitments with certain physicians These contracts are limited in duration, and serve the purpose of recruiting new physicians Notes receivable with physicians are recorded as other accounts receivable in the consolidated balance sheets Guaranteed salary commitments are recorded as other current and noncurrent liabilities

Assets Limited as to Use

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

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with 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

Property and Equipment

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method Equipment under capital lease obligations is amortized using the straight-line method over the shorter period of the lease term or estimated useful life of the equipment Such amortization is included in depreciation and amortization in the consolidated financial statements The estimated useful lives of property and equipment are as follows

Land Improvements	3-25 years
Buildings and improvements	5-100 years
Equipment	3-20 years

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

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the effective interest method and the straight-line method Amortization of deferred financing costs is included in interest expense in the consolidated financial statements

Internal Use Software

The Organization capitalizes expenses related to the acquisition and development of the software used for financial reporting, billing, processing, and patient care in conformity with ASC 350, Internal-Use Software Costs incurred, subsequent to a determination that the technology needed to achieve performance requirements exists, are capitalized if it is probable development efforts will be completed and the software will be deployed As of June 30, 2012 and 2011, the Organization had capitalized approximately $5,713,982 and $5,051,431, related to software in development During the years ended June 30, 2012 and 2011, portions of the project were completed and placed in service The portion of the project related to the Organization's clinic business line remains in the application development stage Costs of maintenance, training, and minor upgrades are expensed as incurred upon deployment of the software

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 Organization tests the recoverability of its goodwill The Organization 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 Organization 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 Organization concludes otherwise, then a two-step impairment analysis, whereby the Organization 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 Organization determines that this is true, the second step is required, where the implied fair value of goodwill is compared to its carrying value

The Organization 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 the respective reporting unit The Organization performs its test for recoverability for goodwill at the same time each year, unless circumstances require additional analysis As a result of this test, there was no impairment loss recognized for the year ended June 30, 2012 An impairment loss of $1,918,602 was recognized for the year ended June 30, 2011, as a result of the transitional goodwill impairment testing performed in accordance with applicable accounting standards

Impairment of Long-lived Assets

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

Deferred Revenue

The Organization recognizes deferred revenue for amounts received for which the services have not yet been performed Grants are also recorded as deferred revenue when the Organization receives grant money in advance of qualifying grant expenditures Grant revenue is recognized and included in income at the time qualifying expenditures are made by the Organization

Temporarily and Permanently Restricted Net Assets

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

Noncontrolling Interests

The accompanying consolidated financial statements reflect the adoption of guidance within ASC 810 requiring that noncontrolling interests in subsidiaries be reported as net assets in the consolidated financial statements The guidance also requires that net income attributable to the parent and noncontrolling interests be clearly identifiable, that changes in a parent's ownership interest be accounted for as equity transactions, and that disclosures be expanded to clearly identify and distinguish between the interest of the parent and interests of the noncontrolling owners

Interest in Net Assets of Avera Health Foundation

Avera Health Foundation ("Foundation"), an affiliate of the Organization, solicits contributions and holds funds on behalf of the Organization The Organization's interest in these funds is recorded in assets limited as to use in the accompanying consolidated financial statements Changes in the funds held by the Foundation are recorded as change in interest in net assets of Avera Health Foundation in the accompanying consolidated financial statements

Revenues in Excess of Expenses

Revenues in excess of expenses excludes changes in interest in net assets of Avera Health Foundation related to distributions from the Foundation for capital expenditures, reclassifications of accumulated losses on interest rate swaps, contributions of long-lived assets, including assets acquired using contributions which were restricted by donors, change in the fair value of the interest rate swap designated as a hedge, the cumulative effect of change in accounting principle related to goodwill, transfers of assets to and from related parties for other than goods and services, and other changes in unrestricted net assets

Advertising Costs

The Organization expenses advertising costs as incurred During the years ended June 30, 2012 and 2011, advertising expenses were $4,223,417 and $4,026,538, respectively

Net Patient and Resident Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates Payment arrangements include 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 Organization 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 Organization recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates, if negotiated or provided by policy On the basis of historical experience, a significant portion of the Organization's uninsured patients and residents will be unable or unwilling to pay for the services provided Thus, the Organization records a significant provision for bad debts related to uninsured patients 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	$ 715,671,120	$ 661,117,527
Self-pay	15,827,642	15,712,491
Total all payors	$ 731,498,762	$ 676,830,018

Charity Care and Community Benefit

The Organization 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 Organization does not pursue collection of these amounts, they are not reported as patient and resident service revenue The amount of charges foregone for services provided under the Organization's charity care policy were approximately $32,100,000 and $28,000,000 for the years ended June 30, 2012 and 2011 Total direct and indirect costs related to these foregone charges were approximately $12,100,000 and $10,800,000 at June 30, 2012 and 2011, based on average ratios of cost to gross charges

