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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

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

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization
RAPID CITY REGIONAL HOSPITAL INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address)
353 Fairmont Blvd PO Box 6000

Room/suite

City or town, state or country, and ZIP + 4
Rapid City, SD 57701

F Name and address of principal officer
Charles E Hart MD MS
2925 Regional Way
Rapid City, SD 57701

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

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

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

H(c) Group exemption number ▶

I Tax-exempt status

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

J Website: ▶ www.regionalhealth.com

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1973

M State of legal domicile SD

Part I	Summary																								
Activities & Governance	1 Briefly describe the organization's mission or most significant activities to provide and support health care excellence in partnership with the communities we serve																								
	2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets																								
	<table><tr><td> 3 Number of voting members of the governing body (Part VI, line 1a) </td><td> 3 </td></tr><tr><td> 4 Number of independent voting members of the governing body (Part VI, line 1b) </td><td> 4 </td></tr><tr><td> 5 Total number of individuals employed in calendar year 2011 (Part V, line 2a) </td><td> 5 </td></tr><tr><td> 6 Total number of volunteers (estimate if necessary) </td><td> 6 </td></tr><tr><td> 7a Total unrelated business revenue from Part VIII, column (C), line 12 </td><td> 7a </td></tr><tr><td> 7b Net unrelated business taxable income from Form 990-T, line 34 </td><td> 7b </td></tr></table>	3 Number of voting members of the governing body (Part VI, line 1a)	3	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	6 Total number of volunteers (estimate if necessary)	6	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	7b Net unrelated business taxable income from Form 990-T, line 34	7b												
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Net Assets or Fund Balances	<table><tr><th></th><th>Beginning of Current Year</th><th>End of Year</th></tr><tr><td> 20 Total assets (Part X, line 16) </td><td> 778,637,784 </td><td> 862,197,416 </td></tr><tr><td> 21 Total liabilities (Part X, line 26) </td><td> 231,260,113 </td><td> 268,087,313 </td></tr><tr><td> 22 Net assets or fund balances Subtract line 21 from line 20 </td><td> 547,377,671 </td><td> 594,110,103 </td></tr></table>		Beginning of Current Year	End of Year	20 Total assets (Part X, line 16)	778,637,784	862,197,416	21 Total liabilities (Part X, line 26)	231,260,113	268,087,313	22 Net assets or fund balances Subtract line 21 from line 20	547,377,671	594,110,103												
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Part II

Signature Block

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

Sign Here

Signature of officer

2013-05-15

Mark Thompson CFO

Type or print name and title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's taxpayer identification number (see instructions)

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

ERNST & YOUNG US LLP
155 NORTH WACKER DR
CHICAGO, IL 60606

EIN

Phone no (312) 879-2000

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

☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

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

1

Briefly describe the organization’s mission

To provide and support health care excellence in partnership with the communities we serve

2

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

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

3

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

If “Yes,” describe these changes on Schedule O

4

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

4a

(Code) (Expenses \$ 20,953,952 including grants of \$) (Revenue \$ 98,412,927)

Pharmacy - provide pharmaceuticals in support of acute care hospital patients

4b

(Code) (Expenses \$ 20,019,807 including grants of \$) (Revenue \$ 89,136,656)

Surgical Services - provide in and out patient surgical services to acute care patients

4c

(Code) (Expenses \$ 11,558,731 including grants of \$) (Revenue \$ 72,471,919)

Laboratory - provide laboratory testing in support of acute care patients

4d

Other program services (Describe in Schedule O)

(Expenses \$ 210,647,331 including grants of \$) (Revenue \$ 175,712,415)

4e

Total program service expenses \$ 263,179,821

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> 	5	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	Yes
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	Yes
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	Yes
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i> 	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i> 	18	Yes
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>  	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements. 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to line 25</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance						
Check if Schedule O contains a response to any question in this Part V ☐						
		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	416			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	3,696			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes			
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes			
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	Yes			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a				No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a				No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b				No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c				
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	Yes			
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	Yes			
7	Organizations that may receive deductible contributions under section 170(c).					
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	Yes			
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	Yes			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c				No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e				No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f				No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g				
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h				
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8				
9	Sponsoring organizations maintaining donor advised funds.					
a	Did the organization make any taxable distributions under section 4966?	9a				
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b				
10	Section 501(c)(7) organizations. Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b				
11	Section 501(c)(12) organizations. Enter					
a	Gross income from members or shareholders.	11a				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b				
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a				
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b				
13	Section 501(c)(29) qualified nonprofit health insurance issuers.					
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a				
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b				
c	Enter the aggregate amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

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

Section A. Governing Body and Management

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

Section B. Policies

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

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

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. MARK THOMPSON 2925 REGIONAL WAY Rapid City, SD 57701 (605) 755-9127

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

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

Form **990** (2011)

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	8,805,753	0	1,008,645

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 196

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
RAPID CITY EMERGENCY SERVICES 353 FAIRMONT BLVD RAPID CITY, SD 57701	ER COVERAGE	9,807,704
MICROSOFT ONE MICROSOFT WAY REDMOND, WA 98052	software licensing	2,436,589
WEATHERBY LOCUMS INC P O BOX 972633 DALLAS, TX 75397	staffing services	2,064,210
HARTFORD FINANCIAL SERVICE 1 HARTFORD PLAZA HARTFORD, CT 06155	insurance premiums	1,560,000
HCC LIFE INSURANCE COMPANY PO BOX 402032 ATLANTA, GA 303840232	stop loss premiums	1,404,358

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶73

Part VIII

Statement of Revenue

				(A)	(B)	(C)	(D)
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	159,739			
	e	Government grants (contributions)	1e	1,287,702			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	3,301,751			
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f			4,749,192		
Program Service Revenue			Business Code				
	2a	In Patient Pharmacy	900099	98,412,927	98,412,927		
	b	Surgical Services	900099	89,136,656	89,136,656		
	c	Laboratory	621500	76,322,729	72,471,919	3,850,810	
	d	Cath Lab	621500	43,321,076	43,321,076		
	e	Respiratory Therapy	621500	31,935,386	31,935,386		
	f	All other program service revenue		40,993,981	40,993,981		
	g	Total. Add lines 2a-2f			380,122,755		
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)					
				21,659,792		13,193	21,646,599
	4	Income from investment of tax-exempt bond proceeds . .			304,129		304,129
	5	Royalties			0		
			(i) Real	(ii) Personal			
	6a	Gross rents	822,688				
	b	Less rental expenses	918,424				
	c	Rental income or (loss)	-95,736				
	d	Net rental income or (loss)			-95,736		-95,736
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory		-1,161,939			
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)		-1,161,939			
	d	Net gain or (loss)			-1,161,939		-1,161,939
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	a	725,055			
	b	Less direct expenses	b	255,233			
	c	Net income or (loss) from fundraising events . .			469,822		469,822
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities . .			0		
	10a	Gross sales of inventory, less returns and allowances	a	270,904			
	b	Less cost of goods sold	b	-184,943			
	c	Net income or (loss) from sales of inventory . .			85,961		85,961
Miscellaneous Revenue		Business Code					
11a	INTERCOMPANY - MGT FEES	900099	36,003,860	36,003,860			
b	PHARMACY SALES TO EMPLOYEES	900099	5,096,074	5,096,074			
c	SRVC AGREEMENT - SDSC JOINT VENTURE	900099	3,112,639	3,112,639			
d	All other revenue		12,458,254	11,398,589	1,059,665		
e	Total. Add lines 11a-11d			56,670,827			
12	Total revenue. See Instructions			462,804,803	431,883,107	4,923,668	21,248,836

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	0			
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	8,319,544	3,838,277	4,481,267	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	193,553	193,553		
7	Other salaries and wages	166,262,716	128,238,748	37,810,846	213,122
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,941,851	2,983,198	953,846	4,807
9	Other employee benefits	5,882,387	4,451,799	1,423,415	7,173
10	Payroll taxes	11,282,136	8,616,953	2,650,496	14,687
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	736,538	7,600	728,938	
c	Accounting	245,400		245,400	
d	Lobbying	90,247		90,247	
e	Professional fundraising See Part IV, line 17	0			
f	Investment management fees	1,101,219		1,101,219	
g	Other	32,123,591	18,842,503	13,281,088	
12	Advertising and promotion	522,260	47,142	434,756	40,362
13	Office expenses	1,445,810	742,949	693,880	8,981
14	Information technology	7,714,202	1,128,818	6,585,384	
15	Royalties	0			
16	Occupancy	7,026,322	602,644	6,423,678	
17	Travel	455,403	333,548	119,455	2,400
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	1,349,733	675,964	669,744	4,025
20	Interest	3,625,818	146,749	3,479,069	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	19,673,042	8,916,487	10,755,059	1,496
23	Insurance	717,318	120	717,198	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	Medical supplies	71,693,196	73,562,028	-1,868,832	
b	INTERCOMPANY SUPPLIES & SERV	29,724,140	472,794	29,251,346	
c	LOSS EARLY EXTINGUISH DEBT	649,582		649,582	
d	Interest rate swap	7,504,051		7,504,051	
e					
f	All other expenses	19,337,107	9,377,947	9,911,459	47,701
25	Total functional expenses. Add lines 1 through 24f	401,617,166	263,179,821	138,092,591	344,754
26	Joint costs. Check here ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			20,666,928	1	7,035,183
	2	Savings and temporary cash investments			0	2	0
	3	Pledges and grants receivable, net			0	3	0
	4	Accounts receivable, net			51,785,670	4	64,327,994
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L			0	5	0
	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			0	6	0
	7	Notes and loans receivable, net			0	7	0
	8	Inventories for sale or use			7,588,693	8	9,182,870
	9	Prepaid expenses and deferred charges			5,823,120	9	8,004,963
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	432,623,488			
	b	Less: accumulated depreciation	10b	282,023,777	117,084,180	10c	150,599,711
	11	Investments—publicly traded securities			0	11	0
	12	Investments—other securities. See Part IV, line 11			0	12	0
	13	Investments—program-related. See Part IV, line 11			442,316,899	13	472,387,635
	14	Intangible assets			0	14	0
	15	Other assets. See Part IV, line 11			133,372,294	15	150,659,060
	16	Total assets. Add lines 1 through 15 (must equal line 34)			778,637,784	16	862,197,416
Liabilities	17	Accounts payable and accrued expenses			36,944,758	17	45,365,022
	18	Grants payable			0	18	0
	19	Deferred revenue			0	19	0
	20	Tax-exempt bond liabilities			159,915,706	20	174,011,840
	21	Escrow or custodial account liability. Complete Part IV of Schedule D			0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L			0	22	0
	23	Secured mortgages and notes payable to unrelated third parties			0	23	0
	24	Unsecured notes and loans payable to unrelated third parties			0	24	0
	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			34,399,649	25	48,710,451
	26	Total liabilities. Add lines 17 through 25			231,260,113	26	268,087,313
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ☒ and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			535,688,824	27	582,558,987
	28	Temporarily restricted net assets			9,940,868	28	9,803,137
	29	Permanently restricted net assets			1,747,979	29	1,747,979
	Organizations that do not follow SFAS 117, check here ☐ and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			547,377,671	33	594,110,103
	34	Total liabilities and net assets/fund balances			778,637,784	34	862,197,416

