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Aug. 21, 2013 LTR 2694C 0 R

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ST MARY'S HEALTHCARE CENTER
801 EAST SIOUX AVENUE
PIERRE SD 57501



DECLARATION

029093

Under penalties of perjury, I declare that I have examined the return identified in this letter, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. I understand that this declaration will become a permanent part of that return.

Signature of officer or trustee

9-4-13

Date

CFO

Title

Schedule O
(Form 990)
Department of 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 990-EZ or to provide any additional information.

OMB No. 1545-0047

2011

Open to Public
Inspection

Name of the Organization
ST MARY'S HEALTHCARE CENTER

Employer Identification Number
46-0230199

Return Reference	Identifier	Explanation
FORM 990, PART VI, SECTION A, LINE 1A	DELEGATE BROAD AUTHORITY TO A COMMITTEE	PURSUANT TO SECTION 8.8 OF THE BYLAWS OF ST. MARY'S HEALTHCARE CENTER, THE EXECUTIVE COMMITTEE IS COMPOSED OF THE BOARD CHAIR, THE BOARD VICE CHAIR, THE PRESIDENT AND CEO, EACH OF WHOM SHALL SERVE AS AN EX OFFICIO VOTING MEMBER OF THE EXECUTIVE COMMITTEE, AND TWO VOTING MEMBERS APPOINTED BY THE BOARD OF DIRECTORS. EACH INDIVIDUAL APPOINTED TO THE EXECUTIVE COMMITTEE SHALL SERVE FOR A TERM OF ONE YEAR OR UNTIL HIS OR HER SUCCESSOR IS DULY APPOINTED BY THE BOARD OF DIRECTORS. THE EXECUTIVE COMMITTEE SHALL CONSIST OF ONLY DIRECTORS OF THE CORPORATION. PURSUANT TO SECTION 8.1 OF THE CORPORATION'S BYLAWS, COMMITTEES, SUCH AS THE EXECUTIVE COMMITTEE, THAT ARE GRANTED THE AUTHORITY TO ACT ON BEHALF OF THE BOARD OF DIRECTORS MAY INCLUDE ONLY DIRECTORS OF THE CORPORATION. FURTHER, PURSUANT TO SECTION 8.6 OF THE CORPORATION'S BYLAWS, THE EXECUTIVE COMMITTEE HAS AND MAY EXERCISE SUCH POWERS AS MAY BE DELEGATED TO IT BY THE BOARD OF DIRECTORS. THE EXECUTIVE COMMITTEE ALSO POSSESSES THE POWER TO TRANSACT ROUTINE BUSINESS OF THE CORPORATION IN THE INTERIM PERIOD BETWEEN REGULARLY SCHEDULED MEETINGS OF THE BOARD OF DIRECTORS.
FORM 990, PART VI, SECTION A, LINE 6	CLASSES OF MEMBERS OR STOCKHOLDERS	THE SOLE CORPORATE MEMBER OF ST. MARY'S HEALTHCARE CENTER IS CATHOLIC HEALTH INITIATIVES, A COLORADO NONPROFIT CORPORATION.
FORM 990, PART VI, SECTION A, LINE 7A	MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	ACCORDING TO THE ORGANIZATION'S BYLAWS, DIRECTORS SHALL BE APPOINTED OR REFUSED BY THE CORPORATE MEMBER. THE CORPORATE MEMBER MAY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS, AND MAY AT ANY TIME REMOVE, WITH OR WITHOUT CAUSE, ANY MEMBER OF THE BOARD OF DIRECTORS. ACCORDING TO THE ORGANIZATION'S BYLAWS, DIRECTORS OF THE CORPORATION SHALL BE APPOINTED BY THE CORPORATE MEMBER NO LATER THAN JUNE 30 OF EACH YEAR. THE NAMES AND QUALIFICATIONS OF EACH