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Form 990

## Return of Organization Exempt From Income Tax

2011

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

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

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	C Name of organization ST BENEDICT HOSPITAL INC	D Employer identification number 46-0226738
<input type="checkbox"/> Address change	Doing Business As AVERA ST BENEDICT HEALTH CENTER	E Telephone number (605) 928-3311
<input type="checkbox"/> Name change	Number and street (or P O box if mail is not delivered to street address) 401 WEST GLYNN DRIVE	G Gross receipts \$ 19,456,010
<input type="checkbox"/> Initial return	Room/suite	
<input type="checkbox"/> Terminated		
<input type="checkbox"/> Amended return		
<input type="checkbox"/> Application pending		

F Name and address of principal officer  
GALE WALKER  
401 WEST GLYNN DRIVE  
PARKSTON, SD 57366

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.AVERASTBENEDICT.ORG

K Form of organization  Corporation  Trust  Association  Other ► L Year of formation 1965 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 12
4 Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	4 10
5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) . . . . .	5 248
6 Total number of volunteers (estimate if necessary) . . . . .	6 180
7a Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	7a 0
b Net unrelated business taxable income from Form 990-T, line 34 . . . . .	7b 0

8 Contributions and grants (Part VIII, line 1h) . . . . .	Prior Year 198,062	Current Year 213,441
9 Program service revenue (Part VIII, line 2g) . . . . .	17,420,484	18,792,147
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) . . . . .	426,651	434,106
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	17,123	16,316
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	18,062,320	19,456,010

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) . . . . .	18,644	21,925
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)	10,082,411	11,040,316
16a Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
b Total fundraising expenses (Part IX, column (D), line 25) ► 0		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) . . . . .	5,386,702	5,490,582
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	15,487,757	16,552,823
19 Revenue less expenses Subtract line 18 from line 12 . . . . .	2,574,563	2,903,187

20 Total assets (Part X, line 16) . . . . .	Beginning of Current Year 25,289,310	End of Year 27,526,380
21 Total liabilities (Part X, line 26) . . . . .	4,315,414	4,129,378
22 Net assets or fund balances Subtract line 21 from line 20 . . . . .	20,973,896	23,397,002

## Part II Signature Block

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

Sign Here	***** Signature of officer GALE WALKER PRESIDENT/CEO Type or print name and title	2013-05-10 Date
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Paid Preparer's Use Only	Preparer's signature ► KIM HUNWARDSEN CPA	Date 2013-05-13	Check if self-employed ► <input type="checkbox"/>	Preparer's taxpayer identification number (see instructions) P00484560
	Firm's name (or yours if self-employed), address, and ZIP + 4 ► EIDE BAILLY LLP 800 NICOLLET MALL STE 1300 MINNEAPOLIS, MN 554027033			EIN ► 45-0250958
				Phone no ► (612) 253-6500

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

### **Part III Statement of Program Service Accomplishments**

**Statement of Program Service Accomplishments**  
Check if Schedule Q contains a response to any question in this Part II

Explain how the organization's mission is reflected in its values.

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 C

Yes  No

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

Yes  No

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 \$ 14,116,354 including grants of \$ 21,925 ) (Revenue \$ 18,792,147

AVERA ST. BENEDICT HEALTH CENTER (CENTER) OPERATES A 25-BED CRITICAL ACCESS, ACUTE CARE HOSPITAL, A 47-BED NURSING HOME, A 28-BED ASSISTED LIVING CENTER AND RURAL HEALTH CLINICS LOCATED IN PARKSTON, TRIPP AND LAKE ANDES, SOUTH DAKOTA. THE CENTER PROVIDES ACUTE CARE AND LONG-TERM HEALTHCARE SERVICES. AMOUNTS AND TYPES OF SERVICES PROVIDED DURING THE YEAR ENDED JUNE 30, 2012 WERE 1,237 ACUTE HOSPITAL PATIENT DAYS, 1,136 SWING BED DAYS, 77 NURSERY PATIENT DAYS, 16,688 NURSING HOME RESIDENT DAYS, AND 9,366 SUPERVISED LIVING DAYS. THE CENTER'S THREE CLINICS COMPLETED A TOTAL OF 20,670 PRIMARY CARE VISITS TO THE PEOPLE OF THEIR COMMUNITY. THE CENTER MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF CHARITY CARE IT PROVIDES. THESE RECORDS INCLUDE THE AMOUNT OF CHARGES FORGONE FOR SERVICES AND SUPPLIES FURNISHED UNDER ITS CHARITY CARE POLICY AND EQUIVALENT SERVICE STATISTICS. THESE AMOUNTS DO NOT INCLUDE THOSE SERVICES THAT ARE PROVIDED TO PATIENTS AND RESIDENTS COVERED BY MEDICARE, MEDICAID, STATE AGENCIES, COUNTY, AND OTHER THIRD-PARTY PAYORS WHERE LESS THAN FULL CHARGES ARE RECEIVED. THE AMOUNTS OF CHARGES FOREGONE, BASED ON ESTABLISHED RATES, WERE \$172,608 FOR THE YEAR ENDED JUNE 30, 2012.

**4b** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$

**4c** (Code ) (Expenses \$ including grants of \$ ) (Revenue \$

**4d** Other program services (Describe in Schedule O)

(Expenses \$1,000,000) including grants of \$1,000,000) (Revenue \$1,000,000)

**4e Total program service expenses** **► \$ 14,116,35**

**Part IV Checklist of Required Schedules**

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete Schedule B, *Schedule of Contributors* (see instructions)?

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

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

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

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

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

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III

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

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

11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI

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

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

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

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X

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

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII

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

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

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

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

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

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

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

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

20a Did the organization operate one or more hospitals? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements

	Yes	No
1	Yes	
2	Yes	
3		No
4		No
5		No
6		No
7		No
8		No
9	Yes	
10	Yes	
11a	Yes	
11b	Yes	
11c		No
11d		No
11e	Yes	
11f	Yes	
12a	Yes	
12b	Yes	
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a	Yes	
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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		24b	No	
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		24c	No	
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		24d	No	
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		25a	No	
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		25b	No	
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		26	No	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III		27	No	
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)				
a	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		28a	No	
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		28b	No	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? If "Yes," complete Schedule L, Part IV		28c	No	
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		29	No	
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	<input checked="" type="checkbox"/>	33	No	
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	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	35b	No	
36	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	<input checked="" type="checkbox"/>	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	<input checked="" type="checkbox"/>	37	No	
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? <b>Note.</b> 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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable	1a	39
<b>b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0
<b>c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
<b>2a</b>	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return	2a	248
<b>b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes
<p><b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</p>			
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	No
<b>b</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		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>	7a	No
<b>a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7b	
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c	No
<b>c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d	
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	7e	No
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f	No
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g	
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h	
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8	
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	9a	
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>	9b	
<b>a</b>	Did the organization make any taxable distributions under section 4966?	10a	
<b>b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?	10b	
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	11a	
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	11b	
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter	12a	
<b>a</b>	Gross income from members or shareholders	11a	
<b>b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b	
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12b	
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>	13a	
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state	13b	
<b>b</b>	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13c	
<b>c</b>	Enter the aggregate amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
<b>b</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

1a Enter the number of voting members of the governing body at the end of the tax year . . . . .

1a 12

1b 10

b Enter the number of voting members included in line 1a, above, who are independent . . . . .

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .

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? . . . . .

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .

5 Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .

6 Did the organization have members or stockholders? . . . . .

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? . . . . .

b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body? . . . . .

b Each committee with authority to act on behalf of the governing body? . . . . .

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 . . . . .

	Yes	No
1a		
1b		
2		No
3	Yes	
4		No
5		No
6	Yes	
7a	Yes	
7b	Yes	
8a	Yes	
8b	Yes	
9		No

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

10a Did the organization have local chapters, branches, or affiliates? . . . . .

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? . . . . .

11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .

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 . . . . .

b Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .

c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .

13 Did the organization have a written whistleblower policy? . . . . .

14 Did the organization have a written document retention and destruction policy? . . . . .

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 . . . . .

b Other officers or key employees of the organization . . . . .

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? . . . . .

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? . . . . .