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	462,804,803
2	Total expenses (must equal Part IX, column (A), line 25)	2	401,617,166
3	Revenue less expenses Subtract line 2 from line 1	3	61,187,637
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	547,377,671
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-14,455,205
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	594,110,103

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization RAPID CITY REGIONAL HOSPITAL INC	Employer identification number 46-0319070
--	--

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 Se**section 509(a)(4).**

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

Part IIIPart III

Support Schedule for Organizations Described in IRC 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

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

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

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

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below.

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

OMB No 1545-0047

2011

Open to Public Inspection

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

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

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

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

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

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

Name of the organization RAPID CITY REGIONAL HOSPITAL INC	Employer identification number 46-0319070
--	--

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

Part II-A

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

- A

Check

☐

if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

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

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

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

Part II-B

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

		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		50,000
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		11,154
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		29,093
j	Total lines 1c through 1i			90,247
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

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

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

Part III-B

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

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

Part IV

Supplemental Information

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

Identifier	Return Reference	Explanation
Moving South Dakota Forward Initiative	Schedule C, Part II-B, Line 1f	During fiscal year 2012, Rapid City Regional Hospital paid \$50,000.00 to the South Dakota Association of Healthcare Organizations to further the efforts related to the Health Communities ballot question "Moving South Dakota Forward." SD Assoc of Healthcare Org & American Hospital Assoc membership dues Schedule C, Part II-B, Line 1g & 1i. Annual dues are paid to the South Dakota Association of Healthcare Organizations. A portion of the dues are applicable to lobbying activities. For calendar year 2011 dues which were paid in fiscal year 2012 in the amount of \$312,072.69, 4.57% was used for lobbying purposes. In addition, annual dues were paid to the American Hospital Association, a portion of which is applicable to lobbying activities. For calendar year 2011 dues, which were paid in fiscal year 2012 in the amount of \$60,291.00, 24.60% was used for lobbying purposes. Expenditures of \$11,154 were incurred related to lobbying efforts with the South Dakota legislature on matters pertaining to healthcare.

SCHEDULE D
(Form 990)

Supplemental Financial Statements

Department of the Treasury
Internal Revenue Service

OMB No 1545-0047

2011

Open to Public Inspection

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
RAPID CITY REGIONAL HOSPITAL INC

Employer identification number
46-0319070

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

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

4

Number of states where property subject to conservation easement is located

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

Yes

No

6

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

7

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

\$

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

Yes

No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

\$

(ii)

Assets included in Form 990, Part X

\$

2

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

a

Revenues included in Form 990, Part VIII, line 1

\$

b

Assets included in Form 990, Part X

\$

Part III

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

3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

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

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

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

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

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

	Amount
1c	
1d	
1e	
1f	

2a

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

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

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

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	1,747,979	1,747,979	1,747,979	1,747,979
b	Contributions				
c	Investment earnings or losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance	1,747,979	1,747,979	1,747,979	1,747,979

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶ 100 000 %

c

Term endowment ▶

3a

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

(i)

unrelated organizations

(ii)

related organizations

3a(i)

Yes

No

3a(ii)

Yes

No

b

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

3b

4

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

Part VI

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,443,047		2,443,047
b Buildings		208,880,923	117,905,012	90,975,911
c Leasehold improvements				
d Equipment		203,022,326	164,118,765	38,903,561
e Other		18,277,192		18,277,192
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				150,599,711

Part XI

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

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

Part XII

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

Part XIII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

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

Part XIV

Supplemental Information

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

Identifier	Return Reference	Explanation
endowment funds	schedule d, part v, line 4	Endowed funds are held in an interest bearing account subject to the terms as specified by the donor. The earnings on the endowment funds become temporarily restricted funds and therefore are not part of the endowment balance. Of the \$1,747,979 endowment funds, \$739,460 are restricted to be used for grants/scholarships to students in a healthcare program, \$512,197 is restricted for use in the pediatrics unit, \$100,000 for promotion of a healthy community, \$197,000 for cardiac services, \$100,000 for hospice patients, \$36,000 for plants in public areas and \$25,000 for cancer care.
footnote to financial statements for uncertain tax positions under ASC 740	schedule D, part x, line 2	Regional Health 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. Regional Health 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. Regional Health's federal form 990T filings are no longer subject to federal tax examination by tax authorities for years before 2009.

SCHEDULE G
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding
Fundraising or Gaming Activities

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
RAPID CITY REGIONAL HOSPITAL INC

Employer identification number
46-0319070

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

1

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

a

☐ Mail solicitations

b

☐ Internet and e-mail solicitations

c

☐ Phone solicitations

d

☐ In-person solicitations

e

☐ Solicitation of non-government grants

f

☐ Solicitation of government grants

g

☐ Special fundraising events

2a

Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?

☐ Yes ☐ No

b

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

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
Total ▶						

3

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

Part II Fundraising Events.

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

		(a) Event #1	(b) Event #2	(c) Other Events	(d) Total Events
		<u>Duck Race</u> (event type)	<u>Tough Enough</u> (event type)	<u>17</u> (total number)	(Add col (a) through col (c))
Revenue	1	Gross receipts	107,701	140,139	477,215
	2	Less Charitable contributions			
	3	Gross income (line 1 minus line 2)	107,701	140,139	477,215
Direct Expenses	4	Cash prizes			
	5	Non-cash prizes			
	6	Rent/facility costs	10,172	1,690	11,862
	7	Food and beverages	408	1,123	1,531
	8	Entertainment			
	9	Other direct expenses	25,433	67,628	148,779
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Combine lines 3 and 10 in column (d). ▶			

Part III Gaming.

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

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

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

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

b If "No," Explain _____

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

b If "Yes," Explain _____

- 11

Does the organization operate gaming activities with nonmembers?

☐ Yes ☐ No
- 12

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☐ No

13

Indicate the percentage of gaming activity operated in

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

14

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

Name

Address

15a

Does the organization have a contract with a third party from whom the organization receives gaming revenue?

☐ Yes ☐ No

b

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

c

If "Yes," enter name and address

Name

Address

16

Gaming manager information

Name

Gaming manager compensation

Description of services provided

☐ Director/officer ☐ Employee ☐ Independent contractor

17

Mandatory distributions

a

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☐ Yes ☐ No

b

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

Part IV

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

Identifier	ReturnReference	Explanation
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SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
RAPID CITY REGIONAL HOSPITAL INC

Employer identification number
46-0319070

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☒ Applied uniformly to all hospitals ☐ Generally tailored to individual hospitals ☐ Applied uniformly to most hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100%☐ 150%☐ 200%☐ Other _____% b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200%☐ 250%☐ 300%☐ 350%☐ 400%☐ Other _____% c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care	3a		No
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			10,757,270	0	10,757,270	2 680 %
b Medicaid (from Worksheet 3, column a)			47,059,182	39,261,335	7,797,847	1 940 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			0	0	0	0 %
d Total Charity Care and Means-Tested Government Programs			57,816,452	39,261,335	18,555,117	4 620 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	56	15,262	307,118	53,922	253,196	0 060 %
f Health professions education (from Worksheet 5)	13	12,507	5,671,291	3,881,120	1,790,171	0 450 %
g Subsidized health services (from Worksheet 6)		0	0	0	0	0 %
h Research (from Worksheet 7)	2	250	2,196,562	1,882,957	313,604	0 080 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	17	2,156	825,402	0	825,402	0 210 %
j Total Other Benefits	88	30,175	9,000,373	5,817,999	3,182,373	0 800 %
k Total. Add lines 7d and 7j	88	30,175	66,816,825	45,079,334	21,737,490	5 420 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing	2	1,500	3,333	0	3,333	0 %
2 Economic development	3	0	1,995	0	1,995	0 %
3 Community support	9	1,400	14,266	0	14,266	0 %
4 Environmental improvements	1	0	333	0	333	0 %
5 Leadership development and training for community members	1	0	122	0	122	0 %
6 Coalition building	5	2,990	31,728	3,154	28,574	0 010 %
7 Community health improvement advocacy	10	0	30,543	189	30,354	0 010 %
8 Workforce development	8	53	8,272	0	8,272	0 %
9 Other						
10 Total	39	5,943	90,592	3,343	87,249	0 020 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes
2	Enter the amount of the organization's bad debt expense	2	20,163,773
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	2,258,540
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	112,121,826
6	Enter Medicare allowable costs of care relating to payments on line 5	6	118,933,412
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-6,811,586
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☒ Cost to charge ratio ☐ Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes

Part IV

Management Companies and Joint Ventures

(see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1 BLACK HILLS MED BLDG	OFFICE BUILDING	67 930 %	0 %	32 070 %
2 MEDICAL DENTAL BLDG	OFFICE BUILDING	71 450 %	0 %	28 500 %
3 THE IMAGING CENTER	MEDICAL IMAGING	50 000 %	0 %	50 000 %
4 THE MRI CENTER	MEDICAL IMAGING	33 330 %	0 %	66 670 %
5 SAME DAY SURGERY CTR	SPECIALTY AND AMBULATORY SVCS	40 000 %	0 %	60 000 %
6 WESTERN PROVIDERS	PHO	50 000 %	0 %	50 000 %
7 N PLAINS PREMIER COL	PURCHASING COLLABORATIVE	50 000 %	0 %	0 %
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 2

Name and address

[illegible]

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

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

RAPID CITY REGIONAL HOSPITAL

Name of Hospital Facility:

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a ☐ A definition of the community served by the hospital facility b ☐ Demographics of the community c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community d ☐ How data was obtained e ☐ The health needs of the community f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g ☐ The process for identifying and prioritizing community health needs and services to meet those needs h ☐ The process for consulting with persons representing the community's interests i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs j ☐ Other (describe in Part VI)	1	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a ☐ Hospital facility's website b ☐ Available upon request from the hospital facility c ☐ Other (describe in Part VI)	5	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community b ☐ Execution of the implementation strategy c ☐ Development of a community-wide community benefit plan for the facility d ☐ Participation in community-wide community benefit plan e ☐ Inclusion of a community benefit section in operational plans f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA g ☐ Prioritization of health needs in the community h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care ____% If "No," explain in Part VI the criteria the hospital facility used	9	No

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used	10	No
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☒ Income level b ☐ Asset level c ☐ Medical indigency d ☐ Insurance status e ☐ Uninsured discount f ☐ Medicaid/Medicare g ☐ State regulation h ☒ Other (describe in Part VI)	11	Yes
12	Explained the method for applying for financial assistance?	12	Yes
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☒ The policy was posted at all times on the hospital facility's web site b ☐ The policy was attached to all billing invoices c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☒ The policy was posted in the hospital facility's admissions offices e ☒ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☒ Other (describe in Part VI)	13	Yes

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments or arrests e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☒ Notified patients of the financial assistance policy upon admission b ☐ Notified patients of the financial assistance policy prior to discharge c ☒ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☒ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	☐ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	☐ Other (describe in Part VI)			
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	Yes	

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)

SAME DAY SURGERY CENTER

Name of Hospital Facility: _____

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply)	1	
a ☐ A definition of the community served by the hospital facility		
b ☐ Demographics of the community		
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d ☐ How data was obtained		
e ☐ The health needs of the community		
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs		
h ☐ The process for consulting with persons representing the community's interests		
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs		
j ☐ Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ____		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)	5	
a ☐ Hospital facility's website		
b ☐ Available upon request from the hospital facility		
c ☐ Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)		
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b ☐ Execution of the implementation strategy		
c ☐ Development of a community-wide community benefit plan for the facility		
d ☐ Participation in community-wide community benefit plan		
e ☐ Inclusion of a community benefit section in operational plans		
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA		
g ☐ Prioritization of health needs in the community		
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i ☐ Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care ____% If "No," explain in Part VI the criteria the hospital facility used	9	No

Part V

Facility Information (continued)

		Yes	No
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used	10	No
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a ☒ Income level b ☐ Asset level c ☐ Medical indigency d ☐ Insurance status e ☐ Uninsured discount f ☐ Medicaid/Medicare g ☐ State regulation h ☒ Other (describe in Part VI)	11	Yes
12	Explained the method for applying for financial assistance?	12	Yes
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a ☒ The policy was posted at all times on the hospital facility's web site b ☐ The policy was attached to all billing invoices c ☒ The policy was posted in the hospital facility's emergency rooms or waiting rooms d ☒ The policy was posted in the hospital facility's admissions offices e ☒ The policy was provided, in writing, to patients upon admission to the hospital facility f ☒ The policy was available upon request g ☒ Other (describe in Part VI)	13	Yes

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments or arrests e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a ☐ Reporting to credit agency b ☐ Lawsuits c ☐ Liens on residences d ☐ Body attachments e ☐ Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a ☒ Notified patients of the financial assistance policy upon admission b ☐ Notified patients of the financial assistance policy prior to discharge c ☒ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d ☒ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e ☐ Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why		No
a	☒ The hospital facility did not provide care for any emergency medical conditions		
b	☐ The hospital facility's policy was not in writing		
c	☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	☐ Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a	☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	☐ Other (describe in Part VI)			
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI	20		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI	21	Yes	

Part V

Facility Information (continued)

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

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? 3

Name and address		Type of Facility (Describe)
1	Regional Heart Doctors 4150 Fifth Street Rapid City, SD 57701	CLINIC
2	Regional Med Clinic-Neurology & Rehab 2929 Fifth Street Rapid City, SD 57701	CLINIC
3	Family Medicine Residency 502 E Monroe Suite 401 Rapid City, SD 57701	FAMILY MEDICINE RESIDENCY PROGRAM
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
Supplemental Schedule H Information		References to "Regional Health" apply to all entities controlled or leased by Regional Health, Inc This includes the reporting entity

Identifier	ReturnReference	Explanation
Part I, line 3c		Regional Health uses low income housing guidelines from Housing and Urban Development for determining financial assistance eligibility. The income guidelines, along with the number of dependents within the household are used in a matrix to determine the percent discount applied to the outstanding balance. Discounts range from 100% to 10% of the balance. The financial assistance policy (i.e. Charity Policy) also has a catastrophic provision which limits a patient/guarantor's exposure to the lesser of the Financial Assistance reductions or 20% of the family's annual gross income.

Identifier	ReturnReference	Explanation
part I, line 6a		A community needs assessment is completed by Regional Health, the parent organization, for all related organizations and made available to the public on its website

Identifier	ReturnReference	Explanation
part I, line 7		Medicare cost report cost to charge ratio is used for the calculation of cost of services provided

Identifier	ReturnReference	Explanation
part II		Regional Health provides numerous community benefit health events and screenings throughout the Black Hills region Regional Health also provides financial support to other nonprofit organizations to help support community health outreach. Additionally, Regional Health provides in-kind support and employee volunteers to help support community health events and activities.

Identifier	ReturnReference	Explanation
part III, line 4		The allowance for doubtful accounts is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the allowance for doubtful accounts. After satisfaction of amounts due from insurance and other third-party payors, Regional Health follows established guidelines for placing certain past-due patient balances with collection agencies.

Identifier	ReturnReference	Explanation
part III, line 8		The Medicare shortfall is derived from the actual payments received from the Medicare program for services provided to patients with Medicare coverage. The payments are compared to the actual cost of providing the service as arrived at through the Medicare cost reports. The result is a shortfall with costs exceeding the reimbursement.

Identifier	ReturnReference	Explanation
part III, line 9b		The collection policy requires invoking of the financial assistance policy at any time a patient expressed financial difficulty in meeting their debt obligation

Identifier	ReturnReference	Explanation
part v, section b, lines 9 & 10		Housing and Urban Development (HUD) income limits as designated for the state of South Dakota are used to determine eligibility for providing free or discounted care Part V, Section b, Line 11h Means Testing of net assets in excess of 200% of household income will be considered income for the purpose of the Financial Assistance Program Part V, Section b, Line 13g A summary of the hospital's Financial Assistance Policy is posted for all patients at various points of entry with the policy in its entirety available upon request

Identifier	ReturnReference	Explanation
part v, section B, line 19d		All patients are charged an amount equal to gross charges, discounts may be applied based upon the patients eligibility for financial assistance

Identifier	ReturnReference	Explanation
part v, section b, line 21		All patients are charged the standard gross amount regardless of third party coverage or ability to pay Discounts and allowances are applied to the gross charges

Identifier	ReturnReference	Explanation
needs assessment		REGIONAL HEALTH, WORKED IN PARTNERSHIP WITH SEVERAL COMMUNITY NOT-FOR-PROFIT ORGANIZATIONS TO CONDUCT A FULL COMMUNITY NEEDS ASSESSMENT (CNA) FOR THE BLACK HILLS REGION FOR FY2012 THIS CNA WAS THE FIRST PHASE OF OUR DATA COLLECTION AND WAS COMPLETED IN APRIL 2011 THE NEXT PHASE OF THE PROCESS WAS MEETINGS, INTERVIEWS AND SURVEYS WITH PEOPLE REPRESENTING THE BROAD INTERESTS OF THE COMMUNITY, INCLUDING PHYSICIANS, COMMUNITY HEALTH LEADERS AND ORGANIZATIONAL LEADERSHIP IN ADDITION TO THIS, THE ORGANIZATION EVALUATED QUANTITATIVE DATA ON HEALTH ISSUES FOR THE REGION FROM VARIOUS STATE, NATIONAL AND INTERNAL SOURCES THIS PHASE OF OUR PROJECT WAS COMPLETED IN SEPTEMBER 2011 THE ORGANIZATION EVALUATED ALL THE INFORMATION GATHERED IN THE CNA AND THROUGH OUR OWN RESEARCH DEVELOPED OUR COMMUNITY HEALTH TARGETS AND IS NOW IN THE PROCESS OF DEVELOPING OUR IMPLEMENTATION PLAN MORE THAN 30,000 SURVEYS WERE MAILED TO THE PEOPLE IN THE BLACK HILLS REGION DURING THE WINTER OF 2010/2011

Identifier	ReturnReference	Explanation
patient education of eligibilty for assistance		We provide information on all statements, on our website, we have information available at all admission areas, we contract with midland medical Group (an unrelated entity) to meet with all uninsured patients to assist them with finding a funding source or applying for financial assistance, and our self pay outsource partner also communicates any funding and financial assistance opportunities with our patients Community Information Regional Health serves the people of the Black Hills region The area is mostly rural in nature with only one city of over 50,000 people Regional Health is the primary medical services provider for the region

Identifier	ReturnReference	Explanation
promotion of community health		Regional Health provides numerous community health education events and screenings throughout the Black Hills region. Regional Health also provides financial support to other nonprofit organizations to help support community health outreach. Additionally, Regional Health provides in-kind support and employee volunteers to help support community health events and activities. OTHER INFORMATION REGIONAL HEALTH IS GOVERNED BY A COMMUNITY BOARD THAT PROVIDES LEADERSHIP TO THE ORGANIZATION TO MEET THE COMMUNITY NEEDS. Regional Health partners with the educational institutions to provide numerous clinical training programs, that if they were not provided by RH would not exist in our Region and offers health screenings and events to the people of the Region.