INDIVIDUAL ACCEPTED BY THE BOARD OF DIRECTORS SHALL BE SUBMITTED TO THE CORPORATE MEMBER, WHO SHALL APPOINT OR REFUSE EACH NOMINEE IN ACCORDANCE WITH THE CORPORATE MEMBER'S BYLAWS AND WITH ENDORSEMENT OF THE SENIOR VICE PRESIDENT OF OPERATIONS. THE CORPORATE MEMBER MAY UNILATERALLY APPOINT ONE OR MORE INDIVIDUALS TO THE BOARD OF DIRECTORS SHOULD THE BOARD FAIL TO FURNISH THE CORPORATE MEMBER WITH A LIST OF INDIVIDUALS QUALIFIED TO SERVE ON THE BOARD OF DIRECTORS OF THE CORPORATION.
FORM 990, PART VI, SECTION A, LINE 7B	DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	THE ORGANIZATION'S CORPORATE MEMBER IS CATHOLIC HEALTH INITIATIVES ("CHI"). PURSUANT TO SECTION 5.4.1 OF THE ORGANIZATION'S BYLAWS, THE CORPORATE MEMBER HAS RESERVED POWERS AS OUTLINED IN THE CHI GOVERNANCE MATRIX. PURSUANT TO THE GOVERNANCE MATRIX THE FOLLOWING RIGHTS ARE HELD BY THE CHI BOARD. - SUBSTANTIAL CHANGE IN THE MISSION OR PHILOSOPHY OF ST. MARY'S HEALTHCARE CENTER - AMENDMENT OF THE CORPORATE DOCUMENTS OF ST. MARY'S HEALTHCARE CENTER - APPROVAL MEMBERS OF THE ST. MARY'S HEALTHCARE CENTER BOARD - REMOVAL OF A MEMBER OF THE GOVERNING BODY OF ST. MARY'S HEALTHCARE CENTER - APPROVAL OF ISSUANCE OF DEBT BY ST. MARY'S HEALTHCARE CENTER - APPROVAL OF PARTICIPATION OF ST. MARY'S HEALTHCARE CENTER IN A JOINT VENTURE - APPROVAL OF FORMATION OF A NEW CORPORATION BY ST. MARY'S HEALTHCARE CENTER - APPROVAL OF A MERGER INVOLVING ST. MARY'S HEALTHCARE CENTER - APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF ST. MARY'S HEALTHCARE CENTER - TO REQUIRE THE TRANSFER OF ASSETS BY ST. MARY'S HEALTHCARE CENTER TO CHI TO ACCOMPLISH CHI'S GOALS AND OBJECTIVES, AND TO SATISFY CHI DEBTS - ADOPTION OF LONG RANGE AND STRATEGIC PLANS FOR ST. MARY'S HEALTHCARE CENTER PURSUANT TO SECTION 5.5.2 OF THE ORGANIZATION'S BYLAWS, CHI MAY, IN EXERCISE OF ITS APPROVAL POWERS, GRANT OR WITHHOLD APPROVAL IN WHOLE OR IN PART, OR MAY, IN ITS COMPLETE DISCRETION, AFTER CONSULTATION WITH THE BOARD AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ORGANIZATION, RECOMMEND SUCH OTHER OR DIFFERENT ACTIONS AS IT DEEMS APPROPRIATE.
FORM 990, PART VI, SECTION B, LINE 11B	REVIEW OF FORM 990 BY GOVERNING BODY	ONCE THE RETURN IS PREPARED, THE RETURN IS REVIEWED BY THE CHIEF FINANCIAL OFFICER. THE CHIEF FINANCIAL OFFICER EITHER PRESENTS THE RETURN TO THE BOARD AT A BOARD MEETING OR AN ELECTRONIC COPY OF THE RETURN IS SENT TO EACH BOARD MEMBER BY EMAIL FOR THEIR REVIEW. SUBSEQUENT TO THE RETURN BEING PROVIDED TO THE BOARD, THE TAX DEPARTMENT FILES THE RETURN WITH THE APPROPRIATE FEDERAL AND STATE AGENCIES, MAKING ANY NON-SUBSTANTIVE CHANGES NECESSARY TO EFFECT E-FILE. ANY SUCH CHANGES ARE NOT RE-SUBMITTED TO THE BOARD.
FORM 990, PART	CONFLICT OF	CONFLICTS OF INTEREST FOR ALL EMPLOYEES ARE COVERED IN THE STANDARDS OF