	Yes	No
10a		No
10b		
11a	Yes	
12a	Yes	
12b	Yes	
12c	Yes	
13	Yes	
14	Yes	
15a	Yes	
15b		No
16a		No
16b		

### Section C. Disclosure

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

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply

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 ►

RITA BLASIUS CFO  
401 W GLYNN DRIVE  
PARKSTON, SD 57366  
(605) 928-3311

**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
		Or director	Individual trustee	Institutional Trustee	Officer	Key employee			
(1) SR MARIBETH WENTZLAFF CHAIR	2 00	X		X			0	0	0
(2) JERRY HEINERT VICE CHAIR	2 00	X		X			0	0	0
(3) MELISSA STORK SECRETARY	2 00	X		X			0	0	0
(4) GERALD MOEGE BOARD MEMBER	2 00	X					0	0	0
(5) JON PROEHL BOARD MEMBER	2 00	X					0	0	0
(6) WAYNE BIETZ BOARD MEMBER	2 00	X					0	0	0
(7) RICHARD HONKE MD BOARD MEMBER/PHYSICIAN	40 00	X					284,300	0	28,437
(8) SR MARY JAEGER BOARD MEMBER	2 00	X					0	0	0
(9) SR JANET HORSTMAN BOARD MEMBER	2 00	X					0	0	0
(10) DAN NEUGEBAUER BOARD MEMBER	2 00	X					0	0	0
(11) DOROTHY MARIE FINK BOARD MEMBER	2 00	X					0	0	0
(12) GALE WALKER PRESIDENT & CEO	40 00	X		X			186,747	0	24,950
(13) RITA BLASIUS SEC/TRES & SRVP FINANCE	40 00			X			117,409	0	11,707
(14) DR TONI VANDERPOL PHYSICIAN	40 00				X		235,073	0	17,386
(15) KEN TRAVNICEK CRNA	40 00				X		235,090	0	25,117
(16) JASON WICKERSHAM PHYSICIAN	40 00				X		226,000	0	25,000
(17) BETH SCHROEDER PA-C	40 00				X		153,643	0	22,166

**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	
		Or director or trustee	Individual trustee	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former		
(18) DENISE MUNTEFERING VP - PATIENT CARE SERVICES	40 00				X			104,420	0	18,746
<b>1b Sub-Total . . . . .</b>										
<b>c Total from continuation sheets to Part VII, Section A . . . . .</b>										
<b>d Total (add lines 1b and 1c) . . . . .</b>								1,542,682	0	173,509

**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 ►8

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual . . . . .	3	No
<b>4</b> For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual . . . . .	4	Yes
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? 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 QUEEN OF PEACE 525 NORTH FOSTER STREET MITCHELL, SD 57301	SHARED SERVICES	924,380
AVERA MCKENNAN PO BOX 5045 SIOUX FALLS, SD 57117	SHARED SERVICES	125,954
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ►2		

**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		
<b>Contributions, gifts, grants and other similar amounts</b>	<b>1a</b> Federated campaigns . . . . .	<b>1a</b>					
	<b>b</b> Membership dues . . . . .	<b>1b</b>					
	<b>c</b> Fundraising events . . . . .	<b>1c</b>					
	<b>d</b> Related organizations . . . . .	<b>1d</b>	5,378				
	<b>e</b> Government grants (contributions)	<b>1e</b>	194,988				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	13,075				
	<b>g</b> Noncash contributions included in lines 1a-1f \$						
	<b>h</b> <b>Total.</b> Add lines 1a-1f . . . . .		213,441				
<b>Program Service Revenue</b>	Business Code						
			<b>2a</b> NET PATIENT & RESIDENT	622110	17,912,803	17,912,803	
			<b>b</b> INTEREST IN AVERA HEAL	900099	389,211	389,211	
			<b>c</b> SUPPORTING REVENUE	900099	330,823	330,823	
			<b>d</b> DAYCARE REVENUE	624410	136,280	136,280	
			<b>e</b> MEALS ON WHEELS	624210	23,030	23,030	
	<b>f</b> All other program service revenue						
	<b>g</b> <b>Total.</b> Add lines 2a-2f . . . . .		18,792,147				
<b>3</b> Investment income (including dividends, interest and other similar amounts) . . . . .		56,271		56,271			
<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .							
<b>5</b> Royalties . . . . .							
<b>6a</b> Gross rents	(I) Real	(II) Personal					
<b>b</b> Less rental expenses	16,316						
<b>c</b> Rental income or (loss)	0						
<b>d</b> Net rental income or (loss) . . . . .	16,316			16,316			
<b>7a</b> Gross amount from sales of assets other than inventory	(I) Securities	(II) Other					
<b>b</b> Less cost or other basis and sales expenses	377,626	209					
<b>c</b> Gain or (loss)	0	0					
<b>d</b> Net gain or (loss) . . . . .	377,626	209	377,835	377,835			
<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .							
<b>b</b> Less direct expenses . . . . .	<b>a</b>						
<b>c</b> Net income or (loss) from fundraising events . . . . .	<b>b</b>						
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>						
<b>b</b> Less direct expenses . . . . .	<b>b</b>						
<b>c</b> Net income or (loss) from gaming activities . . . . .							
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>						
<b>b</b> Less cost of goods sold . . . . .	<b>b</b>						
<b>c</b> Net income or (loss) from sales of inventory . . . . .							
<b>Miscellaneous Revenue</b>	Business Code						
<b>11a</b>							
<b>b</b>							
<b>c</b>							
<b>d</b> All other revenue . . . . .							
<b>e</b> <b>Total.</b> Add lines 11a-11d . . . . .							
<b>12</b> <b>Total revenue.</b> See Instructions . . . . .		19,456,010	18,792,147	0	450,422		

**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
<b>1</b> Grants and other assistance to governments and organizations in the United States See Part IV, line 21	13,925	13,925		
<b>2</b> Grants and other assistance to individuals in the United States See Part IV, line 22	8,000	8,000		
<b>3</b> Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .	724,748	375,946	348,802	
<b>6</b> Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
<b>7</b> Other salaries and wages	7,843,520	7,138,967	704,553	
<b>8</b> Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . .	322,864	295,906	26,958	
<b>9</b> Other employee benefits . . . . .	1,628,683	1,453,825	174,858	
<b>10</b> Payroll taxes . . . . .	520,501	458,397	62,104	
<b>11</b> Fees for services (non-employees)				
<b>a</b> Management . . . . .	235,152		235,152	
<b>b</b> Legal . . . . .				
<b>c</b> Accounting . . . . .	62,477		62,477	
<b>d</b> Lobbying . . . . .				
<b>e</b> Professional fundraising See Part IV, line 17 . . . . .				
<b>f</b> Investment management fees . . . . .	8,201		8,201	
<b>g</b> Other . . . . .	570,880	527,545	43,335	
<b>12</b> Advertising and promotion . . . . .	39,668	4,406	35,262	
<b>13</b> Office expenses . . . . .	1,449,306	950,983	498,323	
<b>14</b> Information technology . . . . .	56,031	7,886	48,145	
<b>15</b> Royalties . . . . .				
<b>16</b> Occupancy . . . . .	260,877	260,877		
<b>17</b> Travel . . . . .	80,981	61,459	19,522	
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
<b>19</b> Conferences, conventions, and meetings . . . . .	22,465	16,616	5,849	
<b>20</b> Interest . . . . .	89,381	89,381		
<b>21</b> Payments to affiliates . . . . .				
<b>22</b> Depreciation, depletion, and amortization . . . . .	738,885	738,885		
<b>23</b> Insurance . . . . .	137,229	137,229		
<b>24</b> 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 )				
<b>a</b> MEDICAL SUPPLIES	1,262,203	1,262,203		
<b>b</b> BAD DEBT PROVISION	136,417	136,417		
<b>c</b> EQUIPMENT LEASE AND REN	89,514	82,380	7,134	
<b>d</b> SALES TAX AND LICENSES	36,266	36,266		
<b>e</b>				
<b>f</b> All other expenses	214,649	58,855	155,794	
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24f	16,552,823	14,116,354	2,436,469	0
<b>26</b> <b>Joint costs.</b> Check here <input type="checkbox"/> <input checked="" type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		<b>(A)</b> Beginning of year	<b>(B)</b> End of year
Assets	1 Cash—non-interest-bearing . . . . .	1	
	2 Savings and temporary cash investments . . . . .	1,457,070	2 3,030,077
	3 Pledges and grants receivable, net . . . . .	3	
	4 Accounts receivable, net . . . . .	1,731,462	4 1,755,324
	5 Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .	5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L . . . . .	6	
	7 Notes and loans receivable, net . . . . .	7	
	8 Inventories for sale or use . . . . .	262,504	8 323,714
	9 Prepaid expenses and deferred charges . . . . .	216,246	9 71,709
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D . . . . .	10a 18,126,298	
	b Less accumulated depreciation . . . . .	10b 9,952,418	10c 7,851,336 8,173,880
	11 Investments—publicly traded securities . . . . .	514,374	11 514,655
	12 Investments—other securities See Part IV, line 11 . . . . .	13,112,882	12 13,401,067
	13 Investments—program-related See Part IV, line 11 . . . . .	13	117,221
	14 Intangible assets . . . . .	14	
	15 Other assets See Part IV, line 11 . . . . .	143,436	15 138,733
	16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	25,289,310	16 27,526,380
Liabilities	17 Accounts payable and accrued expenses . . . . .	1,200,414	17 1,599,378
	18 Grants payable . . . . .	18	
	19 Deferred revenue . . . . .	19	
	20 Tax-exempt bond liabilities . . . . .	2,315,000	20 2,065,000
	21 Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	21	
	22 Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	22	
	23 Secured mortgages and notes payable to unrelated third parties . . . . .	23	
	24 Unsecured notes and loans payable to unrelated third parties . . . . .	24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D . . . . .	800,000	25 465,000
	26 <b>Total liabilities.</b> Add lines 17 through 25 . . . . .	4,315,414	26 4,129,378
Net Assets or Fund Balances	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>		
	27 Unrestricted net assets . . . . .	20,743,528	27 22,777,006
	28 Temporarily restricted net assets . . . . .	185,503	28 574,963
	29 Permanently restricted net assets . . . . .	44,865	29 45,033
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>		
	30 Capital stock or trust principal, or current funds . . . . .	30	
	31 Paid-in or capital surplus, or land, building or equipment fund . . . . .	31	
	32 Retained earnings, endowment, accumulated income, or other funds . . . . .	32	
	33 Total net assets or fund balances . . . . .	20,973,896	33 23,397,002
	34 Total liabilities and net assets/fund balances . . . . .	25,289,310	34 27,526,380