The Organization also provides community benefit health activities at less than or at no cost to support those in the area served These activities include, but are not limited to, community education and health services, health professionals' education, subsidized services, cash and in-kind donations to community organizations, health research, and community building activities For the years ended June 30, 2012 and 2011, specific examples include a free health clinic, diabetes education and management programs, ASK A NURSE health information service, clinical settings for resident physicians and nursing and pharmacy students, community blood bank partnership, subsidized emergency transportation and hospice services, medication, transportation and lodging support for needy patients and families, community screenings, and clinical research

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 consolidated statements of operations

Contributions Made

Unconditional promises to give cash and other assets are reported at fair value and recorded as liabilities at the date the promise is made Conditional promises to give and indications of intentions to give are reported at fair value at the date the conditions have been met or the date the gift is made

Income Taxes

The Organization is organized as a 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) Certain consolidated subsidiaries, including Avera Home Medical Equipment LLC, Midwest Regional Imaging Services LLC, Heart Hospital of South Dakota LLC, and Alumend LLC, are not tax exempt entities and are considered partnerships or disregarded entities for tax purposes Avera McKennan is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, Avera McKennan is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose Avera McKennan files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income For the years ended June 30, 2012 and 2011, cash paid for income taxes was $270,406 and $112,143, respectively

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

Market Risk

The Organization'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 Organization recognizes all derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value

Note 2 - Loan Guarantees

As discussed in Note 11, the Organization 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 Organization is jointly and severally obligated for various bond issues as of June 30, 2012, under a Master Trust Indenture as follows

South Dakota Health and Educational Facilities Authority Series 2008B Revenue Bonds, 5 25% to 5 50%, interest only until July 1, 2033, then varying annual 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 rate 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
	$ 332,052,351

The Organization has entered into agreements whereby it is the guarantor, as of June 30, 2012, for the following loans

Avera Holy Family Health Revenue Bonds, Series 2000, 5 6% to 6 3%, due annually in increasing amounts to July 1, 2026	$ 4,405,000
Avera Holy Family Health Revenue Bonds, Series 2012, 1 0% to 3 75%, due annually in increasing amounts to July 1, 2026	3,840,000
	$ 8,245,000

Note 3 - Net Patient and Resident Service Revenue

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

Medicare - PPS Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors The Organization is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare fiscal intermediary The Organization's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2010

Medicare - CAH The Organization operates several facilities that are licensed as Critical Access Hospitals (CAH) These hospitals are reimbursed for most inpatient and outpatient services on a cost-based methodology with final settlement determined after submission of annual cost reports by the hospitals and are subject to audits thereof by the Medicare intermediary The Organization's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2009

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 Organization is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid program The Organization's Medicaid cost reports have been settled by the Medicaid program through June 30, 2010

Wellmark Blue Cross Services rendered to Wellmark Blue Cross subscribers are reimbursed under prospectively determined percentage of charges and fixed payment rate methodologies

Nursing Home – Medicare and Medicaid The Organization participates in the Medicare program for which payments for resident services is made on a prospectively determined per diem rate which varies based on a case-mix resident classification system The Organization 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

Clinics – The Organization is reimbursed for most services provided in its clinics under the respective payer's fee schedules Clinic services provided to Medicare beneficiaries that are licensed as rural health clinics are reimbursed at cost, while clinics recognized as provider-based clinics by Medicare receive a technical (hospital) and professional payment from Medicare

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

Revenue from the Medicare and Medicaid programs accounted for approximately 31 8% and 6 9% of the Organization's net patient service revenue for the year ended June 30, 2012 and 30 7% and 7 9% 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 an ongoing level of uncertainty relative to the estimated liability for prior period cost reports There is 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 approximately $4 3 million 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 Organization agreed not to pursue any additional remediation from Medicare in regards to this specific calculation

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

	2012	2011
Total patient and resident service revenue	$ 1,610,934,189	$ 1,432,892,269
Contractual adjustments		
Medicare	(431,580,222)	(376,326,382)
Medicaid	(102,879,220)	(87,447,611)
Wellmark Blue Cross	(147,705,816)	(113,197,031)
Other	(185,795,332)	(170,655,082)
Cost of goods sold	(11,474,837)	(8,436,145)
Total contractual adjustments and cost of goods sold	(879,435,427)	(756,062,251)
Net patient and resident service revenue	$ 731,498,762	$ 676,830,018

Note 4 - Business Combinations

Heart Hospital of South Dakota

On October 1, 2010, the Organization acquired an additional 33 1/3% ownership interest in the Heart Hospital of South Dakota LLC in a transaction accounted for as an acquisition The HHSD is an acute-care hospital, specializing in cardiology and cardiovascular surgery The HHSD shares the Organization's mission of making a positive impact in the lives and health of persons and communities by providing quality services guided by Christian values The acquisition resulted in the Organization holding a 66 2/3% ownership interest in HHSD as of the acquisition date The aggregate purchase price of the additional interest acquired was approximately $22 5 million The acquisition price included approximately $16 7 million of goodwill attributable to the increased ownership interest and expectations of future cash flows and operational synergies across the market As a result of the additional ownership interest acquired, the operations of the HHSD have been consolidated in the accompanying consolidated financial statements from the acquisition date forward