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VI, SECTION B, LINE 12C	INTEREST POLICY	CONDUCT, FOUND IN "OUR VALUES AND ETHICS AT WORK," A RESOURCE WHICH IS GIVEN TO ALL EMPLOYEES UPON HIRING AND COMPLETION OF THE ACKNOWLEDGEMENT AND CERTIFICATION STATEMENT IS REQUIRED AS A CONDITION OF EMPLOYMENT. OUR HR POLICY ADDRESSES CONFLICT OF INTEREST SITUATIONS AND DESCRIBES THE CONSEQUENCES OF PROVEN CONFLICTS OF INTEREST. ADDITIONALLY, THE CFO REQUIRES THAT KEY EMPLOYEES ANNUALLY SIGN A CONFLICT OF INTEREST STATEMENT THAT IS KEPT ON FILE BY THE CFO. THE CFO INVESTIGATES ANY REPORTED POTENTIAL CONFLICTS OF INTEREST AND RECOMMENDS APPROPRIATE ACTION BASED ON FINDINGS. ST. MARY'S HEALTHCARE CENTER HAS A BOARD POLICY THAT REFERENCES THE DUALITY OF INTEREST AND CONFLICT OF INTEREST POLICIES PROVIDED BY CHI NATIONAL. AT THE ANNUAL BOARD AND COMMITTEE MEETINGS ALL MEMBERS ARE REQUESTED TO SIGN CONFLICT OF INTEREST STATEMENTS. THE SIGNED STATEMENTS ARE RETAINED IN THE ADMINISTRATIVE FILES. ALL MEMBERS ARE REQUESTED TO DECLARE POTENTIAL CONFLICTS OF INTEREST AT EACH BOARD AND/OR COMMITTEE MEETINGS OF THE BOARD. IF THE BOARD FINDS THAT A CONFLICT DOES EXIST REGARDING THE AGENDA ITEMS TO BE PRESENTED FOR ACTION, MEMBERS ARE REQUESTED TO ABSTAIN FROM VOTING. IN ADDITION, A QUESTIONNAIRE IS SENT ANNUALLY TO ALL BOARD MEMBERS AND TOP PAID EMPLOYEES ASKING THEM TO DISCLOSE ANY BUSINESS OR FAMILY RELATIONSHIPS.								
FORM 990, PART VI, LINE 15A	PROCESS FOR DETERMINING CEO'S COMPENSATION	THE ORGANIZATION'S CEO'S COMPENSATION IS PAID BY CHI. CHI HAS A DEFINED COMPENSATION PHILOSOPHY. BOTH THE EXECUTIVE AND NON-EXECUTIVE COMPENSATION STRUCTURES AND RANGES ARE REVIEWED ANNUALLY IN COMPARISON TO MARKET DATA. CHI USES THE HAY GROUP AS THE INDEPENDENT THIRD PARTY TO ASSESS EXECUTIVE COMPENSATION PROGRAMS AND TO ENSURE THE REASONABLENESS OF ACTUAL SALARIES AND TOTAL COMPENSATION PACKAGES. COMPENSATION OF THE SENIOR MOST EXECUTIVES IS REVIEWED ANNUALLY. THE HAY GROUP REVIEWS BOTH CASH AND TOTAL COMPENSATION FOR OVERALL REASONABLENESS, FOR ADHERENCE TO CHI'S COMPENSATION PHILOSOPHY, AND FOR COMPARABILITY TO THE NOT-FOR-PROFIT HEALTHCARE MARKET. THIS INDEPENDENT REVIEW IS DELIVERED BY HAY GROUP TO THE HR COMMITTEE OF THE CHI BOARD OF STEWARDSHIP TRUSTEES ANNUALLY AT THEIR SEPTEMBER MEETING AND MINUTES ARE SHARED WITH THE FULL BOARD AT THE DECEMBER MEETING. THE LAST REVIEW WAS SEPTEMBER 2012. IN ADDITION, IN DECEMBER 2009, HAY GROUP COMPLETED A COMPREHENSIVE REVIEW OF ALL POSITIONS AT THE LEVEL OF VICE PRESIDENT AND ABOVE TO DETERMINE AND VALIDATE APPROPRIATE COMPENSATION LEVELS. THESE LEVELS HAVE BEEN REVIEWED ANNUALLY SINCE AND REVISED BASED ON MARKET DATA, WHERE APPLICABLE.								