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response to any question in this Part XI 

1	Total revenue (must equal Part VIII, column (A), line 12)	1	19,456,010
2	Total expenses (must equal Part IX, column (A), line 25)	2	16,552,823
3	Revenue less expenses Subtract line 2 from line 1	3	2,903,187
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	20,973,896
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-480,081
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	23,397,002

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response to any question in this Part XII 

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

2011

Open to Public  
Inspection**SCHEDULE A**  
(Form 990 or 990EZ)**Public Charity Status and Public Support**

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

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

Department of the Treasury  
Internal Revenue Service  
Name of the organization  
ST BENEDICT HOSPITAL INC

Employer identification number

46-0226738

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Part II Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

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

**Section B. Total Support**

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

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

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

**Part III Support Schedule for Organizations Described in IRC 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 <b>Total.</b> 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 <b>Public Support</b> (Subtract line 7c from line 6 )						

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
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 <b>Total support</b> (Add lines 9, 10c, 11 and 12 )						
14 <b>First Five Years</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and <b>stop here</b>						

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

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

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

17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18
19a <b>33 1/3% support tests—2011.</b> If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization	
b <b>33 1/3% support tests—2010.</b> If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization	
20 <b>Private Foundation</b> If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions	

**Part IV** **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

**Facts And Circumstances Test**

**Explanation**

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

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

**Name of the organization**  
ST BENEDICT HOSPITAL INC**Employer identification number**

46-0226738

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

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

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

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

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

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

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

Protection of natural habitat  Preservation of a certified historic structure

Preservation of open space

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

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

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

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

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

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

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

► \$ \_\_\_\_\_

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

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

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

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

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

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

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

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

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

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

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

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

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

a  Public exhibition      d  Loan or exchange programs  
 b  Scholarly research      e  Other  
 c  Preservation for future generations

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

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

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

	Amount
1c Beginning balance	1,671
1d Additions during the year	20,089
1e Distributions during the year	20,653
1f Ending balance	1,107

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 . . . . .	44,865	44,477	43,913	40,478	
b Contributions . . . . .	5,403				
c Investment earnings or losses . . . . .	-1,725	388	564	3,435	
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .					
f Administrative expenses . . . . .					
g End of year balance . . . . .	48,543	44,865	44,477	43,913	

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

a Board designated or quasi-endowment ►  
 b Permanent endowment ► 92.770 %  
 c Term endowment ► 7.230 %

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

	Yes	No
3a(i) unrelated organizations . . . . .		No
3a(ii) related organizations . . . . .	Yes	
3b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? . . . . .	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 . . . . .		22,181			22,181
b Buildings . . . . .		10,334,540	4,609,259	5,725,281	
c Leasehold improvements . . . . .					
d Equipment . . . . .		7,173,534	5,217,648	1,955,886	
e Other . . . . .		596,043	125,511	470,532	
<b>Total.</b> Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) . . . . .					8,173,880

**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 TO USE - AVERA POOLED INVESTMENTS	13,401,067	F
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 12.)	13,401,067	

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

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	465,000
<b>Total.</b> (Column (b) should equal Form 990, Part X, col (B) line 25.)	465,000

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	19,456,010
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	16,552,823
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	2,903,187
4	Net unrealized gains (losses) on investments	4	-480,081
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-480,081
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	2,423,106

**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	18,449,884
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-480,081
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	-136,417
e	Add lines 2a through 2d	2e	-616,498
3	Subtract line 2e from line 1	3	19,066,382
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	389,628
c	Add lines 4a and 4b	4c	389,628
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12 )	5	19,456,010

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

1	Total expenses and losses per audited financial statements	1	16,416,406
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	16,416,406
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	136,417
c	Add lines 4a and 4b	4c	136,417
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18 )	5	16,552,823

**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	FUNDS ARE HELD ON BEHALF OF THE RESIDENTS
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 CENTER BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS. THE CENTER WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE IF SUCH INTEREST AND PENALTIES ARE INCURRED
PART XII, LINE 2D - OTHER ADJUSTMENTS		PROVISION FOR BAD DEBTS INCLUDED IN REVENUE ON FINANCIAL STATEMENTS -136,417
PART XII, LINE 4B - OTHER ADJUSTMENTS		CHANGE IN INTEREST OF AVERA HEALTH FOUNDATION REPORTED IN FUND BAL FOR F/S 389,628
PART XIII, LINE 4B - OTHER ADJUSTMENTS		PROVISION FOR BAD DEBTS INCLUDED IN REVENUE ON FINANCIAL STATEMENTS 136,417

2011

Open to Public  
InspectionSCHEDULE 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.Name of the organization  
ST BENEDICT HOSPITAL INCEmployer identification number  
46-0226738

## Part I Charity Care and Certain Other Community Benefits at Cost

**1a** Did the organization have a charity care policy? If "No," skip to question 6a . . . . .

**b** If "Yes," is it a written policy? . . . . .

**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 \_\_\_\_\_%

**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 \_\_\_\_\_%

**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"? . . . . .

**5a** Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .

**b** If "Yes," did the organization's charity care expenses exceed the budgeted amount? . . . . .

**c** If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .

**6a** Did the organization prepare a community benefit report during the tax year? . . . . .

**6b** If "Yes," did the organization make it available to the public? . . . . .

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

	Yes	No
<b>1a</b>	Yes	
<b>1b</b>	Yes	
<b>3a</b>	Yes	
<b>3b</b>	Yes	
<b>4</b>	Yes	
<b>5a</b>	Yes	
<b>5b</b>		No
<b>5c</b>		
<b>6a</b>	Yes	
<b>6b</b>	Yes	

## 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
<b>a</b> Charity care at cost (from Worksheet 1) . . . . .			107,518		107,518	0 650 %
<b>b</b> Medicaid (from Worksheet 3, column a) . . . . .			1,978,867	1,896,660	82,207	0 500 %
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
<b>d</b> <b>Total</b> Charity Care and Means-Tested Government Programs . . . . .			2,086,385	1,896,660	189,725	1 150 %
<b>e</b> Other Benefits						
Community health improvement services and community benefit operations (from Worksheet 4) . . . . .	6	1,335	18,263	13,400	4,863	0 030 %
Health professions education (from Worksheet 5) . . . . .	6	4,291	92,221		92,221	0 560 %
Subsidized health services (from Worksheet 6) . . . . .	3	1,705	2,949,930	2,301,773	648,157	3 950 %
Research (from Worksheet 7) . . . . .						
Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .	1	1,368	11,491		11,491	0 070 %
<b>j</b> <b>Total</b> Other Benefits . . . . .	16	8,699	3,071,905	2,315,173	756,732	4 610 %
<b>k</b> <b>Total</b> . Add lines 7d and 7j . . . . .	16	8,699	5,158,290	4,211,833	946,457	5 760 %

**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
<b>1</b> Physical improvements and housing						
<b>2</b> Economic development						
<b>3</b> Community support	3	846	2,727		2,727	0 020 %
<b>4</b> Environmental improvements						
<b>5</b> Leadership development and training for community members						
<b>6</b> Coalition building						
<b>7</b> Community health improvement advocacy						
<b>8</b> Workforce development						
<b>9</b> Other	1	414	2,178		2,178	0 010 %
<b>10 Total</b>	4	1,260	4,905		4,905	0 030 %

**Part III Bad Debt, Medicare, & Collection Practices**
**Section A. Bad Debt Expense**

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15? . . . . .

2 Enter the amount of the organization's bad debt expense . . . . .

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy . . . . .

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

	Yes	No
1		No
2	136,417	
3	0	
5	5,293,605	
6	5,245,548	
7	48,057	
9a	Yes	
9b	Yes	

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME) . . . . .

6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .

7 Subtract line 6 from line 5. This is the surplus or (shortfall) . . . . .

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? . . . . .