Prior to the acquisition date, the Organization's fair value interest in the HHSD was approximately $13 8 million The pre-acquisition fair value of the Organization's interest in the HHSD exceeded the carrying value of the interest, resulting in a non-operating gain of approximately $5 1 million Fair value of the pre-acquisition ownership share was determined based on accepted business valuation methodologies

The following table summarizes the revenues and changes in net assets attributable to the HHSD for the period from the acquisition date through June 30, 2011

Net Revenue	$ 49,818,874
Changes in Net Assets	
Change in unrestricted net assets	$ (4,846,214)
Change in noncontrolling interests	(2,470,839)

The following table summarizes pro forma information as though the HHSD had been a consolidated entity for the year ending June 30, 2011

Net Revenue	$ 65,309,427
Changes in Net Assets	
Change in unrestricted net assets	$ (2,647,335)
Change in noncontrolling interests	(1,373,048)

Other Acquisitions

During the year ended June 30, 2012, the Organization closed on purchase agreements for the acquisition of various clinic practices, a medical office building partnership, a research entity, and an additional 49% share in a PET CT business The aggregate acquisition price for these business combinations was $12 4 million In accordance with authoritative guidance, the Organization recorded a gain of approximately $2 7 million for the excess of fair values of net assets acquired over the purchase price of the acquisitions

Note 5 - Investments and Investment Income

Assets Limited as to Use

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

	2012	2011
Under indenture agreements - held by trustee		
Cash and cash equivalents	$ 1,488,570	$ 5,177,336
U S Government Agency bonds	-	1,537,677
	1,488,570	6,715,013
Less amount shown as current	(1,488,570)	(5,041,704)
	$ -	$ 1,673,309
By board for capital improvements and debt redemption		
Cash and cash equivalents	$ 6,834,212	$ 16,943,075
Interest in Pooled Investment Fund *	174,227,694	170,814,066
Notes receivable	3,360,181	3,431,202
	$ 184,422,087	$ 191,188,343
Interest in net assets of Avera Health Foundation		
Interest in Pooled Investment Fund *	$ 11,282,031	$ 9,923,336

Pooled Investment Fund *

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

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

	2012	2011
Equity mutual funds	23 6%	24 9%
Fixed income mutual funds	15 9%	10 1%
Publicly traded equity securities	12 0%	13 2%
Cash and short-term investments	11 9%	6 7%
Non-publicly traded alternative investments		
Hedge fund	11 3%	12 7%
Real asset	2 6%	2 4%
US Agency obligations	6 8%	12 1%
Foreign equities	5 9%	8 5%
Corporate bonds	5 7%	5 3%
Other fixed income	2 4%	2 7%
US Treasury obligations	1 9%	1 4%
	100 0%	100 0%

Investment Income

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

	2012	2011
Other revenue		
Interest income	$ 1,013,963	$ 1,164,570
Realized (losses) gains on investments, net	(890)	119,624
	$ 1,013,073	$ 1,284,194
Other income		
Interest income	$ 36,173	$ 70,631
Realized gains on investments, net	5,298,961	5,090,055
Change in unrealized gains and losses on investments	(6,031,404)	15,424,834
	$ (696,270)	$ 20,585,520

Note 6 - Fair Value Measurements

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

	2012	2011
Cash equivalents	$ 1,488,570	$ 5,038,698
U S Government Agency bonds	-	1,537,677
Physician guarantees asset	1,744,547	2,898,510
Pledges receivable	2,439,599	3,360,173
Total assets	$ 5,672,716	$ 12,835,058
Pledge commitments	$ 613,772	$ 728,129
Physician guarantees liability	1,744,547	2,898,510
Interest rate swap agreements	14,238,703	9,046,231
Total liabilities	$ 16,597,022	$ 12,672,870

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			
Cash equivalents	$ 1,488,570	$ -	$ -
Physician guarantees asset	-	-	1,744,547
Pledges receivable	-	-	2,439,599
Total assets	$ 1,488,570	$ -	$ 4,184,146
Pledge commitments	$ -	$ -	$ 613,772
Physician guarantees liability	-	-	1,744,547
Interest rate swap agreements	-	14,238,703	-
Total liabilities	$ -	$ 14,238,703	$ 2,358,319
June 30, 2011			
Cash equivalents	$ 5,038,698	$ -	$ -
U S Government Agency bonds	1,537,677	-	-
Physician guarantees asset	-	-	2,898,510
Pledges receivable	-	-	3,360,173
Total assets	$ 6,576,375	$ -	$ 6,258,683
Pledge commitments	$ -	$ -	$ 728,129
Physician guarantees liability	-	-	2,898,510
Interest rate swap agreements	-	9,046,231	-
Total liabilities	$ -	$ 9,046,231	$ 3,626,639

The fair value for cash equivalents, U S Government Agency bonds, and deferred compensation trust assets is determined by reference to quoted market prices The fair value of the interest rate swaps are based upon estimates of the related LIBOR swap rates during the term of the swap agreement The fair value of physician guarantees and pledge receivables and commitments are estimated based on expected future cash flows