Identifier	ReturnReference	Explanation
affiliated health care system		Regional Health is committed to partnering with the communities it serves to meet the needs of each respective community. Regional Health, Inc. is the parent organization of Rapid City Regional Hospital, Inc., Regional Health Network, Inc. and Regional Health Physicians, Inc. These corporations work together to meet the health care needs of the region.

Identifier	ReturnReference	Explanation
state filing of community needs assessment		Regional Health community needs assessment is available on its website to all who are interested All The facilities owned or controlled by Regional Health are located in South Dakota

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
RAPID CITY REGIONAL HOSPITAL INC

Employer identification number
46-0319070

Part I

Questions Regarding Compensation

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

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.

[illegible]

Part III **Supplemental Information**

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

Identifier	Return Reference	Explanation
Supplemental Compensation Information		The Audit and Compliance Committee, which is a committee of the Regional Health (parent) Board, reviews and approves base salary and total compensation ranges for all executives within the Regional Health system. PLEASE SEE FORM 990, PART VI, LINES 15A & 15B DISCLOSURE On schedule O.
SUPPLEMENTAL INFORMATION	SCHEDULE J, PART I, LINE 4B	Regional Health provides a supplemental nonqualified retirement plan and a flexible benefit plan that can include deferred compensation for its executives. See column 'C' on Schedule J for those persons listed in form 990, part VII, section A, line 1a that participated in or received payment from those two plans.

Software ID:
Software Version:
EIN: 46-0319070
Name: RAPID CITY REGIONAL HOSPITAL INC

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
HART MD CHARLES E	(i) (ii)	696,692 0	148,195 0	689 0	43,410 0	5,015 0	894,001 0	0 0
SMITH MD GREGORY L	(i) (ii)	298,508 0	0 0	6,935 0	40,432 0	4,075 0	349,950 0	0 0
SUGHRUE TIMOTHY H	(i) (ii)	516,816 0	67,422 0	0 0	34,246 0	5,114 0	623,598 0	0 0
KEEGAN MD JAMES M	(i) (ii)	400,995 0	50,091 0	0 0	16,292 0	3,781 0	471,159 0	0 0
HAXTON RITA K	(i) (ii)	217,567 0	43,374 0	0 0	52,972 0	6,082 0	319,995 0	0 0
ALLEN JR MD ROBERT G	(i) (ii)	258,571 0	24,486 0	0 0	22,770 0	2,880 0	308,707 0	0 0
BERRETH ALLAN L	(i) (ii)	162,347 0	31,731 0	0 0	32,441 0	338 0	226,857 0	0 0
GALBRAITH JEANNE A	(i) (ii)	139,423 0	13,549 0	0 0	33,187 0	3,271 0	189,430 0	0 0
SLUKA JR JOSEPH C	(i) (ii)	395,458 0	53,894 0	0 0	38,475 0	5,223 0	493,050 0	0 0
THOMPSON MARK A	(i) (ii)	286,998 0	40,991 0	0 0	43,114 0	6,039 0	377,142 0	0 0
LATUCHIE RICHARD S	(i) (ii)	257,906 0	23,304 0	0 0	39,347 0	3,711 0	324,268 0	0 0
MASTEN MARY E	(i) (ii)	251,793 0	25,167 0	0 0	49,585 0	5,108 0	331,653 0	0 0
MCGLONE ROBERT O	(i) (ii)	234,107 0	22,412 0	0 0	66,122 0	4,604 0	327,245 0	0 0
DEGROOT SHAWN Y	(i) (ii)	176,376 0	17,921 0	0 0	28,296 0	3,935 0	226,528 0	0 0
BRODIN MARK F	(i) (ii)	144,638 0	23,986 0	0 0	29,398 0	5,048 0	203,070 0	0 0
HORTON JENNIFER D	(i) (ii)	149,330 0	15,519 0	0 0	24,766 0	6,839 0	196,454 0	0 0
TUMA MD JOSEPH L	(i) (ii)	824,948 0	48,642 0	1,545 0	83,697 0	6,227 0	965,059 0	0 0
ZINELDINE MD AMAD	(i) (ii)	690,325 0	48,642 0	0 0	72,577 0	6,127 0	817,671 0	0 0

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
TEIXEIRA MD JOSE M	(i) (ii)	678,885 0	48,642 0	0 0	31,508 0	4,308 0	763,343 0	0 0
HEILMAN III MD K JOHN	(i) (ii)	612,951 0	48,642 0	4,320 0	67,613 0	6,355 0	739,881 0	0 0
TAKARA MD JAMES P	(i) (ii)	599,288 0	0 0	900 0	57,275 0	7,042 0	664,505 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
RAPID CITY REGIONAL HOSPITAL INC

Employer identification number
46-0319070

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 SD HEALTH & EDUCATIONAL FACILITIES AUTHORITY	46-0315509	83755VNL4	08-14-2008	67,465,000	see schedule o		X		X		X
B sd health & educational facilities authority	46-0315509	83755vq46	08-17-2010	54,390,000	see schedule o		X		X		X
C sd health & educational facilities authority	46-0315509	83755vSW5	11-22-2011	50,460,000	see schedule o		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	505,000		0		0			
2	Amount of bonds defeased	0		0		0			
3	Total proceeds of issue	67,033,801		57,294,245		54,449,182			
4	Gross proceeds in reserve funds	0		0		0			
5	Capitalized interest from proceeds	0		0		0			
6	Proceeds in refunding escrow	0		0		0			
7	Issuance costs from proceeds	790,000		784,764		709,782			
8	Credit enhancement from proceeds	45,000		0		0			
9	Working capital expenditures from proceeds	0		0		0			
10	Capital expenditures from proceeds	12,387,353		16,322,361		4,013,993			
11	Other spent proceeds	51,125,000		31,601,312		23,739,401			
12	Other unspent proceeds	0		8,584,906		25,985,607			
13	Year of substantial completion	2011		2013		2014			
14	Were the bonds issued as part of a current refunding issue?	Yes	No	Yes	No	Yes	No	Yes	No
		X		X		X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X			X		X		
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X			

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?	X		X		X			
b	If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X		X		X		
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X			
d	If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X		X		X		
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government	0 %		0 340 %		0 %			
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government	0 %		0 260 %		0 %			
6	Total of lines 4 and 5	0 %		0 600 %		0 %			
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?	X			X		X		
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X		X		
b	Name of provider	us bank na		0		0			
c	Term of hedge	16 2							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider	0		0		0			
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?		X		X		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 L
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

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

OMB No 1545-0047
2011
Open to Public Inspection

Name of the organization
RAPID CITY REGIONAL HOSPITAL INC

Employer identification number

46-0319070

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

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

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

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

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

(a) Name of interested person and purpose	(b) Loan to or from the organization?		(c)Original principal amount	(d)Balance due	(e) In default?		(f) Approved by board or committee?		(g)Written agreement?	
	To	From			Yes	No	Yes	No	Yes	No
Total ▶ \$										

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
See Additional Data Table					

Part V Supplemental Information

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

Identifier	Return Reference	Explanation
PART IV, LINE 1		Timothy Frost, MD is one of 12 partners in Dakota Radiology which is in a 50/50 joint venture (The Imaging Center, LLC) with RCRH Dakota Radiology is a 33% owner in the joint venture (The MRI Center, LLC) of which RCRH is also a 33% owner Part IV, Line 2 RCRH contracts with Geib, Elston, Frost PA for pathology and laboratory medical directorship services James Frost MD, brother of Timothy and Steve Frost is a partner in Geib, Elston and Frost PA Ex-Officio Board of Directors Member Victoria Herr, MD is also a partner of Geib, Elston, Frost PA Part IV, line 3 Matthew Thompson, son of officer mark Thompson, is employed as an anesthesia technician Part IV, line 4 Scott Eccarius, MD, brother in law of Mary Masten, VP of Legal Services, is compensated by RCRH as a Medical Informatics Officer Part IV, line 5 Michael Keegan, son of RH CMO/RHP CEO James Keegan, MD, was compensated by RCRH as an Intern Part IV, Line 6 Lindsey Seaman, daughter of Board of Directors member Lisa Seaman, is compensated by RCRH as a Clinical Research Specialist Part IV, Line 7 Board of Directors member Kyle White is an officer with Black Hills Power and Light which provides utility services to RCRH Board of Directors Member Lisa Seaman is an employee of Black Hills Corporation, the parent company of Black Hills Power and Light Part IV, Line 8 Charles Hart MD is a director of Premier Purchasing Partners, L P (Premier) RCRH subscribes to a benchmarking service provided by Premier Monthly financial and statistical information is provided to Premier which is entered in their database and then used for various comparative reporting

Additional Data

Software ID:
Software Version:
EIN: 46-0319070
Name: RAPID CITY REGIONAL HOSPITAL INC

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction \$	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
DAKOTA RADIOLOGY	SEE PART V	59,927	SEE PART V		No
GEIB ELSTON FROST PROFESSIONAL ASS	SEE PART V	280,696	SEE PART V		No
MATTHEW F THOMPSON	SEE PART V	14,968	SEE PART V		No
SCOTT ECCARIUS MD	SEE PART V	110,461	SEE PART V		No
MICHAEL KEEGAN	SEE PART V	15,137	SEE PART V		No
LINDSEY SEAMAN	SEE PART V	17,987	SEE PART V		No
BLACK HILLS POWER LIGHT	SEE PART V	1,743,350	SEE PART V		No
PREMIER purchasing partners LP	SEE PART V	329,685	SEE PART V		No

2011

**Open to Public
Inspection**

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.