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

9a	Yes
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? 1

Name and address

Other (Describe)

**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)

ST BENEDICT HOSPITAL INC

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

	<b>Yes</b>	<b>No</b>
<b>Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)</b>		
<b>1</b> 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 . . . . .	<b>1</b>	No
If "Yes," indicate what the Needs Assessment describes (check all that apply)		
a <input type="checkbox"/> A definition of the community served by the hospital facility		
b <input type="checkbox"/> Demographics of the community		
c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input type="checkbox"/> How data was obtained		
e <input type="checkbox"/> The health needs of the community		
f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
<b>3</b> 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	<b>3</b>	
<b>4</b> 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 . . . . .	<b>4</b>	
<b>5</b> Did the hospital facility make its Needs Assessment widely available to the public? . . . . .	<b>5</b>	
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)		
a <input type="checkbox"/> Hospital facility's website		
b <input type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Development of a community-wide community benefit plan for the facility		
d <input type="checkbox"/> Participation in community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input type="checkbox"/> Prioritization of health needs in the community		
h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> 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	<b>7</b>	
<b>Financial Assistance Policy</b>		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
<b>8</b> Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>8</b>	Yes
<b>9</b> Used federal poverty guidelines (FPG) to determine eligibility for providing free care? . . . . .	<b>9</b>	Yes
If "Yes," indicate the FPG family income limit for eligibility for free care <u>150 000000000000%</u>		
If "No," explain in Part VI the criteria the hospital facility used		

**Part V Facility Information (continued)**

	<b>Yes</b>	<b>No</b>
<b>10</b> Used FPG to determine eligibility for providing discounted care? . . . . .	<b>10</b> Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>400 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used		
<b>11</b> Explained the basis for calculating amounts charged to patients? . . . . .	<b>11</b> Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)		
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input checked="" type="checkbox"/> Uninsured discount		
f <input checked="" type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
<b>12</b> Explained the method for applying for financial assistance? . . . . .	<b>12</b> Yes	
<b>13</b> Included measures to publicize the policy within the community served by the hospital facility? . . . . .	<b>13</b> Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site		
b <input type="checkbox"/> The policy was attached to all billing invoices		
c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available upon request		
g <input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>Billing and Collections</b>		
<b>14</b> 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? . . . . .	<b>14</b> Yes	
<b>15</b> Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments or arrests		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>16</b> 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? . . . . .	<b>16</b> No	
If "Yes," check all actions in which the hospital facility or a third party engaged		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b> Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)		
a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission		
b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Part VI)		

**Part V Facility Information (continued)****Policy Relating to Emergency Medical Care**

**18** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .

If "No," indicate why

- 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)

	Yes	No
<b>18</b>	Yes	

**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 its 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)

<b>20</b>	Yes	
<b>21</b>	Yes	

**20** Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI

**21** Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? . . . . .

If "Yes," explain in Part VI

**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? 5

Name and address		Type of Facility (Describe)
1	AVERA BORMANN MANOR 501 NORTH 4TH STREET PARKSTON, SD 57366	NURSING HOME
2	AVERA ST BENEDICT ASSISTED LIVING 400 W FIR PARKSTON, SD 57366	ASSISTED LIVING
3	ASB CERTIFIED RURAL HEALTH CLINIC 401 W GLYNN DRIVE PARKSTON, SD 57366	RURAL HEALTH CLINIC
4	ASB CERTIFIED RURAL HEALTH CLINIC MAIN STREET TRIPP, SD 57366	RURAL HEALTH CLINIC
5	ASB CERTIFIED RURAL HEALTH CLINIC 756 LAKE STREET LAKE ANDES, SD 57356	RURAL HEALTH CLINIC
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, 6l, 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 THE ORGANIZATION ALSO LOOKS AT A COMBINATION OF INCOME, ASSETS, AND EXPENSES TO DETERMINE WHAT PERCENTAGE OF CHARITY CARE AN INDIVIDUAL WOULD QUALIFY FOR

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

**Schedule H (Form 990) 2011**

Identifier	ReturnReference	Explanation
		PART I, LINE 7 CHARITY CARE EXPENSE, LINE 7A, WAS CONVERTED TO COST BASED ON AN OVERALL COST-TO-CHARGE RATIO ADDRESSING ALL PATIENT SEGMENTS UNREIMBURSED MEDICAID, LINE 7B, WAS CALCULATED USING THE COSTING METHODS TO PREPARE THE COST REPORTS FOR THE HOSPITAL AND CLINICS UNREIMBURSED MEDICAID FOR LONG-TERM CARE - BORMANN MANOR AND ASSISTED LIVING WAS CONVERTED TO COST USING THE MEDICAID COST REPORT RATIO OF MEDICAID UTILIZATION TO OVERALL COST COMMUNITY HEALTH IMPROVEMENT SERVICES, LINE 7E, HEALTH PROFESSIONS EDUCATION, LINE 7F, AND CASH AND IN-KIND CONTRIBUTIONS, LINE 7I ARE REPORTED BASED ON ACTUAL EXPENSES RECORDED IN THE ORGANIZATION'S GENERAL LEDGER THE COST FOR SUBSIDIZED HEALTH SERVICES, LINE 7G, WAS DETERMINED USING THE MEDICARE COST REPORT

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM TOTAL EXPENSES TO DETERMINE THE PERCENTAGE WAS \$136,417

**Schedule H (Form 990) 2011**

Identifier	ReturnReference	Explanation
		PART II AVERA ST BENEDICT HEALTH CENTER (ASBHC) OPERATES A COMMUNITY DAYCARE PROVIDING A SAFE ENVIRONMENT FOR THE CHILDREN AND IT OPERATES AT A LOSS LOWER INCOME FAMILIES ARE PROVIDED A SAFE AND AFFORDABLE PLACE FOR THEIR CHILDREN WHILE NOT ALL THE FAMILIES ARE LOWER INCOME, THE ORGANIZATION SEES THIS AS A COMMUNITY NEED AS THERE IS NO OTHER FACILITY IN THE AREA AND THE COMMUNITY AS A WHOLE WOULD STRUGGLE TO FIND DAYCARE FOR THEIR CHILDREN DESPITE OPERATING AT A LOSS, THE BOARD OF DIRECTORS IS COMMITTED TO PROVIDING THE SERVICE TO THE COMMUNITY ASBHC PROVIDES TRANSPORTATION TO THE RESIDENTS OF AVERA BORMANN MANOR THE TRANSPORTATION INCLUDES PHYSICIAN VISITS AND GETTING MEDICATION AND SUPPLIES WITHOUT THIS SERVICE THESE INDIVIDUALS WOULD BE AT RISK OF NOT GETTING TO THEIR APPOINTMENTS OR OBTAINING THE SUPPLIES THEY NEED EMPLOYEES OF ASBHC SERVE A FOOD PANTRY CALLED THE LOVE FEAST IN MITCHELL, SD THIS GROUP OF EMPLOYEES WORKS AN EVENING MEAL FOR THOSE IN NEED PROPER NUTRITION FOR THESE INDIVIDUALS IS ESSENTIAL FOR HEALTH AND WITHOUT THIS SERVICE MANY WOULD GO HUNGRY OR NOT GET A BALANCED MEAL, IN TURN AFFECTING THEIR HEALTH AND WELLNESS

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

Identifier	ReturnReference	Explanation
		PART III, LINE 8 TOTAL REVENUE RECEIVED FROM MEDICARE AND THE MEDICARE ALLOWABLE COSTS ARE REPORTED FROM THE MEDICARE COST REPORT. THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES AND REGULATIONS SET FORTH BY CMS

**Schedule H (Form 990) 2011**

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

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

Identifier	ReturnReference	Explanation
ST BENEDICT HOSPITAL INC		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%

**Schedule H (Form 990) 2011**

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

Identifier	ReturnReference	Explanation
ST BENEDICT HOSPITAL INC		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

Schedule H (Form 990) 2011

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 COMMUNITY NEEDS ARE EVALUATED AND ASSESSED ON AN ON-GOING BASIS IN SEVERAL WAYS ASBHC HAS COMPLETED A FORMAL "NEEDS ASSESSMENTS" SEVERAL TIMES OVER THE COURSE OF THE PAST SEVERAL YEARS THIS HAS BEEN ACCOMPLISHED WITH INPUT FROM FOCUS GROUPS, SURVEYS, SHORT AND LONG RANGE PLANNING BY THE HEALTH CENTER BOARD, REGULAR MEETINGS WITH THE PROVIDER STAFF, AND COLLABORATION WITH THE LOCAL SCHOOL AND CHURCHES, AS WELL AS LOCAL LAW ENFORCEMENT

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 PATIENTS ARE INFORMED OF THE FINANCIAL ASSISTANCE/CHARITY CARE POLICY THROUGH BROCHURES AT THE REGISTRATION DESKS OF THE HOSPITAL AND CLINICS ASBHC HAS STAFF IN CENTRAL REGISTRATION THAT IDENTIFY IF A PATIENT IS ABLE TO PAY FOR SERVICES THROUGH INSURANCE OR OTHERWISE IF THEY IDENTIFY ON THE FRONT END THAT THE PATIENT NEEDS ASSISTANCE, THE PATIENT IS CONNECTED TO A REPRESENTATIVE IN PATIENT FINANCIAL SERVICES WHO CAN ASSIST WITH DETERMINING WHAT BENEFITS THE PATIENT MAY QUALIFY FOR AND HELP THEM APPLY FOR ANY BENEFITS IF THERE IS NO OPTION FOR AN OUTSIDE ASSISTANCE PROGRAM, THE PATIENT IS INFORMED AND ENCOURAGED TO COMPLETE THE APPLICATION THAT UTILIZES A COMBINATION OF INCOME, ASSETS, AND EXPENSES TO DETERMINE WHAT PERCENTAGE OF CHARITY CARE THEY WOULD QUALIFY FOR