The following tables present the reconciliation of activity for assets and liabilities measured at fair value based upon significant unobservable (non-market) information

	2012	2011
Pledges receivable		
Balance, beginning of year	$ 3,360,173	$ 3,781,641
New pledges	1,228,500	632,840
Cash received	(1,223,171)	(1,149,861)
Write-offs and adjustments	(925,903)	95,553
Balance, end of year	$ 2,439,599	$ 3,360,173
Pledge commitments		
Balance, beginning of year	$ 728,129	$ 321,000
New pledges	125,000	650,000
Cash paid	(259,000)	(179,000)
Write-offs and adjustments	19,643	(63,871)
Balance, end of year	$ 613,772	$ 728,129
Physician guarantees asset		
Balance, beginning of year	$ 2,898,510	$ -
New guarantees	-	2,898,510
Payments	(996,884)	-
Write-offs and adjustments	(157,079)	-
Balance, end of year	$ 1,744,547	$ 2,898,510
Physician guarantees liability		
Balance, beginning of year	$ 2,898,510	$ -
New guarantees	-	2,898,510
Payments	(996,884)	-
Write-offs and adjustments	(157,079)	-
Balance, end of year	$ 1,744,547	$ 2,898,510

Note 7 - Fair Value of Financial Instruments

The Organization considers the carrying amount of significant classes of financial instruments on the consolidated balance sheets, including cash equivalents, net accounts receivable, assets limited as to use, other assets, accounts payable, accrued liabilities, due to other organizations, 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 Organization's fixed rate long-term debt, including current portion, has a carrying amount that differs from its estimated fair value The fair value of the Organization's fixed rate long-term debt is determined by references to trading activity for underlying debt instruments or if unavailable, estimated using discounted cash flow analyses, based on the Organization's effective borrowing rates at respective reporting dates for similar types of arrangements The carrying value of the Organization's fixed rate debt is $78,074,778 and $97,638,586 as of June 30, 2012 and 2011 The fair value of the Organization's fixed rate debt is estimated to be $81,750,374 and $97,498,055 as of June 30, 2012 and 2011

Note 8 - 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	$ 21,858,861	$ -	$ 20,670,087	$ -
Land improvements	7,838,192	5,334,703	7,139,800	4,994,251
Buildings and improvements	414,732,226	153,896,625	400,743,070	141,264,979
Equipment	266,696,520	184,889,919	244,039,198	163,934,111
Construction in progress	7,432,152	-	5,765,403	-
	$ 718,557,951	$ 344,121,247	$ 678,357,558	$ 310,193,341
Net property and equipment		$ 374,436,704		$ 368,164,217

Construction in progress at June 30, 2012, consists of costs for the construction of a clinic and surgery center in Worthington, Minnesota, the remodel and expansion of the hospital and clinic in Flandreau, South Dakota, and various other remodeling and equipment projects The estimated cost to complete these projects is $26 1 million which will be financed with Organization funds, proceeds from the Series 2012A bond issuance, and other potential financing

Note 9 - Investments in Affiliated Organizations

The Organization is a participant in the following investments

Organization Name	Percent Ownership/ Control
Estherville Medical Clinic	50 0%
Pipestone Clinic	50 0%
Center for Family Medicine	50 0%
Heart Hospital of South Dakota, LLC (through October 1, 2010)	33 3%
Hegg Clinic	50 0%
Q and M Properties LLC	50 0%
Brookings MRI Services	49 0%
Worthington CT Services	25 0%
Worthington MRI Services	49 0%
Chamberlain Clinic	50 0%
Rural Medical Clinics	50 0%
Mersco Medical of Pierre LLC	50 0%
Avera Home Medical Equipment of Floyd Valley Hospital LLC	50 0%
Avera Home Medical Equipment of Estherville LLC	50 0%
Avera Home Medical Equipment of Sioux Center LLC	50 0%
Avera Home Medical Equipment of Marshall LLC	50 0%
Avera Home Medical Equipment of Spencer Hospital LLC	50 0%
Brookings Health System Avera Home Medical Equipment LLC	50 0%
Avera Nuclear Medicine Services of Mitchell	50 0%
Yorkshire Eye Clinic	49 0%
Diagnostic Technical Services LLC	50 0%

The Organization's investments are accounted for on the equity method of accounting that approximates the Organization`s equity in the underlying net book value of these organizations Summary financial information, on a combined basis, as of and for the years ended June 30, 2012 and 2011, is as follows

	2012	2011
Cash and cash equivalents	$ 1,506,112	$ 883,755
Other current assets	6,607,232	5,555,472
Land, buildings, and equipment - net	2,784,830	2,809,097
Other non-current assets	184,978	336,235
Total assets	$ 11,083,152	$ 9,584,559
Total current liabilities	$ 2,061,836	$ 1,558,202
Net assets/stockholders' equity	9,021,316	8,026,357
Total liabilities and net assets/stockholders' equity	$ 11,083,152	$ 9,584,559
Total revenues	$ 25,411,255	$ 39,243,466
Total expenses	(25,815,160)	(35,975,127)
Net (loss) income	$ (403,905)	$ 3,268,339