Name of the organization
RAPID CITY REGIONAL HOSPITAL INC

Employer identification number

46-0319070

Identifier	Return Reference	Explanation
Description of Other Program Services	Form 990, Part III, Line 4d	Rapid City Regional Hospital, Inc (RCRH) is a tertiary hospital serving western South Dakota The nearest larger hospital is in Sioux Falls, SD, more than 350 miles away As such, the services provided by RCRH are truly a healthcare safety net for western South Dakota The Hospital provides comprehensive care, including level II trauma care Description of Relationships Form 990, Part VI, Question 2 Board of Directors members Timothy Frost, MD, (partner in Dakota Radiology) and Steve Frost, MD (partner in West River Anesthesiology) are brothers In addition, their brother, James Frost, MD is a partner in Geib, Elston, Frost PA with whom the organization has a contract to provide pathology services Their parents, Dr Harold and Ellie Frost as well as Dr Timothy and Debora Frost are substantial contributors

Identifier	Return Reference	Explanation
Description of classes of members or stockholders	Form 990, Part VI, Question 6, 7a and 7b	Regional Health, Inc is the sole member of Rapid City Regional Hospital, Inc Regional Health, Inc , being the sole member of Rapid City Regional Hospital, Inc has final authority over certain decisions pertaining to Rapid City Regional Hospital, Inc

Identifier	Return Reference	Explanation
describe the process used by management &/or governing body to review 990	Form 990, Part VI, Question 11b	The 990 is prepared and reviewed by an independent accounting firm. It is then reviewed internally by Finance and Legal Management. The Form 990 is further reviewed, prior to filing, by the organization's Board of Directors through a portal to the organization's internal information system, to which each Board member has access. Educational sessions have been provided to each board member on how to access the portal.

Identifier	Return Reference	Explanation
Description of process to monitor transactions for conflicts of interest	Form 990, Part VI, Question 12c	As a part of the annual disclosure of potential conflicts process, all board members, officers, management receive a copy of the conflict of Interest policy and sign an acknowledgement they have read and understand it. Additionally, they are each required to complete a disclosure statement. Annually, a summary list of all conflicts disclosed by board members is prepared and provided to the full board so board members are aware of the conflicts/interests of other board members and are able to point out conflicts if an individual member with a conflict forgets. Additionally, the agenda for each board meeting and each board committee meeting includes an initial agenda item "Conflicts of Interest" where board members are asked if they have any conflicts related to the other items on the agenda. All employees are covered by the conflict of interest policy but completion of the annual disclosure statement is limited to board and board committee members, management, and certain physicians. When a proposed transaction involves a board member, the transaction is reviewed by the Compliance and Audit committee. At meetings, Board members who have a conflict of interest may be invited to speak on the matter by the Chairman, but are not permitted to vote on the matter and are required to leave the meeting during discussion, after they have made any comments invited by the Chair. Failure to comply with this policy constitutes ground for removal from office or membership and, in the case of all employees, termination of employment.

Identifier	Return Reference	Explanation
Offices & Positions for Which Process was Used, & Year Process was Begun	Form 990, Part VI, Question 15a & 15b	The Compliance and Audit Committee of the sole Member's Board, a committee that includes only board members deemed "independent", determines the appropriate base salary range of the CEO of the organization and its other executive staff. The CEO of the Member or his designee then determines the actual base salary of the other Executives within the Committee-approved ranges based on a performance evaluation conducted by the CEO or designee. For determination of the base salary ranges, as well as incentive compensation, benefit plans and perquisites (total compensation), the Compliance and Audit Committee retains an independent consultant, Sullivan and Cotter, to provide survey/comparability data for both base salary and total compensation at least every three years.

Identifier	Return Reference	Explanation
Avail of Gov Docs, Conflict of Interest Policy, & Fin Strmts to Gen Public	Form 990, Part VI, Question 19	The articles of incorporation of the organization are filed in the office of the Secretary of State of South Dakota and are available to the public at the secretary of state's website. Other documents (bylaws, conflict of interest policy and financial statements) are not posted for the public but are available or described in other public documents or sites such as offering statements in bond issues or Municipal Securities rulemaking Board's Electronic Municipal Market Access (EMMA) data port.

Identifier	Return Reference	Explanation
compensation of officers directors trustees	Form 990, Part VII	THE HOURS DEVOTED TO THE POSITIONS REPORTED ON PART VII FOR THE FOLLOWING REFLECT THE THE AGGREGATE TOTAL HOURS THESE INDIVIDUALS DEVOTE TO THEIR POSITIONS FOR REGIONAL HEALTH, INC , RAPID CITY REGIONAL HOSPITAL, INC , REGIONAL HEALTH NETWORK, INC , AND/OR REGIONAL HEALTH PHYSICIANS, INC AVG Hours/week devoted to Name & Title Filing Org Related Orgs _____ _____ HART MD, CHARLES E. PRESIDENT AND CEO 44 12 15 88 FINLEY MD, ROBERT RH/RHP BOARD OF TRUSTEES MEMBER 34 02 5 98 MORRISON, TOM BOARD OF TRUSTEES MEMBER 2 04 0 36 YELICK, EDWARD CHAIRMAN, BOARD OF TRUSTEES 2 81 0 49 SUGHRUE, TIMOTHY H. CEO RCRH, RHN & COO RH 46 33 8 67 KEEGAN MD, JAMES M. CMO RH & CEO RHP 46 77 8 23 SLUKA JR , JOSEPH C. EXECUTIVE VP & CAO 40 45 14 55 THOMPSON, MARK A. CFO & VP FINANCE 40 45 14 55 LATUCHIE, RICHARD S. VP INFO TECHNOLOGY & CIO 40 45 14 55 MASTEN, MARY E. VP LEGAL SERVICES 40 45 14 55 MCGLONE, ROBERT O. VP HUMAN RESOURCES 40 45 14 55 DEGROOT, SHAWN Y. VP CORP RESPONSIBILITY 40 45 14 55 BRODIN, MARK R. VP DECISION SUPPORT 40 45 14 55 HORTON, JENNIFER D. VP PR MARKETING 40 45 14 55

Identifier	Return Reference	Explanation
independent board members	Form 990, part vii	Regional Health considers some members of the Board to not be independent because they are actively practicing physicians on one of its hospitals' medical staffs are they are employees of a related organization

Identifier	Return Reference	Explanation
reconciliation of net assets	form 990, part xi, line 5	Unrealized gain (loss) on investments (5,197,449) Adj to the Funded Status of the Pension Plan (7,475,181) Medical Staff and Auxiliary net income 157,210 Non-controlling interest in joint venture (2,722,000) Net assets released from restriction 782,215 ----- Part XI, Line 5 (14,455,205)

Identifier	Return Reference	Explanation
Oversight or Selection Process	Form 990, Part XII, Question 2c	Independent auditors are engaged by the Compliance and Audit Committee of the Regional Health, Inc (the parent organization) Board of Trustees. Final audit results, on a consolidated basis, are reported by the independent auditors directly to the Compliance and Audit Committee.

Identifier	Return Reference	Explanation
Schedule K supplemental information	Bond Issued on 8/14/2008	Part I, Line A, Column (f) To finance the cost of hospital buildings and equipment, and to refund series 2003 bonds of the south Dakota health and educational facilities authority previously issued on April 1, 2003 Schedule K, Part II, Line 3 Issue Price 67,465,000 Less Partial Redemption (505,000) Plus interest earnings 73,801 _____ 67,033,801

Identifier	Return Reference	Explanation
Schedule K Supplemental information	Bond Issued on 8/17/2010	Part I, Line B, Column (f) To finance the cost of hospital buildings and equipment and to refund series 1998 and 1999 bonds of the south Dakota health and educational facilities authority previously issued on April 16, 1998 and June 3, 1999, respectively Schedule K, Part II, Line 3 Issue Price 54,390,000 Plus interest earnings 6,474 Net Premium 2,897,771 _____ 57,294,245

Identifier	Return Reference	Explanation
Schedule K Supplemental Information	Bond issued on 11/22/2011	part I, Line C, column (f) To finance the cost of hospital buildings and equipment and to refund the Series 2001 bonds of the South Dakota Health and Educational Facilities Authority previously issued on April 11, 2001 Schedule K, Part III, Line 3 Issue Price 50,460,000 Net Premium 3,989,182 _____ 54,449,182

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
RAPID CITY REGIONAL HOSPITAL INC

Employer identification number
46-0319070

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Regional Health Inc 353 Fairmont Boulevard Rapid City, SD 57701 20-1487506	Healthcare	SD	501 c (3)	11-Type III	NA		No
(2) Regional Health Network Inc 353 Fairmont Blvd Rapid City, SD 57701 46-0360899	Healthcare	SD	501 (c) (3)	3	rhi	Yes	
(3) Regional Health Physicians Inc 353 Fairmont Blvd Rapid City, SD 57701 46-0372454	Healthcare	SD	501 (c) (3)	3	rhi	Yes	

Part III

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Same Day Surgery Ctr 411889892 651 Cathedral Dr rapid city sd Rapid City, SD 57701 41-1889892	Healthcare	SD	NA	Investment	2,278,605	1,345,579		No	0		No	40 000 %
(2) Medical Dental Bldg 460339629 46-0339629	Med office bldg	SD	NA	Investment	21,141	787,756		No	0		No	71 450 %
(3) Black Hills Med bldg 411992146 677 cathedral dr rapid city sd Rapid City, SD 57701 41-1992146	med office bldg	SD	NA	Investment	-44,483	1,684,148		No	0		No	67 930 %
(4) THE Imaging Center LLC 300357026 PO Box 8130 Rapid City SD Rapid City, SD 57701 30-0357026	MEDICAL IMAGING	SD	NA	Investment	826,835	170,795		No	0		No	50 000 %
(5) THE MRI CENTER LLC PO Box 8130 rapid city sd Rapid City, SD 57709 30-0357077	EQUIPMENT	SD	NA	Investment	418	-245,145		No	0		No	33 330 %
(6) n plains premier col 900701417 3900 W Avera Dr sioux falls sd Sioux Falls, SD 57108 90-0701417	purchasing	SD	NA	Investment	-64,524	35,148		No	0		No	50 000 %