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 ASBHC IS LOCATED WITHIN THE COMMUNITY OF PARKSTON, SD AND HAS HEALTH SERVICES AVAILABLE IN THE SURROUNDING COMMUNITIES OF TRIPP, AND LAKE ANDES, SD TRIPP IS ABOUT 12 MILES SOUTH OF PARKSTON, IN HUTCHINSON COUNTY, SD AND LAKE ANDES IS ABOUT 40 MILES SOUTHWEST OF PARKSTON IN CHARLES MIX COUNTY, SD AND SERVES A COMMUNITY THAT IS OVER 50% NATIVE AMERICAN THE AREA'S PRIMARY INDUSTRY IS AGRICULTURE THERE ARE 4 HOSPITALS WITHIN A 30 MILE RADIUS OF ASBHC ASBHC ALSO SERVES APPROXIMATELY SIX OR SEVEN HUTTERITE COLONIES THE SERVICE AREA EXTENDS ABOUT 10 MILES TO THE NORTH OF PARKSTON, 15 TO 20 MILES BOTH EAST AND WEST AND THEN TO THE SOUTHWEST AS FAR AS 40 MILES TO REACH LAKE ANDES THE SERVICE AREA IS ESTIMATED TO BE NEAR 8,000 PEOPLE THE LAST CENSUS TAKEN IN 2000 NOTES THAT THE AVERAGE PERCENTAGE OF INDIVIDUALS OVER 65 YEARS OF AGE IS 23 1% FOR ALL THREE CITIES SERVED THE AVERAGE PERCENTAGE OF INDIVIDUALS BELOW POVERTY LEVEL IS 24 5% AVERAGE PER CAPITA INCOME FOR THE SERVICE AREA IS APPROXIMATELY \$13,500 ALSO INCLUDED IN THE COMMUNITY IS A GROUP ADOLESCENT HOME THAT HAS AN ONGOING CENSUS OF UP TO 40 YOUNG PEOPLE WHO HAVE BEEN EITHER EMOTIONALLY OR PHYSICALLY ABUSED OR HAVE BEEN ORDERED BY THE COURTS TO RESIDE AT THIS RESIDENTIAL TREATMENT CENTER

Identifier	ReturnReference	Explanation
		<p>PART VI, LINE 5 THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF VOLUNTEER MEMBERS WHO RESIDE IN THE COMMUNITY THE BOARD OF DIRECTORS MEETS MONTHLY AND HAS COMMUNITY REPRESENTATION THAT BRINGS FORWARD ISSUES RELATIVE TO CHALLENGES, NEEDS AND SERVICES WITHIN THE COMMUNITY THE LOCAL MINISTERIAL GROUP MEETS MONTHLY AT THE HOSPITAL AND ALSO IDENTIFIES NEEDS AND GAPS WITHIN THE PARISHIONERS THEY SERVE MEDICAL STAFF PRIVILEGES ARE EXTENDED TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY THE MEDICAL STAFF, INCLUDING THE PHYSICIANS/MID-LEVELS/DEPARTMENT DIRECTORS, HAVE THE OPPORTUNITY TO MEET MONTHLY AND ALSO DISCUSS WAYS TO MEET THE NEEDS OF THE COMMUNITY THEY SERVE SURPLUS FUNDS ARE REINVESTED IN FACILITIES TO IMPROVE PATIENT CARE THE HOSPITAL OPERATES AN EMERGENCY ROOM THAT IS AVAILABLE TO ALL, REGARDLESS OF ABILITY TO PAY ASBHC HAS A FITNESS CENTER ON CAMPUS THAT IS AVAILABLE TO HELP THE COMMUNITY FOCUS ON WELLNESS AND PREVENTION THIS ENDEAVOR IS SUBSIDIZED BY THE FACILITY TO IMPROVE THE HEALTH AND WELL BEING OF THE COMMUNITY AS A WHOLE THE CHAPLAINCY MISSION SERVICES PARTICIPANTS AND SPEARHEADS MANY COMMUNITY PROJECTS INCLUDING AN ANGEL TREE AT CHRISTMAS TO ADDRESS THE NEEDS OF CHILDREN IN OUR SERVICE AREA ASBHC ALSO DONATES TO THE LOCAL FOOD PANTRY AND PURCHASES, PREPARES, AND SERVES A MEAL TO THE LOVE FEAST IN MITCHELL, SD ANNUALLY WHICH SERVES A MEAL TO 300 PLUS PEOPLE IN NEED OF NUTRITION AT THAT EVENT, BAGS OF GROCERIES ARE PROVIDED TO THE FAMILIES IN NEED THAT ARE IN ATTENDANCE TO TAKE HOME THERE ARE SEVERAL OTHER PROJECTS OF THIS NATURE ON A SMALLER SCALE AT THE LOCAL SCHOOL SYSTEM ASBHC DONATES TO COMMUNITY EVENTS SUCH AS AMERICAN CANCER SOCIETY PROJECTS AND SPONSORS HEALTH RELATED EDUCATIONAL PROGRAMS TO THE COMMUNITY AT LARGE</p>

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

**Schedule H (Form 990) 2011**

**Schedule I  
(Form 990)**

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

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

**► Attach to Form 990**

2011

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization  
**ST BENEDICT HOSPITAL INC**

**Employer identification number**

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

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

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

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) SCHOLARSHIPS	2	8,000			

**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 ST BENEDICT HEALTH CENTER'S BOARD OF DIRECTORS SELECTS TWO MEDICAL STUDENTS EACH YEAR FOR A SCHOLARSHIP THE HEALTH CENTER PAYS THE SCHOOL TO PROVIDE CREDIT TO THE STUDENT'S TUITION BILL THE ORGANIZATION ALSO PROVIDES DONATIONS TO OTHER NON-PROFIT ORGANIZATIONS IN FURTHERANCE OF COMMUNITY DEVELOPMENT

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

OMB No 1545-0047

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

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
**► Complete if the organization answered "Yes" to Form 990, Part IV, question 23.**  
**► Attach to Form 990. ► See separate instructions.**

**Open to Public Inspection****Name of the organization**  
ST BENEDICT HOSPITAL INC**Employer identification number**

46-0226738

**Part I Questions Regarding Compensation**

Yes

No

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

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

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

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

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

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

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

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

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

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

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

**Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of

**a** The organization?

**b** Any related organization?

If "Yes," to line 5a or 5b, describe in Part III

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of

**a** The organization?

**b** Any related organization?

If "Yes," to line 6a or 6b, describe in Part III

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

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

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

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

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

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

**Part III Supplemental Information**

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

Identifier	Return Reference	Explanation
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**Schedule K  
(Form 990)****2011****Open to Public  
Inspection****Supplemental Information on Tax Exempt Bonds**

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

► Attach to Form 990. ► See separate instructions.

Department of the Treasury  
Internal Revenue ServiceName of the organization  
ST BENEDICT HOSPITAL INCEmployer identification number  
46-0226738**Part I Bond Issues**

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CITY OF PARKSTON	46-6000348		05-10-2005	2,500,000	EQUIPMENT PURCHASE		X		X		X

**Part II Proceeds**

1	Amount of bonds retired	A		B		C		D	
		840,000							
2	Amount of bonds defeased								
3	Total proceeds of issue		2,500,000						
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrow								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds		2,500,000						
11	Other spent proceeds								
12	Other unspent proceeds								
13	Year of substantial completion	2005							

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

**Part III Private Business Use**

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

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

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

**Part IV Arbitrage**

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

**Part V Procedures To Undertake Corrective Action**

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

Yes  No

**Part VI Supplemental Information**

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

Identifier	Return Reference	Explanation
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**SCHEDULE O**  
(Form 990 or 990-EZ)Department of the Treasury  
Internal Revenue Service**Supplemental Information to Form 990 or 990-EZ**

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

**2011****Open to Public  
Inspection**Name of the organization  
ST BENEDICT HOSPITAL INC**Employer identification number**

46-0226738

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 3	THE ORGANIZATION UTILIZES THE MANAGEMENT SERVICES OF AVERA QUEEN OF PEACE FOR DAY-TO-DAY OPERATIONS OF THE FACILITY

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

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

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	<p>VERA HEALTH HAS THE FOLLOWING RIGHTS AS THE MEMBER</p> <p>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</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE RETURN IS REVIEWED BY THE PRESIDENT & CEO AND THE CFO. AFTER THEIR REVIEW, IT IS PRESENTED TO THE BOARD MEMBERS FOR REVIEW. THE 990 WILL BE FILED AFTER THE BOARD HAS REVIEWED IT

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 15A	THE PRESIDENT AND CEO OF AVERA QUEEN OF PEACE INITIATES THE ANNUAL REVIEW FOR THE CEO HE SENDS OUT EVALUATION FORMS TO THE BOARD OF ST BENEDICT'S COMPARATIVE DATA FROM AVERA HEALTH SYSTEM IS USED TO DEVELOP A RECOMMENDED COMPENSATION STRUCTURE THE COMPENSATION FOR THE CEO IS APPROVED BY AVERA ST BENEDICT'S BOARD THIS IS DONE ON AN ANNUAL BASIS, USUALLY IN JANUARY COMPENSATION FOR THE CFO IS DETERMINED BY THE CEO THE CEO EVALUATES COMPENSATION USING COMPARATIVE COMPENSATION DATA FROM SD HOSPITAL ASSOCIATION AND MARKET ANALYSIS