As disclosed in Note 4, the Heart Hospital of South Dakota LLC became a consolidated entity on October 1, 2010

Note 10 - 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	$ 29,146,279	$ 16,350,311
Goodwill acquired	3,408,099	14,714,570
Goodwill impaired	-	(1,918,602)
Balance, end of year	$ 32,554,378	$ 29,146,279

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

	Cost	Accumulated Amortization	Net
Balance, June 30, 2012			
Non-compete agreements	$ 11,344,858	$ (4,840,029)	$ 6,504,829
Medical records	5,132,265	(2,042,900)	3,089,365
Other	6,850,000	(2,056,250)	4,793,750
	$ 23,327,123	$ (8,939,179)	$ 14,387,944
Balance, June 30, 2011			
Non-compete agreements	$ 10,494,858	$ (3,831,711)	$ 6,663,147
Medical records	5,091,154	(1,565,865)	3,525,289
Other	6,850,000	(1,306,250)	5,543,750
	$ 22,436,012	$ (6,703,826)	$ 15,732,186

Amortization expense for the years ended June 30, 2012 and 2011 was $2,385,514 and $2,589,629 respectively Estimated future amortization expense is as follows

Years Ending June 30,	
2013	$ 2,147,802
2014	1,918,272
2015	1,918,272
2016	1,918,272
2017	1,850,472
Thereafter	4,634,854
	$ 14,387,944

Note 11 - Long-Term Debt

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

	2012	2011
South Dakota Health and Educational Facilities Authority		
Series 2002 Revenue Refunding Bonds, 5 00% to 5 75%,		
due annually to July 1, 2027, legally defeased on May 1, 2012	$ -	$ 17,414,622
Unamortized bond premium	-	86,037
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 13%, varying annual installments to		
July 1, 2038, extinguished on May 1, 2012	-	99,085,087
South Dakota Health and Educational Facilities Authority		
Series 2008B Revenue Bonds, 5 25% to 5 50%,		
interest only until July 1, 2033, then varying		
annual installments to July 1, 2038	50,320,000	50,320,000
Unamortized bond discount	(259,117)	(269,983)
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	-	45,335,000
Related party payables to Avera Health		
Note payable, 4%, annual payments of $441,491 to January 1, 2029	5,421,268	5,588,960
Series 2008C Variable Rate Demand Revenue Bonds	45,335,000	-
Series 2012A Revenue Bonds	34,912,342	-
Series 2012B Revenue Bonds	94,681,444	-
Note payable, dated February 2006, variable interest at		
LIBOR + 1 25% (1 49% at June 30, 2012), monthly principal and		
interest payments of $125,492 due to December 2, 2015	15,059,000	16,564,900
Notes payable, 5 25% fixed interest, resets January 1, 2015 and every		
three years thereafter at prime rate plus 1%, subject to 5 25% floor		
Monthly principal and interest payments due as follows		
Payments of $46,663 to July 1, 2024	7,576,191	7,727,311
Payments of $20,184 to December 15, 2015	771,860	967,176
Payments of $13,436 to April 1, 2012	-	131,123

	2012	2011
Note payable, dated October 1, 2010, 3% fixed interest rate, original amount of $20,000,000, monthly principal and interest payments of $359,375 to October 1, 2015	$ 13,676,307	$ 17,508,052
Notes payable to equipment lender, annual fixed rates of interest from 2 8% to 6 4%, original amounts totaling $14,071,430, due in monthly principal and interest payments to February 1, 2017	8,657,203	6,806,954
Capital lease obligation - Note 12	24,460	80,688
	276,175,958	267,345,927
Less current maturities	(9,232,965)	(11,048,478)
Total long-term debt, less current maturities	$ 266,942,993	$ 256,297,449

Long-term debt maturities are as follows

Years Ending June 30,	
2013	$ 9,232,961
2014	11,982,213
2015	11,909,339
2016	17,568,608
2017	4,908,054
Thereafter	220,833,900
Unamortized bond premiums and discounts	(259,117)
	$ 276,175,958

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

Various debt agreements of the Organization contain certain restrictive covenants, including the maintenance of specific financial ratios and amounts

Obligated Group

As described in Note 2, the Organization is a member of the Avera Health Obligated Group (Obligated Group) On May 1, 2012, Avera Health, the sole corporate sponsor of the Organization, and Avera Marshall became members of the Obligated Group and became party to the 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 the 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 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

Under the terms of the revenue bond loan agreements, Obligated Group members, including the Organization, 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 Organization satisfy certain measures of financial performance as long as the bonds are outstanding

Note 12 - Leases

The Organization leases certain operations, equipment, and space under various lease agreements with varying terms, some of which are cancelable upon written notice The Organization also has a lease that has been recorded as a capital lease The leased asset has a net book value of $17,336 and $69,343 as of June 30, 2012 and 2011