Part IV

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Western Providers Inc 677 Cathedral Dr Suite 309 Rapid City, SD 57701 41-1889163	Medical Service	SD	NA	C Corp	174,332	135,778	50 000 %

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

No

1d

Yes

1e

No

1f

No

1g

No

1h

No

1i

Yes

1j

Yes

1k

Yes

1l

Yes

1m

No

1n

Yes

1o

Yes

1p

No

1q

No

1r

No

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

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

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

[illegible]

Part VII

Supplemental Information

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

Identifier	Return Reference	Explanation	
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Software ID:
Software Version:
EIN: 46-0319070
Name: RAPID CITY REGIONAL HOSPITAL INC

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount Involved (\$)	(d) Method of determining amount involved
(1) Regional Health Network Inc	l	689,546	cost
(2) Regional Health Physicians Inc	j	8,634	cost
(3) Regional Health Physicians Inc	n	298,800	cost
(4) Regional Health Physicians Inc	l	920,524	cost
(5) Same Day Surgery Centter LLC	i	632,289	cost + markup
(6) Regional Health Network Inc	k	7,907,025	cost
(7) Regional Health Physicians Inc	k	614,562	cost
(8) Same Day Surgery Centter LLC	k	343,241	cost + markup
(9) Same Day Surgery Centter LLC	n	2,481,190	cost + markup
(10) Regional Health Network Inc	o	1,711,361	cost
(11) Regional Health Physicians Inc	o	1,487,835	cost
(12) Same Day Surgery Centter LLC	o	171,332	cost + markup



Consolidated Financial Statements
June 30, 2012 and 2011

Regional Health, Inc.



Independent Auditor's Report

The Board of Trustees
Regional Health, Inc
Rapid City, South Dakota

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

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

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

As discussed in Note 2 to the consolidated financial statements, in accordance with updates to the relevant accounting standards pertaining to the presentation and disclosure of patient service revenue, provision for uncollectible accounts, and the allowance for doubtful accounts for certain health care entities, Regional Health has changed its presentation and disclosure of those financial statement elements.

Also as discussed in Note 2 to the consolidated financial statements, Regional Health adopted guidance effective July 1, 2010 requiring the discontinuance of amortization of goodwill and the performance of a transitional test for goodwill impairment and, as a result, recorded an impairment of \$9,438 as a reduction in unrestricted net assets.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Minneapolis, Minnesota
October 5, 2012

	2012	2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,633	\$ 21,872
Receivables		
Patient accounts	94,035	82,182
Allowance for doubtful accounts	(14,049)	(17,705)
	<u>79,986</u>	<u>64,477</u>
Other receivables	4,626	2,083
Investments limited as to use	33,500	21,089
Inventory	10,550	8,812
Prepaid expenses	<u>8,636</u>	<u>6,367</u>
Total current assets	<u>145,931</u>	<u>124,700</u>
Investments Limited as to Use, Less Current Portion	<u>439,142</u>	<u>421,417</u>
Property and Equipment		
Land and improvements	22,612	20,660
Buildings and fixed equipment	244,436	218,766
Leased buildings	3,629	3,629
Movable equipment	240,065	225,380
	<u>510,742</u>	<u>468,435</u>
Less accumulated depreciation and amortization	<u>(333,994)</u>	<u>(312,603)</u>
	<u>176,748</u>	<u>155,832</u>
Construction-in-process	<u>19,518</u>	<u>5,085</u>
Total property and equipment	<u>196,266</u>	<u>160,917</u>
Goodwill and Intangibles, Net	2,323	2,326
Bond Issue Costs, Net	1,977	2,097
Other Long-Term Assets	<u>2,488</u>	<u>3,931</u>
	<u>\$ 788,127</u>	<u>\$ 715,388</u>

See Notes to Consolidated Financial Statements

Regional Health, Inc.
Consolidated Statements of Financial Position
June 30, 2012 and 2011
(Amounts in Thousands)

	<u>2012</u>	<u>2011</u>
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 6,940	\$ 10,685
Accounts payable	15,619	6,171
Estimated payables to third-party payors	5,318	3,743
Accrued expenses		
Interest	1,685	1,646
Salaries and wages	7,388	12,545
Compensated absences	13,596	12,252
Employee health insurance liability	4,565	4,320
Other	5,617	5,091
Total current liabilities	<u>60,728</u>	<u>56,453</u>
Other Liabilities		
Payable under interest rate swap	14,045	8,717
Other long-term liabilities	15,600	14,667
Accrued pension liability	19,065	11,016
Long-term debt, less current maturities	<u>167,072</u>	<u>149,231</u>
Total liabilities	<u>276,510</u>	<u>240,084</u>
Net Assets		
Unrestricted	498,998	462,656
]		
Total net assets	<u>—</u>	<u>—</u>
	<u>\$</u>	

Regional Health, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2012 and 2011
(Amounts in Thousands)

	2012	2011
Operating revenue		
Net patient service revenue	\$ 518,586	\$ 491,751
Provision for uncollectible accounts	(22,330)	(27,272)
Net patient service revenue less provision for uncollectible accounts	496,256	464,479
Other	34,427	30,212
Total operating revenue	530,683	494,691
Operating expenses		
Salaries and wages	249,721	226,685
Pay roll taxes and benefits	38,037	38,235
Outside services	52,232	47,498
Medical supplies	81,666	68,095
Other supplies and expenses	43,774	40,301
Depreciation and amortization	25,104	25,697
Interest	4,132	4,610
Total operating expenses	494,666	451,121
Operating income	36,017	43,570
Nonoperating gains (losses)		
Investment gain	15,476	47,217
Gain on sale of facilities	-	3,683
Loss on interest rate swap	(7,504)	(731)
Loss on early extinguishment of debt	(650)	(168)
Revenues in excess of expenses	43,339	93,571
Unrestricted net assets		
Cumulative effect of change in accounting principle - goodwill	-	(9,438)
Adjustment to the funded status of the pension plan	(7,475)	2,457
Other changes in unrestricted net assets	478	698
Increase in unrestricted net assets	36,342	87,288
Change in net assets	36,313	88,893
Net assets at beginning of year	475,304	386,411
Net assets at end of year	\$ 511,617	\$ 475,304

See Notes to Consolidated Financial Statements

Regional Health, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2012 and 2011
(Amounts in Thousands)

	2012	2011
Operating Activities		
Change in net assets	\$ 36.313	\$ 88.893
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Cumulative effect of change in accounting principle - goodwill	-	9.438
Adjustment to the funded status of the pension plan	7.475	(2.457)
Provision for uncollectible accounts	22.330	27.272
Depreciation and amortization	25.104	25.697
Loss on interest rate swap	7.504	731
Restricted contributions and investment income	(1.004)	(2.693)
Realized gain on investments	(8.215)	(2.179)
Change in unrealized losses (gains) on investments	5.197	(28.452)
Gain on sale of facilities	-	(3.683)
Loss on extinguishment of debt	650	168
Changes in assets and liabilities		
Patient accounts receivable	(37.839)	(26.726)
Inventory and other	(6.550)	69
Estimated payables to third-party payors	1.575	(2.316)
Accounts payable	9.448	(5.601)
Accrued expenses	(3.003)	(227)
Net Cash Provided by Operating Activities	58.985	77.934
Investing Activities		
Purchase of property and equipment, net	(60.450)	(29.569)
Proceeds from sales and maturities of investments	810.304	940.805
Purchases of investments	(837.422)	(1,033.708)
Interest rate swap settlements	(2.176)	(2.171)
Sale of facilities	-	7.100
Decrease (increase) in other long-term assets	1.574	(33)
Net Cash Used in Investing Activities	(88.170)	(117.576)
Financing Activities		
Proceeds from long-term debt	54.449	57.181
Repayment of long-term debt	(40.353)	(38.439)
Payment of bond issue costs	(661)	(849)
Restricted contributions and investment income	1.004	2.693
Increase in other long-term liabilities	1.507	1.312
Net Cash Provided by Financing Activities	15.946	21.898
Net Change in Cash and Cash Equivalents	(13.239)	(17.744)
Cash and Cash Equivalents, Beginning of Year	21.872	39.616
Cash and Cash Equivalents, End of Year	\$ 8.633	\$ 21.872

See Notes to Consolidated Financial Statements

Note 1 - Organization

Regional Health, Inc. was formed in 2003 to establish policy and perform planning on behalf of the members of the Regional Health Obligated Group (Obligated Group). The Obligated Group consists of Rapid City Regional Hospital, Inc., Regional Health Network, Inc., and Regional Health Physicians, Inc. Each member of the Obligated Group is a tax exempt organization.

Rapid City Regional Hospital, Inc. (Hospital) was formed from the consolidation of St. John's McNamara Hospital and Bennett-Clarkson Memorial Hospital in 1973. The Hospital provides a wide variety of acute and tertiary care services on its main campus and through its adjacent John T. Vucurevich Regional Cancer Care Institute, and Regional Rehabilitation Institute. The Hospital also provides patient care at Regional Behavioral Health Center and Rapid City Regional Hospital Family Medicine Residency Program's clinic. The Hospital employs physicians through its residency, cardiology, cardiovascular surgery, medical oncology, psychiatry, neurology, and hospitalist programs.

Regional Health Network, Inc. (Health Network) was formed in 2005 and owns and leases acute care hospitals, nursing homes, and assisted living facilities in Rapid City, South Dakota and throughout western South Dakota. It also provides home medical equipment services in surrounding communities under the Regional Home Medical Equipment name.