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 VII	IN ADDITION TO THE HOURS SERVED AT ST BENEDICT HEALTH CENTER, THE FOLLOWING SERVED RELATED ORGANIZATIONS SR MARY JAEGER SERVED THE FOLLOWING ORGANIZATIONS 7 HOURS PER WEEK AVERA ST ANTHONY - 1, AVERA WORKERS' COMPENSATION TRUST - 1, AND AVERA HEALTH - 5 DIANE SANDHOFF SERVED ST BENEDICT HEALTH CENTER FOUNDATION 30 HOURS PER WEEK GALE WALKER SERVED ST BENEDICT HEALTH CENTER FOUNDATION 50 HOURS PER WEEK RITA BLASIUS SERVED ST BENEDICT HEALTH CENTER FOUNDATION 50 HOURS PER WEEK

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -480,081

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

## **SCHEDULE R (Form 990)**

## Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2011

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

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**Name of the organization**

## ST BENEDICT HOSPITAL INC

**Employer identification number**

46-0226738

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

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

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

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

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

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

**Part V Transactions With Related Organizations** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)**Note.** Complete line 1 if any entity is listed in Parts II, III or IV**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Sale of assets to related organization(s)
- g** Purchase of assets from related organization(s)
- h** Exchange of assets with related organization(s)
- i** Lease of facilities, equipment, or other assets to related organization(s)
- j** Lease of facilities, equipment, or other assets from related organization(s)
- k** Performance of services or membership or fundraising solicitations for related organization(s)
- l** Performance of services or membership or fundraising solicitations by related organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- n** Sharing of paid employees with related organization(s)
- o** Reimbursement paid to related organization(s) for expenses
- p** Reimbursement paid by related organization(s) for expenses
- q** Other transfer of cash or property to related organization(s)
- r** Other transfer of cash or property from related organization(s)

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

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	ST BENEDICT HEALTH CENTER FOUNDATION			
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

**Part VII Supplemental Information**

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

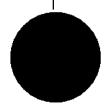
Identifier	Return Reference	Explanation

**Software ID:**  
**Software Version:**  
**EIN:** 46-0226738  
**Name:** ST BENEDICT HOSPITAL INC

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

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

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



Financial Statements  
June 30, 2012 and 2011

**Avera St. Benedict Health Center**

Avera St. Benedict Health Center  
Table of Contents  
June 30, 2012 and 2011

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CPAs & BUSINESS ADVISORS

### Independent Auditor's Report

The Board of Directors  
Avera St. Benedict Health Center  
Parkston, South Dakota

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

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

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

As disclosed in Note 16 to the financial statement, in accordance with updates to the relevant accounting standards pertaining to the presentation and disclosure of patient service revenue, provision for bad debts, and the allowance for doubtful accounts for certain health care entities, Avera St. Benedict Health Center has changed its presentation and disclosure of those financial statement elements.

Sioux Falls, South Dakota  
September 28, 2012

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	<u>2012</u>	<u>2011</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,030,077	\$ 1,457,070
Assets limited as to use	279,820	272,447
Receivables		
Patient and resident, net of estimated uncollectibles, admission policy charity, and other allowances of \$1,465,000 in 2012 and \$1,680,000 in 2011	1,673,978	1,692,038
Other	109,580	39,424
Supplies	323,714	262,504
Prepaid expenses	<u>71,709</u>	<u>216,246</u>
Total current assets	<u>5,488,878</u>	<u>3,939,729</u>
<b>Assets Limited as to Use</b>		
Under indenture agreement	514,655	514,374
By Board for capital improvements and debt redemption	12,612,077	12,714,983
Interest in net assets of Avera Health Foundation	<u>907,314</u>	<u>518,103</u>
Less current portion	<u>14,034,046</u>	<u>13,747,460</u>
Noncurrent assets limited as to use	<u>(279,820)</u>	<u>(272,447)</u>
	<u>13,754,226</u>	<u>13,475,013</u>
<b>Property and Equipment</b>	<u>8,173,880</u>	<u>7,851,336</u>
<b>Other Assets</b>		
Other receivables	88,987	-
Deferred financing costs, net of accumulated amortization of \$47,978 in 2012 and \$45,155 in 2011	<u>20,409</u>	<u>23,232</u>
Total other assets	<u>109,396</u>	<u>23,232</u>
	<u><u>\$ 27,526,380</u></u>	<u><u>\$ 25,289,310</u></u>

Avera St. Benedict Health Center  
 Balance Sheets  
 June 30, 2012 and 2011

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	2012	2011
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 260,000	\$ 250,000
Accounts payable		
Trade	472,411	219,918
Estimated third-party payors settlements	465,000	800,000
Accrued expenses		
Salaries and wages	435,157	319,896
Paid time-off benefits	603,855	584,900
Interest	19,818	22,447
Payroll taxes and fringe benefits	68,137	53,253
Total current liabilities	<u>2,324,378</u>	<u>2,250,414</u>
Long-Term Debt, Less Current Maturities	<u>1,805,000</u>	<u>2,065,000</u>
Total liabilities	<u>4,129,378</u>	<u>4,315,414</u>
<b>Net Assets</b>		
Unrestricted	22,777,006	20,743,528
Temporarily restricted	574,963	185,503
Permanently restricted	45,033	44,865
Total net assets	<u>23,397,002</u>	<u>20,973,896</u>
	<u><u>\$ 27,526,380</u></u>	<u><u>\$ 25,289,310</u></u>

Avera St. Benedict Health Center  
 Statements of Operations  
 Years Ended June 30, 2012 and 2011

	2012	2011
<b>Unrestricted Revenues, Gains and Other Support</b>		
Net patient and resident service revenue	\$ 17,912,803	\$ 16,868,517
Provision for bad debts	<u>(136,417)</u>	<u>(243,148)</u>
Net patient and resident service revenue	17,776,386	16,625,369
less provision for bad debts	<u>751,948</u>	<u>711,866</u>
Other revenue	<u>18,528,334</u>	<u>17,337,235</u>
<b>Expenses</b>		
Salaries and wages	8,498,471	7,918,863
Employee benefits	2,542,985	2,313,557
Professional fees	88,399	58,944
Purchased services	958,732	821,991
Supplies	1,771,081	1,607,464
Other expenses	981,847	941,250
Repairs and maintenance	298,103	321,443
Insurance	137,230	131,374
Utilities and telephone	311,292	315,145
Interest	89,381	98,203
Depreciation	<u>738,885</u>	<u>716,375</u>
Total expenses	<u>16,416,406</u>	<u>15,244,609</u>
<b>Operating Income</b>	<u>2,111,928</u>	<u>2,092,626</u>
<b>Other (Loss) Income</b>		
Investment (loss) income	(90,242)	1,550,723
Change in interest in net assets of Avera Health Foundation	<u>(417)</u>	<u>42,637</u>
Unrestricted contributions	12,000	12,003
Gain (loss) on disposal of equipment	<u>209</u>	<u>(67)</u>
Other income, net	<u>(78,450)</u>	<u>1,605,296</u>
<b>Revenues in Excess of Expenses</b>	<u>2,033,478</u>	<u>3,697,922</u>
<b>Contributions Restricted for Purchases of Property and Equipment</b>	-	9,200
<b>Equity Transfers</b>	<u>-</u>	<u>(1,321)</u>
<b>Increase in Unrestricted Net Assets</b>	<u>\$ 2,033,478</u>	<u>\$ 3,705,801</u>

**Avera St. Benedict Health Center**  
**Statements of Changes in Net Assets**  
**Years Ended June 30, 2012 and 2011**

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	<u>2012</u>	<u>2011</u>
<b>Unrestricted Net Assets</b>		
Revenues in excess of expenses	\$ 2,033.478	\$ 3,697,922
Contributions restricted for purchases of property and equipment	-	9,200
Equity transfers	-	(1,321)
Increase in unrestricted net assets	<u>2,033.478</u>	<u>3,705,801</u>
<b>Temporarily Restricted Net Assets</b>		
Change in interest in net assets of Avera Health Foundation	<u>389.460</u>	<u>36,439</u>
<b>Permanently Restricted Net Assets</b>		
Change in interest in net assets of Avera Health Foundation	<u>168</u>	<u>388</u>
<b>Increase in Net Assets</b>	<u>2,423,106</u>	<u>3,742,628</u>
<b>Net Assets, Beginning of Year</b>	<u>20,973,896</u>	<u>17,231,268</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 23,397,002</u></u>	<u><u>\$ 20,973,896</u></u>