Total lease expense for all operating leases and rental agreements for the years ended June 30, 2012 and 2011, was $12,151,133 and $12,920,073

Minimum future lease payments for the capital and non-cancelable operating leases are as follows

Years Ending June 30,	Capital Lease	Operating Leases
2013	$ 24,833	$ 6,898,039
2014	-	6,037,299
2015	-	5,230,481
2016	-	3,842,932
2017	-	2,369,822
Thereafter	-	3,651,265
Total minimum lease payments	24,833	$ 28,029,838
Less interest	(373)	
Present value of minimum lease payments - Note 11	$ 24,460	

Note 13 - Interest Rate Swaps

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

Reference	Maturity Date	Notional Amount	Organization Pays	Organization Receives	Fair Value 2012	Fair Value 2011
Swap A	2028	$ 5,269,984	3 870%	67% of LIBOR	$ (1,362,503)	$ (827,232)
Swap B	2033	$37,077,092	3 915%	67% of LIBOR	$ (11,229,726)	$ (6,506,115)
Swap C	2015	$12,047,200	5 210%	LIBOR + 1 25%	$ (1,646,474)	$ (1,712,884)

The Organization entered into Swap A to effectively convert $5,269,984 of variable rate bonds to synthetic fixed rate debt at the rate of 3 87% The Organization entered into Swap B to effectively convert $37,077,092 of variable rate bonds into synthetic fixed rate debt at a rate of 3 915% The Organization entered into Swap C to effectively convert 80% of a variable rate mortgage agreement, currently $12,047,200, into synthetic fixed rate debt at a rate of 5 21%

Effective July 1, 2009, the Organization 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 $6,568,413 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 each of the years ended, June 30, 2012 and 2011, $380,740 was reclassified into revenues in excess of expenses in relation to the hedging discontinuance The aggregate fair values of the swap agreements were recorded as long term liabilities of $12,592,229 and $7,333,347 as of June 30, 2012 and 2011, respectively The changes in fair value of $(5,258,882) and $1,346,111 were recorded to revenues in excess of expenses for the years ended June 30, 2012 and 2011, respectively

The Organization has designated Swap C as a cash flow hedging instrument, and determined the agreement to be highly effective The fair value of the swap agreement was recorded as long term liabilities of $1,646,474 and $1,712,884 as of June 30, 2012 and 2011, respectively For the years ended June 30, 2012 and 2011, the changes in fair value of $(883,328) and $(718,740), of Swap C were recorded to other changes in net assets

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

	2012	2011
Long-term Liability		
Fair value of interest rate swap agreements	$ (14,238,703)	$ (9,046,231)
Revenues in Excess of Expenses		
Change in fair value of interest rate swaps not designated as hedging instruments	$ (5,258,882)	$ 1,346,111
Reclassification of accumulated losses on interest rate swaps	(380,740)	(380,740)
Interest expense	2,227,129	2,097,832
Other Changes in Net Assets		
Change in fair value of interest rate swaps designated as hedging instruments	$ (883,328)	$ (718,740)
Reclassification of accumulated losses on interest rate swaps	380,740	380,740

Note 14 - Commitments

The Organization has entered into several agreements that are accounted for as unconditional and conditional promises to give Unconditional promises to give are recorded as other current and non-current liabilities in the consolidated balance sheets and totaled approximately $614,000 and $728,000 at June 30, 2012 and 2011, respectively A consolidated subsidiary of the Organization has also entered into physician guarantee contracts and contracts that are considered exchange transactions resulting in purchase commitments

A summary of outstanding commitments under unconditional promises to give, conditional promises to give, physician contracts, and purchase commitments is as follows

Years Ending June 30,	
2013	$ 2,891,000
2014	2,327,000
2015	969,000
2016	1,059,000
2017	955,000
Thereafter	3,000,000
	$ 11,201,000

Note 15 - Temporarily and Permanently Restricted Net Assets

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

	2012	2011
Various programs and capital projects, including hospice, hospitality center, and others	$ 9,934,388	$ 9,034,012

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

	2012	2011
Investments to be held in perpetuity, the income from which is expendable to support various health care services	$ 2,141,642	$ 2,021,909

Note 16 - Endowment

The Organization's endowment consists of a portion of their interest in the net assets of 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 and totaled $2,141,642 and $2,021,909 at June 30, 2012 and 2011, respectively The Organization currently does not have any board-designated endowment funds

Interpretation of Relevant Law

The Organization 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 Organization 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 Organization in a manner consistent with the standard of prudence prescribed by UPMIFA In accordance with UPMIFA, the Organization 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 Organization 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 Organization
(7) The investment policies of the Organization

Changes in endowment net assets for the years ended June 30, 2012 and 2011 are as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, June 30, 2010	$ -	$ -	$ 1,981,042	$ 1,981,042
Change in interest in net assets of Avera Health Foundation	-	-	40,867	40,867
Endowment net assets, June 30, 2011	-	-	2,021,909	2,021,909
Change in interest in net assets of Avera Health Foundation	-	-	119,733	119,733
Endowment net assets, June 30, 2012	$ -	$ -	$ 2,141,642	$ 2,141,642