The Health Network owns the following facilities:

Lead-Deadwood Regional Hospital is an acute care hospital located in Deadwood, South Dakota which is designated and certified as a critical access hospital.

Spearfish Regional Hospital is an acute care hospital located in Spearfish, South Dakota.

Sturgis Regional Hospital Sturgis Regional Senior Care is an acute care hospital and a long-term care facility in Sturgis, South Dakota. Sturgis Regional Hospital is designated and certified as a critical access hospital.

Fairmont Grand Regional Senior Care is an assisted living facility located in Rapid City, South Dakota.

Golden Ridge Regional Senior Care is an assisted living facility located in Lead, South Dakota.

Regional Health Physicians, Inc. (RH Physicians) was formed in 2005 and owns, leases, and operates physician clinics in the South Dakota communities of Belle Fourche, Black Hawk, Buffalo, Deadwood, Newell, Rapid City, Spearfish, Sturgis, and Wall. RH Physicians employs physicians, mid-level providers, and other health professionals who provide primary and specialty care including, but not limited to, audiology, behavioral health, dermatology, endocrinology, otorhinolaryngology ("ENT"), family medicine, general surgery, infectious disease, internal medicine, nephrology, neurosurgery, obstetrics, and gynecology ("OB/GYN"), orthopedic surgery, pediatrics, podiatry, pulmonology, and urology. Additionally, RH Physicians owns the Spearfish Regional Surgery Center, a specialty hospital located in Spearfish, South Dakota.

In January 2011, Health Network sold its former Belle Fourche Regional Senior Care and Dorsett Regional Senior Care long-term care facilities. These facilities were sold for \$7,100 resulting in a gain of \$3,683 reported in nonoperating gains (losses), in the 2011 consolidated statement of operations.

The consolidated financial statements include the accounts and transactions of Regional Health. Significant interaffiliate accounts and transactions have been eliminated.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain highly liquid investments with a maturity of three months or less when purchased, excluding amounts whose use is limited or restricted.

Accounts Receivable

Regional Health provides health care services through inpatient and outpatient care facilities. Regional Health generally does not require collateral or other security in extending credit to patients, substantially all of whom are local residents. However, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, health maintenance organizations, and commercial insurance policies). Interest is not assessed on past due patient balances.

The allowance for doubtful accounts is based upon management's assessment of historical and expected net collections considering business and economic conditions, trends in health care coverage, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the allowance for doubtful accounts. After satisfaction of amounts due from insurance and other third-party payors, Regional Health follows established guidelines for placing certain past-due patient balances with collection agencies.

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

Inventory

Pharmaceutical inventory is stated at average cost and medical supplies is stated at the lower of cost or market using the first-in, first-out method.

Investments

Investments limited as to use primarily include investments held by trustees under indenture agreements and investments designated by the Board of Trustees (the Board) for future capital improvements, over which the Board retains control, and by donors for specific purposes. Amounts required to meet current liabilities of Regional Health have been classified as current investments limited as to use in the consolidated statements of financial position at June 30, 2012 and 2011. All investments are classified as trading; therefore, all realized and unrealized gains and losses, as well as interest and dividends, are recognized in revenue in excess of expenses as nonoperating gains (losses).

Regional Health has portions of its holdings in private equity/venture capital funds. These 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.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair market value at the date of donation, if donated. Depreciation, including depreciation of property and equipment subject to capital leases, is provided using the straight-line method over the estimated useful lives of the respective assets. The following useful lives are used in computing depreciation:

Land improvements	5 - 25 years
Buildings	10 - 40 years
Building additions and improvements	5 - 40 years
Fixed equipment	5 - 20 years
Movable equipment	3 - 15 years

Interest cost (net of related interest income) incurred on funds used during the construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Long-lived Assets

Regional Health considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying value of the asset is appropriate. No impairment was identified for the years ended June 30, 2012 and 2011.

Goodwill

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

Regional Health recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value. The fair value of the reporting unit is estimated, if required under applicable accounting guidance, using the net present value of discounted cash flows, excluding any financing costs or dividends, generated by each reporting unit. The discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of the respective reporting unit. Regional Health performs its evaluation for recoverability for goodwill at the same time each year, unless circumstances require additional analysis. There was no impairment loss recognized for the year ended June 30, 2012. An impairment loss of \$9,438 was recognized for the year ended June 30, 2011, as a result of the transitional goodwill impairment testing performed in accordance with applicable accounting standards (see page 10).

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Regional Health has been limited by donors primarily for loans, scholarships and medical support for a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by Regional Health in perpetuity; the income from these funds is used primarily for loans and scholarships in accordance with the donor restrictions. During the years ended June 30, 2012 and 2011, net assets released from restrictions for capital purposes were \$873 and \$924, respectively. During the years ended June 30, 2012 and 2011, net asset released from restrictions to support operations were \$160 and \$148, respectively.

Derivative Financial Instruments

As part of its debt and risk management programs, Regional Health has entered into an interest rate swap, which is recognized as a liability in the consolidated statements of financial position at fair value. As part of its investment strategy, Regional Health has entered into credit default swaps, which are recognized at fair value in assets limited as to use within the consolidated statements of financial position. See note 6 for further discussion of these instruments.

Bond Issue Costs

Costs of bond issuance are deferred and amortized using the straight line method over the term of the related indebtedness.

Net Patient Service Revenue

Regional Health has agreements with third-party payors that provide for payments to Regional Health at amounts different from its established charges. Payment arrangements include prospectively determined rates per discharge, reimbursed costs based on filed cost reports, discounted charges, and per diem payments.

Net patient service revenue is reported at estimated net realized amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Adjustments relating to the settlement of prior years' cost reports and other adjustments to prior year estimates increased (decreased) revenues in excess of expenses by approximately \$(2,500) and \$800 for the years ended June 30, 2012 and 2011, respectively. These amounts exclude the impact of the Medicare settlement discussed in Note 3.

Regional Health records a significant provision for uncollectible accounts related to uninsured patients (and residents) in the period the services are provided. Net patient (and resident) service revenue, but before the provision for uncollectible accounts, recognized for the years ended June 30, 2012 and 2011 from these major payor sources, is as follows:

	2012	2011
Net patient service revenue		
Third-party payors	\$ 509,917	\$ 472,178
Self-pay	8,669	19,573
	<u>\$ 518,586</u>	<u>\$ 491,751</u>
Total all payors		

Charity Care

Regional Health provides care to certain patients under its charity care policy without charge or at amounts less than its established rates. Since Regional Health does not pursue collection of amounts determined to qualify as charity care, the amounts are not reported as net patient service revenue in the accompanying consolidated financial statements. The estimated cost of providing these services was \$16,255 and \$7,864 for the years ended June 30, 2012 and 2011, respectively, calculated by multiplying the ratio of cost to gross charges for Regional Health by the gross uncompensated charges associated with providing charity care to its patients.

Revenues in Excess of Expenses

The consolidated statements of operations and changes in net assets include revenues in excess of expenses. Changes in unrestricted net assets, which are excluded from revenues in excess of expenses, include net assets released from restriction as a result of assets acquired using donor-restricted contributions, the cumulative effect of change in accounting principle and changes in the pension liability.

Income Taxes

Regional Health and subsidiaries, are organized as nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Regional Health and subsidiaries are required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, Regional Health and subsidiaries may be subject to income tax on income that is derived from business activities that are unrelated to the tax-exempt purpose.

Regional Health 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. Regional Health 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. Regional Health's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2009.

Changes in Accounting Principles

During the year ended June 30, 2012, Regional Health early adopted the provisions of ASU No. 2011-07, *Health Care Entities (Topic 954) Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, as allowable. In accordance with the implementation guidance, Regional Health retroactively applied the presentation requirements to 2011. The impact on the 2011 consolidated financial statements was a decrease to total operating revenue of \$27,272 and a decrease to total operating expenses of \$27,272, in the consolidated statements of operations. There was no impact on operating income or net assets as a result of the adoption of this standard.

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

During the year ended June 30, 2011, Regional Health adopted the provisions of ASU 2010-07, *Not-for-Profit Entities (Topic 958) Mergers and Acquisitions*, which required that Regional Health discontinue the amortization of goodwill. The provisions of the standard also required the testing of goodwill for impairment on a periodic basis. As a result of the transitional goodwill impairment test, management determined that goodwill in the amount of \$9,438 was impaired. In accordance with the transitional guidance, Regional Health recorded the impairment as a reduction of unrestricted net assets.

Reclassifications

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

Note 3 - Net Patient Service Revenue

Net patient service revenue consists of the following for the years ended June 30

	2012	2011
Inpatient routine charges	\$ 208,559	\$ 187,094
Inpatient ancillary charges	435,509	381,894
Outpatient, long-term care, and clinic charges	511,040	443,134
Charity care at charges forgone	(39,405)	(18,562)
	<u>1,115,703</u>	<u>993,560</u>
Contractual allowances and adjustments	(597,117)	(501,809)
	<u>\$ 518,586</u>	<u>\$ 491,751</u>

Gross patient charges by payor for the years ended June 30 were derived as follows

	2012	2011
Medicare	43%	44%
Medicaid	14%	14%
Blue Cross	11%	11%
Commercial insurance, managed care, self-pay, and other	32%	31%
	<u>100%</u>	<u>100%</u>

At June 30, the mix of receivables from patients and other third-party payors was as follows

	2012	2011
Medicare	32%	32%
Medicaid	10%	9%
Blue Cross	9%	9%
Commercial insurance, managed care, self-pay, and other	49%	50%
	<u>100%</u>	<u>100%</u>

Regional Health has agreements with third-party payors that provide for payments at amounts different from established charges

Inpatient acute care services rendered to Medicare 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. The Medicare program pays for most outpatient services at predetermined rates under a prospective payment system. Regional Health is reimbursed for other cost-reimbursable items at a tentative rate with the final settlement determined after submission of annual cost reports by Regional Health and audits thereof by the Medicare fiscal intermediary. Medicare cost reports have been audited and finalized by the Medicare fiscal intermediary through June 30, 2007. Regional Health has appealed the treatment of certain amounts in certain audited cost reports.