**Avera St. Benedict Health Center**  
**Statements of Cash Flows**  
**Years Ended June 30, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>Operating Activities</b>		
Change in net assets	\$ 2,423,106	\$ 3,742,628
Adjustments to reconcile change in net assets to net cash from operating activities		
(Gain) loss on disposal of equipment	(209)	67
Depreciation and amortization	741,708	719,353
Change in unrealized gains and losses on investments	480,081	(1,169,386)
Undistributed portion of change in interest in net assets of Avera Health Foundation	(389,211)	(79,464)
Equity transfers	-	1,321
Changes in assets and liabilities		
Receivables	(141,083)	151,383
Supplies	(61,210)	(1,399)
Prepaid expenses	144,537	(146,241)
Accounts payable	(242,046)	(299,844)
Accrued expenses	146,471	12,241
<b>Net Cash from Operating Activities</b>	<b>3,102,144</b>	<b>2,930,659</b>
<b>Investing Activities</b>		
Purchase of property and equipment	(901,681)	(335,417)
Purchase of assets limited as to use	(734,732)	(2,732,586)
Sales and maturities of assets limited as to use	357,276	438,984
<b>Net Cash used for Investing Activities</b>	<b>(1,279,137)</b>	<b>(2,629,019)</b>
<b>Financing Activities</b>		
Capital transfers	-	(1,321)
Repayment of long-term debt	(250,000)	(245,000)
<b>Net Cash used for Financing Activities</b>	<b>(250,000)</b>	<b>(246,321)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,573,007</b>	<b>55,319</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>1,457,070</b>	<b>1,401,751</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 3,030,077</b>	<b>\$ 1,457,070</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<b>\$ 84,687</b>	<b>\$ 98,050</b>
<b>Supplemental Disclosure of Noncash Investing Activities</b>		
Accounts payable - construction in progress	<b>\$ 159,539</b>	<b>\$ -</b>

## **Note 1 - Organization and Significant Accounting Policies**

### **Organization**

Avera St. Benedict Health Center (Center) operates a 25-bed critical access hospital, a 47-bed nursing home, a 28-bed assisted living center and rural health clinics located in Parkston, Tripp and Lake Andes, South Dakota. The Center is organized as a South Dakota nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Center operates under the tenets of the Roman Catholic Church and in accordance with the philosophy and values established for Avera Health, the sole member of the Center and a sponsored ministry of the Benedictine and Presentation Sisters.

### **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 pay or obligations. Unpaid patient and resident receivables, excluding amounts due from third-party payors, with invoice dates over 90 days old for patient receivables and 90 days old for resident receivables, have interest assessed at 1 percent per month. Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

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

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

### **Physician and Employee Notes Receivable**

The Center issues notes to physicians and employees as part of its recruitment process. Notes are repayable over a minimum of a two-year period to a maximum of a three-year period and are issued at current interest rates ranging from 0% to 5.25%. The notes are issued with forgiveness provisions over the life of the note to encourage retention. Based on historical analysis, it is anticipated that the balance of the notes will be forgiven. At June 30, 2012 and 2011, notes receivable from physicians and employees totaled \$138,147 and \$0. The physician and employee notes receivable are included in other receivables on the balance sheet.

### **Supplies**

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

### **Assets Limited as to Use**

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

### **Interest in Net Assets of Avera Health Foundation**

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

### **Investments and Investment Income**

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

The 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.

### **Cash Surrender Value of Life Insurance**

Life insurance policies are measured at the surrender value under the contract which represents the amount of cash available through settlement of life insurance contracts as of the date of the balance sheet.

### **Fair Value Measurements**

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

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

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

### **Property and Equipment**

Property and equipment acquisitions in excess of \$5,000 for the hospital and \$1,000 for the nursing home are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. The estimated useful lives of property and equipment are as follows:

Land improvements	3-25 years
Buildings and improvements	5-40 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 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 financial statements.

### **Impairment of Long-lived Assets**

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

### **Income Taxes**

The Center is organized as a (South Dakota) nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Center is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Center is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Center has determined it is not subject to unrelated business income tax and has not file an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Center believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements.

### **Temporarily and Permanently Restricted Net Assets**

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

### **Net Patient and Resident Service Revenue**

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

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

	2012	2011
Net patient and resident service revenue		
Third-party payors	\$ 16,644,285	\$ 15,558,578
Self-pay	1,268,518	1,309,939
 Total all payors	 <u>\$ 17,912,803</u>	 <u>\$ 16,868,517</u>

### **Revenues in Excess of Expenses**

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

### **Charity Care**

To fulfill its mission of community service, the Center provides health care services to patients and residents who meet certain criteria under its Charity Care Policy without charge or at amounts less than its established rates. Since the Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient and resident service revenue. The estimated cost of providing these services was \$103,000 and \$141,000 for the years ended June 30, 2012 and 2011, calculated by multiplying the ratio of the gross charges for the Center by the gross uncompensated charges associated with providing charity care to its patients.

### **Donor-Restricted Gifts**

Unconditional promises to give cash and other assets to the Center 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 a donor stipulated time restriction or purpose restriction are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the statement of operations.

### **Advertising Costs**

The Center expenses advertising costs as incurred.

### **Use of Estimates**

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

### **Reclassifications**

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

### **Subsequent Events**

The Center has evaluated subsequent events through September 28, 2012, the date which the financial statements were available to be issued.

### **Note 2 - Net Patient and Resident Service Revenue**

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

**Medicare – Hospital:** The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most acute care services at cost plus one percent with final settlement determined after submission of annual cost reports by the Center and are subject to audits thereof by the Medicare intermediary. The Center's Medicare cost reports have been audited by the Medical fiscal intermediary through the year ended June 30, 2010.

**Medicare – Clinics:** The clinics are designated as Provider Based Rural Health Clinics by the Medicare program. As a result, clinical services rendered to Medicare program beneficiaries are reimbursed at cost.

**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.

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

**Medicare and Medicaid – Nursing Home:** The Center 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 Center is reimbursed for Medicaid nursing home resident services at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by the South Dakota Department of Social Services regulations. These rates are subject to retroactive adjustment by field audit.

Avera St. Benedict Health Center  
 Notes to Financial Statements  
 June 30, 2012 and 2011

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

Revenue from the Medicare and Medicaid programs accounted for approximately 40% and 11% of the Center's gross patient service revenue for the year ended June 30, 2012 and 39% and 13% for the year ended June 30, 2011. Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

	2012	2011
Total patient and resident service revenue	<u>\$ 25,962,509</u>	<u>\$ 23,490,308</u>
Contractual adjustments		
Medicare	5,595,409	4,491,912
Medicaid	1,296,436	1,031,261
Blue Cross	219,833	232,727
Other	<u>938,028</u>	<u>865,891</u>
Total contractual adjustments	<u>8,049,706</u>	<u>6,621,791</u>
Net patient and resident service revenue	<u>\$ 17,912,803</u>	<u>\$ 16,868,517</u>
Provision for bad debts	<u>(136,417)</u>	<u>(243,148)</u>
Net patient and resident service revenue less provision for bad debts	<u>\$ 17,776,386</u>	<u>\$ 16,625,369</u>

**Note 3 - Investments and Investment Income**

**Assets Limited as to Use**

The composition of assets limited as to use at June 30, 2012 and 2011, is set forth in the following table. Cash and cash equivalents and interest in Pooled Investment Fund are stated at fair value. Certificates of deposit are stated at historical cost plus accrued interest.

	2012	2011
Under indenture agreements - held by trustee		
Cash and cash equivalents	\$ 172,055	\$ 164,374
Certificates of deposit	<u>342,600</u>	<u>350,000</u>
	514,655	514,374
Less amount shown as current	<u>279,820</u>	<u>272,447</u>
	<u><u>\$ 234,835</u></u>	<u><u>\$ 241,927</u></u>
By Board for capital improvements and debt redemption		
Interest in Pooled Investment Fund *	\$ 12,493,753	\$ 12,594,779
Cash surrender value of life insurance	117,980	118,200
Interest receivable	<u>344</u>	<u>2,004</u>
	<u><u>\$ 12,612,077</u></u>	<u><u>\$ 12,714,983</u></u>
Interest in net assets of Avera Health Foundation		
Interest in Pooled Investment Fund *	<u><u>\$ 907,314</u></u>	<u><u>\$ 518,103</u></u>

**Pooled Investment Fund \***

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

**Avera St. Benedict Health Center**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

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%
	<hr/>	<hr/>
	100.0%	100.0%
	<hr/>	<hr/>

## Investment Income

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

	2012	2011
Other revenue		
Interest income	<u>\$ 12,213</u>	<u>\$ 17,473</u>
Other income		
Interest, dividends and realized gains on investments	<u>\$ 389,839</u>	<u>\$ 381,337</u>
Change in unrealized gains and losses on investments	<u>(480,081)</u>	<u>1,169,386</u>
	<u><u>\$ (90,242)</u></u>	<u><u>\$ 1,550,723</u></u>

**Note 4 - Fair Value Measurements**

Assets measured at fair value on a recurring basis and the related fair values of these assets at June 30, 2012 and 2011, respectively, are as follows

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
June 30, 2012			
Cash equivalents	<u>\$ 172,055</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2011			
Cash equivalents	<u>\$ 164,374</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value for cash equivalents is determined by reference to quoted market prices

**Note 5 - 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	\$ 22,181	\$ -	\$ 22,181	\$ -
Land improvements	234,801	125,511	227,468	115,169
Buildings and improvements	10,334,540	4,609,259	10,047,629	4,306,296
Equipment	7,173,534	5,217,648	6,924,731	4,949,208
Construction in progress	361,242	-	-	-
	<u>\$ 18,126,298</u>	<u>\$ 9,952,418</u>	<u>\$ 17,222,009</u>	<u>\$ 9,370,673</u>
Net property and equipment		<u>\$ 8,173,880</u>		<u>\$ 7,851,336</u>

Construction in progress at June 30, 2012, consists of costs for the construction and remodel of the long term care and assisted living facilities. The estimated cost to complete the construction and remodel of the long term care and assisted living facilities is approximately \$3,005,000 which will be financed through donations and the Center's funds. The project is expected to be completed during the year ending June 30, 2014.