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 Organization to retain as a fund of perpetual duration In accordance with generally accepted accounting principles, 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 Organization 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 Organization 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 Organization 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 Organization 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 Organization 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 17 - Self-Insurance Programs

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

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

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

	2012	2011
Health and dental	$ 38,438,383	$ 32,947,244
Professional liability	1,610,172	1,533,497
Workers' compensation	2,101,151	2,395,720
	$ 42,149,706	$ 36,876,461

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

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

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

Note 18 - Employee Benefit Plans

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

Defined Benefit Pension Plan – Career Average

Under the Career Average plan, employees in an eligible class who were in service on or after January 1, 1988 became active members on the first day of the month coinciding with or next following the date they met the eligibility requirements of age 21 and one year of service Pension benefits are based on a percentage of the employee's eligible earnings and are payable at retirement under several annuitized payment options During the years ended June 30, 2012 and 2011, the Organization contributed $9,927,680, and $9,355,918, 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, the Organization contributed $3,182,561, and $3,479,599, respectively, to the Cash Balance plan

The latest available financial information available for the Plans as of June 30, 2012 is as follows

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

Defined Contribution Pension Plans

Eligible employees that participate in the Defined Benefit Pension Plan – Cash Balance also participate in a defined contribution pension plan ("403(b) Plan") Under the 403(b) Plan, participant contributions are matched up to 2% of eligible employee compensation The Organization recognized total 403(b) Plan contribution costs of $3,773,064 and $3,355,965 as part of employee benefits for the years ended June 30, 2012 and 2011

A subsidiary of the Organization sponsors a defined contribution retirement savings plan (the "401(k) Plan"), which covers all employees of the subsidiary The 401(k) Plan allows eligible employees to contribute from 1% to 50% of their annual compensation on a pretax basis, up to the annual limit determined by the IRS The subsidiary, at its discretion, may make an annual contribution of up to 40% of an employee's pretax contributions, up to a maximum of 6% of compensation The expense related to the employer's share of the 401(k) contributions totaled $311,911 and $230,135 during the years ended June 30, 2012 and 2011

Note 19 - Related Party Transactions

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

	2012	2011
Payments to (from) related organizations recorded by the Organization		
Equity transfers	$ (755,783)	$ 699,541
Revenues	(1,833,978)	(1,643,677)
Management and other	34,894,523	30,359,991
Employee benefit programs	51,548,623	45,782,761
Professional liability and workers' compensation insurance programs	3,711,323	3,929,217
Interest expense	708,971	223,720
Balance sheet items		
Due from related party	1,250,000	1,250,000
Prepaid expenses	2,830,576	79,540
Other receivables	2,289,845	1,374,179
Custodial funds*	18,060,187	-
Accounts payable	4,684,344	4,048,909
Long-term debt (including current portion)*	180,350,054	5,588,960
Interest payable	546,951	111,779

* Custodial funds includes Avera McKennan's share of new project funds from the Series 2012A Obligated Group financing The related long-term debt shown above includes Avera McKennan's share of the 2012 Obligated Group financing discussed in Note 2 and Note 11

Note 20 - Malpractice Insurance

As discussed in Note 17, the Organization participates in a self-insured professional liability and general liability program which provides malpractice and general insurance coverage for professional and general liability losses subject to a self-insured retention of $2million per claim and $6 million annual aggregate The Organization is also insured under an excess umbrella liability claims-made policy with a limit of $35 million Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured subject to the self-insured retention only

Note 21 - Concentrations of Credit Risk

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

	2012	2011
Medicare	29%	27%
Blue Cross	15%	13%
Medicaid	9%	8%
Commercial insurance	6%	6%
Other third-party payors, patients and residents	41%	46%
	100%	100%

The Organization'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 22 - Functional Expenses

The Organization provides general health care services to residents within its geographic location Expenses related to providing these services for the years ended June 30, 2012 and 2011 are as follows

	2012	2011
Health care services	$ 608,151,981	$ 544,235,357
General and administrative	114,091,717	110,609,526
Fundraising	770,337	881,667
	$ 723,014,035	$ 655,726,550

Note 23 - Changes in Accounting Principles

During the year ended June 30, 2012, the Organization early adopted the provisions of ASU No 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, as allowable In accordance with the implementation guidance, the Organization retroactively applied the presentation requirements to 2011 The impact on 2011 was a decrease to total revenues, gains, and other support of $21,557,884, and a decrease to total expenses of $21,557,884 in the consolidated statements of operations There was no impact on operating income or net assets

During the year ended June 30, 2012, the Organization 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 24 - Subsequent Events

The Organization has evaluated subsequent events through October 5, 2012, the date which the consolidated financial statements were available to be issued

Additional Data

Software ID:
Software Version:
EIN: 46-0224743
Name: AVERA MCKENNAN

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

4d. Other program services

(Code) (Expenses $ 30,541,087 including grants of $ 750) (Revenue $ 46,929,942)