FORM 990, PART VI, SECTION B, LINE 15B	PROCESS USED TO ESTABLISH COMPENSATION OF OTHER OFFICERS/KEY EMPLOYEES	ANY TOP MANAGEMENT COMPENSATION PAID BY THE ORGANIZATION WAS SET BY A COMPENSATION COMMITTEE WHO UTILIZED AN INDEPENDENT CONSULTANT AND COMPARABILITY STUDIES TO DETERMINE COMPENSATION. THE BOARD OF DIRECTORS OVERSEES THE COMPENSATION SETTING PROCESS AND ENSURES REASONABLENESS AND COMPLIANCE WITH ST. MARY'S HEALTHCARE CENTER'S COMPENSATION PHILOSOPHY. ANY EXECUTIVE COMPENSATION PAID TO OFFICERS, DIRECTORS OR TRUSTEES BY RELATED ORGANIZATIONS WAS SET BY THE RELATED ORGANIZATION'S COMPENSATION COMMITTEE UTILIZING BOTH AN INDEPENDENT CONSULTANT AND COMPARABILITY STUDIES TO DETERMINE COMPENSATION.								
FORM 990, PART VI, LINE 16B	JOINT VENTURE POLICY	ST. MARY'S HEALTHCARE CENTER HAS NOT FORMALLY ADOPTED A WRITTEN POLICY OR WRITTEN PROCEDURE REGARDING JOINT VENTURES. HOWEVER CHI'S SYSTEM-WIDE JOINT VENTURE MODEL OPERATING AGREEMENT INCORPORATES CONTROLS OVER THE VENTURE SUFFICIENT TO ENSURE THAT (1) THE EXEMPT ORGANIZATION AT ALL TIMES RETAINS CONTROL OVER THE VENTURE SUFFICIENT TO ENSURE THAT THE PARTNERSHIP FURTHERS THE EXEMPT PURPOSE OF THE ORGANIZATION, (2) IN ANY PARTNERSHIP IN WHICH THE EXEMPT ORGANIZATION IS A PARTNER, ACHIEVEMENT OF EXEMPT PURPOSES IS PRIORITIZED OVER MAXIMIZATION OF PROFITS FOR THE PARTNERS, (3) THE PARTNERSHIP DOES NOT ENGAGE IN ANY ACTIVITIES THAT WOULD JEOPARDIZE THE EXEMPT ORGANIZATION'S EXEMPTION, (4) RETURNS OF CAPITAL, ALLOCATIONS, AND DISTRIBUTIONS MUST BE MADE IN PROPORTION TO THE PARTNERS' RESPECTIVE OWNERSHIP INTERESTS, AND (5) ALL CONTRACTS ENTERED INTO BY THE PARTNERSHIP WITH THE EXEMPT ORGANIZATION MUST BE AT ARM'S-LENGTH, WITH PRICES SET AT FAIR MARKET VALUE. ANY JOINT VENTURE AGREEMENTS THAT DO NOT CONFORM TO THE MODEL AGREEMENT ARE GENERALLY REVIEWED BY COUNSEL.								
FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC	THE ORGANIZATION'S FINANCIAL STATEMENTS ARE INCLUDED IN CATHOLIC HEALTH INITIATIVES' CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ARE AVAILABLE AT WWW.CATHOLICHEALTHINIT.ORG OR AT WWW.DACBOND.COM . THE ORGANIZATION'S CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS ARE NOT PUBLICLY AVAILABLE.								
FORM 990, PART VII, SECTION A, LINE 1A, COLUMN (B)	ESTIMATE OF HOURS	COMPENSATION REPORTED ON FORM 990, PART VII WAS PAID TO THESE INDIVIDUALS BY RELATED ORGANIZATIONS IN EXCHANGE FOR THE FULFILLMENT OF THEIR DUTIES AS FULL-TIME, 60 HOUR-PER-WEEK EMPLOYEES.								
FORM 990, PART XI, LINE 5	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<table><tr><th>(a) Description</th><th>(b) Amount</th></tr><tr><td>NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS</td><td>- 1,041,566</td></tr><tr><td>CHI CONNECT DEPRECIATION</td><td>173,733</td></tr><tr><td>CAPITAL RESOURCE POOL CONTRIBUTION</td><td>- 923,605</td></tr></table>	(a) Description	(b) Amount	NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS	- 1,041,566	CHI CONNECT DEPRECIATION	173,733	CAPITAL RESOURCE POOL CONTRIBUTION	- 923,605
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