**Note 6 - Leases**

The Center leases certain equipment and clinic space under noncancelable long-term lease agreements. Total lease expense for the years ended June 30, 2012 and 2011, for all operating leases was \$148,709 and \$131,571.

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

Year Ending June 30.

2013	\$ 46,386
2014	12,396
2015	12,396
2016	<u>12,396</u>
	<u><u>\$ 83,574</u></u>

**Note 7 - Long Term Debt**

Long-term debt consists of:

	2012	2011
Series 1993, revenue refunding bonds, 4.25%, due in varying annual installments to 2014	\$ 205,000	\$ 295,000
Series 2001, revenue bonds, 4.50%, due in varying annual installments to 2016	200,000	240,000
Series 2005, revenue bonds, 3.50%, for five years, then interest rate is readjusted recalculated every five years according to a preset formula, due in varying annual installments to 2025. Interest rate to be adjusted in May 2015	<u>1,660,000</u> <u>2,065,000</u> <u>(260,000)</u>	<u>1,780,000</u> <u>2,315,000</u> <u>(250,000)</u>
Less current maturities	<u><u>\$ 1,805,000</u></u>	<u><u>\$ 2,065,000</u></u>

Avera St. Benedict Health Center  
 Notes to Financial Statements  
 June 30, 2012 and 2011

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Long-term debt maturities are as follows

<u>Years Ending June 30,</u>	
2013	\$ 260,000
2014	265,000
2015	160,000
2016	170,000
2017	170,000
Thereafter	<u>1,040,000</u>
	<u><u>\$ 2,065,000</u></u>

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

Under the terms of the revenue bonds loan agreements, the Center is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the financial statements. Assets that are available for obligations classified as current liabilities are reported in current assets. The loan agreements also place limits on the incurrence of additional borrowings and require that the Center satisfy certain measures of financial performance as long as the bonds are outstanding.

**Note 8 - Temporarily and Permanently Restricted Net Assets**

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

	<u>2012</u>	<u>2011</u>
Funds restricted for capital projects and various health care programs, including home health, hospice, and other services	<u>\$ 574,963</u>	<u>\$ 185,503</u>

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

	<u>2012</u>	<u>2011</u>
Investments to be held in perpetuity, the income from which is expendable to support scholarships and other health care services	<u>\$ 45,033</u>	<u>\$ 44,865</u>

## **Note 9 - Endowment**

The Center's endowment consists of a portion of their interest in the net assets of the Avera Health Foundation (Foundation). The Avera Health Foundation includes endowment funds which have been established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments (if any), are classified and reported based on the existence or absence of donor-imposed restrictions. The Center's permanently restricted endowment funds are donor restricted and totaled \$45,033 and \$44,865 at June 30, 2012 and 2011, respectively.

### **Interpretation of Relevant Law**

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

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

Avera St. Benedict Health Center  
 Notes to Financial Statements  
 June 30, 2012 and 2011

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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	\$ -	\$ 10,022	\$ 44,477	\$ 54,499
Change in interest in net assets of Avera Health Foundation	<u>-</u>	<u>(4,619)</u>	<u>388</u>	<u>(4,231)</u>
Endowment net assets, June 30, 2011	- -	5,403	44,865	50,268
Change in interest in net assets of Avera Health Foundation	<u>-</u>	<u>(1,893)</u>	<u>168</u>	<u>(1,725)</u>
Endowment net assets, June 30, 2012	<u><u>\$ -</u></u>	<u><u>\$ 3,510</u></u>	<u><u>\$ 45,033</u></u>	<u><u>\$ 48,543</u></u>

### **Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation 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**

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

### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation 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 10 - Self-Insurance Programs**

The Center participates in various self-insured programs administered by Avera Health, including 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 program and actuarial templates in the case of health and dental insurance, has been funded by payments into a custodial account to be used for payment of claims and related expenses.

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

	2012	2011
Health and dental	\$ 1,527,472	\$ 1,344,069
Workers' compensation	87,119	79,427

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 in the past.

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

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

### **Note 11 - Pension Plan**

Substantially all employees are covered by a noncontributory defined contribution pension plan whereby the Center contributes up to 4% of eligible covered compensation and a maximum of 5% if the employee voluntarily contributes 3%. Total pension expense was \$355,617 and \$345,046 for the years ended June 30, 2012 and 2011.

**Avera St. Benedict Health Center**  
**Notes to Financial Statements**  
**June 30, 2012 and 2011**

## **Note 12 - Malpractice Insurance**

The Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and \$3 million annual aggregate. The Center is also insured under an excess umbrella liability 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 uninsured.

### **Note 13 - Related Party Transactions**

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

	2012	2011
Payments to related organizations recorded by the Center		
Management and other services	\$ 595,578	\$ 579,596
Workers' compensation insurance program	87,119	79,427
Health and dental insurance	1,527,472	1,344,069
Balance Sheets		
Receivables - other	11,194	-
Accounts payable - trade	46,247	24,700
Prepays expense - health insurance premiums	-	147,268

## Note 14 - Concentrations of Credit Risk

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

	2012	2011
Medicare	39%	39%
Commercial insurance	29%	29%
Self pay and other	27%	23%
Medicaid	5%	9%
	<hr/>	<hr/>
	100%	100%

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

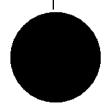
### **Note 15 - Functional Expenses**

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

	2012	2011
Health care services	\$ 13,958,388	\$ 12,850,554
General and administrative	<u>2,458,018</u>	<u>2,394,055</u>
	<u><u>\$ 16,416,406</u></u>	<u><u>\$ 15,244,609</u></u>

### **Note 16 - Change in Accounting Principle**

As of and for the year ended June 30, 2012, the Center adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, as allowable. In accordance with the implementation guidance, the Center retroactively applied the presentation requirements to 2011. The impact on 2011 was a decrease to unrestricted revenues, gains, and other support of \$243,148, and a decrease to total expenses of \$243,148 in the statement of operations (and changes in net assets). There was no impact on operating income or net assets.



Supplementary Information  
June 30, 2012 and 2011

**Avera St. Benedict Health Center**



CPAs & BUSINESS ADVISORS

### Independent Auditor's Report on Supplementary Information

The Board of Directors  
Avera St. Benedict Health Center  
Parkston, South Dakota

We have audited the financial statements of Avera St. Benedict Health Center (Center) as of and for the years ended June 30, 2012 and 2011, and our report thereon dated September 28, 2012, which expressed an unqualified opinion on those financial statements, appears on page 1. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The operational, statistical and financial highlights, on page 24 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The operational, statistical and financial highlights have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sioux Falls, South Dakota  
September 28, 2012

**Avera St. Benedict Health Center**  
**Operational, Statistical and Financial Highlights**  
**Years Ended June 30**

	2012	2011	2010	2009	2008
<b>Hospital</b>					
Patient days (1)					
Medicare	886	799	930	802	847
Non-Medicare	351	362	391	374	471
	<u>1,237</u>	<u>1,161</u>	<u>1,321</u>	<u>1,176</u>	<u>1,318</u>
Swing Bed patient days	<u>1,136</u>	<u>1,339</u>	<u>1,249</u>	<u>1,463</u>	<u>1,728</u>
Newborn patient days	<u>77</u>	<u>61</u>	<u>75</u>	<u>87</u>	<u>47</u>
Discharges (1)					
Medicare	252	236	271	229	230
Non-Medicare	115	128	123	121	188
	<u>367</u>	<u>364</u>	<u>394</u>	<u>350</u>	<u>418</u>
Most frequent year-end routine service rates					
Basic room charge	\$ 1,212.00	\$ 1,154.00	\$ 1,099.00	\$ 999.00	\$ 934.00
Nursery	798.00	760.00	723.00	657.00	614.00
<b>Nursing Home</b>					
Resident days					
Medicare	-	77	-	-	-
Medicaid	8,889	8,171	8,490	9,661	9,419
Other	7,799	8,807	8,247	7,154	7,234
	<u>16,688</u>	<u>17,055</u>	<u>16,737</u>	<u>16,815</u>	<u>16,653</u>
Assisted living days					
Medicaid	4,080	4,957	3,983	3,645	3,236
Other	5,286	4,385	5,010	5,594	6,065
	<u>9,366</u>	<u>9,342</u>	<u>8,993</u>	<u>9,239</u>	<u>9,301</u>
Collection Statistics					
No of days gross charges outstanding	45	52	58	90	67
Uncollectible accounts (2)	\$ 607,991	\$ 519,353	\$ 365,982	\$ 419,356	\$ 289,711
Percentage of uncollectible accounts to total charges	2.3%	2.2%	1.6%	2.0%	1.4%
Financial Statistics					
Percentage of operating income to total unrestricted revenue, gains, and other support	11.4%	12.1%	8.4%	5.6%	6.6%
Percentage of revenues in excess of expenses to total unrestricted revenue, gains, and other support	11.0%	21.3%	11.1%	1.5%	7.8%

(1) Excludes swingbed and nursery

(2) Includes collection fees, provisions for bad debts and charity allowance