AVERA MCKENNAN ALSO PROVIDES LONG-TERM CARE, HOME MEDICAL EQUIPMENT & OTHER RETAIL, HOME INFUSION, RESEARCH, FITNESS CENTER, REGIONAL LAB, AND MOBILE SERVICES MEDICAL RESEARCH AS A RESEARCH INSTITUTION, AVERA MCKENNAN DRAWS PHYSICIANS WHO ARE COMMITTED TO SEEKING NEW TREATMENTS AND PREVENTIVE MEASURES THE AVERA RESEARCH INSTITUTE IS CURRENTLY CONDUCTING PRE-CLINICAL RESEARCH TO ADD TO THE BODY OF MEDICAL KNOWLEDGE IN THE AREAS OF KIDNEY DISEASE LINKED TO OBESITY, KIDNEY FILTRATION AND GROWTH, AND NEUROSCIENCE RESEARCH IN REGARD TO STRESS AND ADDICTION THE AVERA RESEARCH INSTITUTE ALSO CONTINUES ONGOING APPLIED RESEARCH IN THE AREA OF DEVELOPING A NOVEL PHOTOCHEMICAL TISSUE BONDING TECHNOLOGY THAT HAS OPHTHALMOLOGIC AND DERMATOLOGICAL APPLICATIONS THROUGH ITS GENETICS LAB, AVERA MCKENNAN IS STUDYING GENETIC PRECURSORS OF MENTAL HEALTH CONDITIONS, WHICH HAS WIDE APPLICATION IN BOTH THE CLINICAL AND RESEARCH ARENAS THE AVERA RESEARCH INSTITUTE IN 2012 PARTICIPATED IN 90 CLINICAL TRIALS, INVOLVING CANCER, ALZHEIMER'S DISEASE, HYPERCHOLESTEROLEMIA, RHEUMATOID ARTHRITIS, AND MORE IN FISCAL YEAR 2012, AVERA MCKENNAN OPERATED THE AVERA RESEARCH INSTITUTE AT A LOSS OF $3,625,000

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
TOM DEMPSTER CHAIRMAN	2 00	X		X				0	0	0
DAVE ROZENBOOM VICE CHAIR	2 00	X		X				0	0	0
DAVE KAPASKA DO PRESIDENT & CEO	40 00	X		X				0	656,504	42,862
MICHAEL BENDER BOARD TRUSTEE	2 00	X						0	0	0
SISTER JANICE KLEIN BOARD TRUSTEE	2 00	X						0	0	0
GENE JONES JR BOARD TRUSTEE	2 00	X						0	0	0
MITCHELL JOHNSON DO BOARD TRUSTEE	2 00	X						0	0	0
SISTER KATHRYN EASLEY BOARD TRUSTEE	2 00	X						0	0	0
KIM PEDERSON MD BOARD TRUSTEE	40 00	X						297,192	0	32,850
SISTER JOAN REICHELT BOARD TRUSTEE	2 00	X						0	0	0
BRAD THAEMERT MD BOARD TRUSTEE	2 00	X						0	0	0
FRED THURMAN BOARD TRUSTEE	2 00	X						0	0	0
DAVID FLECK BOARD TRUSTEE	2 00	X						0	0	0
JAMES WIEDERRICH BOARD TRUSTEE	2 00	X						0	0	0
BILL ROSSING MD BOARD TRUSTEE	2 00	X						0	0	0
CINDY WALSH BOARD TRUSTEE	2 00	X						0	0	0
DAVID CHICOINE BOARD TRUSTEE	2 00	X						0	0	0
SISTER CANDYCE CHRYSTAL BOARD TRUSTEE	2 00	X						0	0	0
HUGH VENRICK BOARD TRUSTEE	2 00	X						0	0	0
DON KOSIAK MD BOARD TRUSTEE	40 00	X						415,820	0	23,049
JULIE N NORTON SEC/TREAS & SRVP FINANCE	40 00			X				352,422	0	40,472
JUDY BLAUWET SR VICE PRESIDENT	40 00				X			321,080	0	31,522
DAVID FLICEK SR VICE PRESIDENT	40 00				X			0	481,676	33,447
STEVE PETERSEN DIRECTOR-PHARMACY	40 00				X			192,830	0	30,409
PATRICIA JAGOE AVP-SURGERY	40 00				X			189,955	0	33,907

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CURT HOHMAN SR VICE PRESIDENT	40 00				X			270,592	0	24,125
HAMID ABBASI MD PHYSICIAN	40 00					X		1,116,926	0	34,882
BRIAN KNUTSON MD PHYSICIAN	40 00					X		1,126,170	0	37,382
DANIEL TYNAN MD PHYSICIAN	40 00					X		1,235,370	0	35,882
STEVEN CONDRON MD PHYSICIAN	40 00					X		1,221,312	0	39,882
KELLY MCCAUL MD PHYSICIAN	40 00					X		1,061,761	0	24,625