Payments for Medicaid inpatients are based upon three methods (DRG rates, cost, and per diem). Medicaid outpatient services are paid based upon a cost reimbursement method with the exception of outpatient laboratory and home health. Regional Health also has entered into reimbursement agreements with certain commercial insurance carriers, health maintenance organizations, preferred provider organizations, and the Indian Health Service. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined per diem rates, and fee schedules for certain outpatient services.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs. In addition, governmental payors have implemented ongoing audit contractor review procedures. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

During the year ended June 30, 2012, net patient service revenue increased by \$3,377 related to a settlement from Medicare. Medicare had erroneously reduced payments to many hospitals across the nation that were paid under the inpatient prospective payment system by incorrectly calculating the effect of applying budget neutrality to the rural wage index floor for the years 1999 to 2006. By accepting the settlement from Medicare, Regional Health agreed not to pursue any additional remediation from Medicare in regards to this specific calculation.

In addition, the IRS has established standards to be met to maintain Regional Health's tax-exempt status. In general, such standards require Regional Health to meet a community benefits standard and comply with the laws and regulations governing the Medicare and Medicaid programs.

Regional Health believes that it is in compliance with all applicable laws and regulations related to billing practices and other compliance requirements and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Note 4 - Investments Limited as to Use

Investments limited as to use as of June 30 are as follows

	2012	2011
Funds held under bond indenture agreements		
For debt service	\$ 7,538	\$ 6,052
For capital projects	25,962	9,865
Funds held in escrow in service of 2001 defeased bonds	-	5,172
Total investments limited as to use classified as current	<u>\$ 33,500</u>	<u>\$ 21,089</u>
 Funds held under bond indenture agreements		
For debt service	\$ -	\$ 2,686
For capital projects	7,975	8,895
Funds held under deferred compensation plan	6,574	5,233
Designated by Board for funded depreciation	410,862	391,988
Designated by donor for specific purposes	13,731	12,615
Total investments limited as to use classified as long-term	<u>439,142</u>	<u>421,417</u>
	<u>\$ 472,642</u>	<u>\$ 442,506</u>

Investments limited as to use consisted of the following as of June 30

	2012	2011
Cash and cash equivalents	\$ 28,841	\$ 37,134
Equity mutual funds	94,885	77,889
Equity securities	13,542	13,997
Commingled equity funds	95,015	98,824
Commingled bond funds	20,055	18,576
Corporate debt securities	80,042	73,119
U S government agency debt securities	75,779	61,079
U S Treasury debt securities	43,615	44,189
Collateralized mortgage obligation securities	11,033	5,954
Mortgage-backed securities	9,835	11,745
	<u>\$ 472,642</u>	<u>\$ 442,506</u>

Investment gain (loss) included in revenues in excess of expenses for the years ended June 30 is as follows

	2012	2011
Interest income and dividends	\$ 12,458	\$ 16,586
Net realized gains	8,215	2,179
Net change in unrealized gains and losses	<u>(5,197)</u>	<u>28,452</u>
	<u>\$ 15,476</u>	<u>\$ 47,217</u>

Regional Health's investments are exposed to various kinds and levels of risk. Common stocks expose Regional Health to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets. Performance risk is risk associated with a company's operating performance. Fixed income securities expose Regional Health to interest rate risk, credit risk, and liquidity risk. As interest rates change, the value of many fixed income securities is affected, including those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligations. Liquidity risk is affected by the willingness of market participants to buy and sell given securities. Liquidity risk tends to be higher for equities related to small capitalization companies. Regional Health's investments are generally liquid within 30 days.

Due to the volatility of the stock market, there is a reasonable possibility of changes in fair value and additional gains and losses in the near term.

Note 5 - Long-term Debt

Long-term debt consists of the following as of June 30:

	<u>2012</u>	<u>2011</u>
2.000% to 5.000% South Dakota Health and Educational Facilities Authority revenue bonds, Series 2011, with payments beginning September 1, 2012, in varying amounts maturing through September 1, 2025	\$ 50,460	\$ -
2.000% to 5.000% South Dakota Health and Educational Facilities Authority revenue refunding bonds, Series 2010, with payments beginning September 1, 2011, in varying amounts maturing through September 1, 2028	50,315	54,390
South Dakota Health and Educational Facilities Authority variable rate demand revenue bonds, Series 2008	66,960	66,960
5.000% to 5.625% South Dakota Health and Educational Facilities Authority revenue refunding bonds, Series 2001, \$23.925 are serial bonds, with payments beginning September 1, 2008, in varying amounts maturing through September 1, 2021, and \$9.390 are term bonds due on September 1, 2026, refunded in November 2011	-	30,615
South Dakota Health and Educational Facilities Authority revenue refunding bonds, Series 2001, refunded in November 2011	-	5,160
	<u>167,735</u>	<u>157,125</u>
Current maturities	(6,940)	(10,685)
Unamortized premium	<u>6,277</u>	<u>2,791</u>
	<u><u>\$ 167,072</u></u>	<u><u>\$ 149,231</u></u>

Regional Health, Inc., Rapid City Regional Hospital, Inc., Regional Health Network, Inc., and Regional Health Physicians, Inc. currently comprise the obligated group (Obligated Group), which entered into a Master Trust Indenture dated March 1, 1998. Under this indenture and subsequent amendments, the bonds are secured by a first mortgage lien on the Obligated Group's facilities, funds held under a bond indenture agreement, and a security interest in the Obligated Group's gross receipts. The bond agreements include, among other things, restrictions relating to debt service coverage, further indebtedness, corporate mergers, and transactions with affiliates.

On November 22, 2011, the South Dakota Health and Educational Facilities Authority issued \$50,460 of Revenue Bonds, Series 2011. A portion of the proceeds from the sale of the Series 2011 bonds were used, together with other available funds, to currently refund \$29,165 of South Dakota Health and Education Facilities Authority Revenue Bonds, Series 2001, at a price of par plus accrued interest to the redemption date, on or about November 22, 2011. The Series 2011 bonds also generated \$30,000 of project funds for the Obligated Group. The Project includes acquiring, constructing, remodeling, renovating and equipping certain health care facilities of the Corporation and other Members of the Obligated Group.

In August 2008, the Obligated Group defeased \$8,498 of South Dakota Health and Education Facilities Authority, Variable Rate Revenue Bonds, Series 2003 and refinanced the remaining Series 2003 bonds with the South Dakota Health and Educational Facilities Authority, Variable Rate Revenue Bonds, Series 2008. The Series 2008 bonds also generated \$15,000 of project funds for the Obligated Group. The Series 2008 bonds are backed by a letter of credit, which expires in August 2015. Based on the terms of the letter of credit, no payment would be required until the first quarterly date after the 367th day following any draw on the letter of credit.

In August 2010, the Obligated Group refinanced the Series 1998 and 1999 bonds, which totaled \$37,393 including accrued interest, as well as issued additional fixed rate debt to be used for eligible projects. The total issue of the Series 2010 bonds was \$54,390. In fiscal 2011, Regional Health recorded a loss on extinguishment of debt of \$168, for this transaction.

On April 1, 2001, the South Dakota Health and Educational Facilities Authority issued \$39,750 of Revenue Refunding Bonds, Series 2001. The proceeds from the sale of the Series 2001 bonds were used to finance capital projects at the hospital facilities of the Obligated Group. The project financed with the proceeds of the Series 2001 bonds consisted of the construction, remodeling, acquisition, and equipping of certain facilities of the Obligated Group's acute-care hospital facility and the acquisition and installation of equipment. On August 28, 2006, the Obligated Group partially defeased its Series 2001 bonds in order to comply with IRS rules. Bonds with a par value of \$5,160 were defeased by funding an escrow account (see Note 4). On September 1, 2011, the \$5,160 of defeased bonds were called at par value. Regional Health recorded a loss on extinguishment of debt of \$650 for these transactions.

Substantially all of Regional Health's property assets and unrestricted receivables at June 30, 2012 and 2011 are pledged as collateral for debt obligations.

The aggregate amount of principal payments required by year for the above debt obligations as of June 30, 2012, is as follows

<u>Years Ending June 30,</u>	
2013	\$ 6.940
2014	7.210
2015	7.565
2016	7.965
2017	8.355
Thereafter	129.700
	<u>\$ 167.735</u>

For the years ended June 30, 2012 and 2011, Regional Health paid interest of \$4.238 and \$4.114, respectively

Regional Health has a line of credit of \$10,000, expiring December 15, 2012, available for short-term borrowing at a variable interest rate, as defined in the agreement. There was no outstanding borrowing at June 30, 2012

Note 6 - Derivative Financial Instruments

Interest Rate Swap

The following is a summary of the outstanding position of the interest rate swap agreement at June 30, 2012

	<u>Bond Series</u>	<u>Notional Amount</u>	<u>Termination Date</u>	<u>Rate Paid</u>	<u>Rate Received</u>
Interest rate swap	2008	60,000	9/1/2027	4.079%	63% of 1-month LIBOR plus 30 basis points

The interest rate swap reduces the Obligated Group's exposure to interest rate and payment variation from the underlying 2008 Series bonds. Regional Health has previously de-designated the interest rate swap from a cash flow hedge, and accordingly, the interest rate swap is not designated as a hedging instrument.

Credit Default Swaps

The following is a summary of the outstanding position of the credit default swap agreements at June 30, 2012

	<u>Notional Amount</u>	<u>Termination Date</u>
Credit default swaps	12,200	6/20/2017

Subsequent to June 30, 2012, the credit default swaps were sold for an immaterial amount.

Financial Statement Presentation of Derivatives

The location and fair value (liability) of the derivative financial instruments in the consolidated statements of financial position is as follows at June 30

	Location	2012	2011
Interest rate swap	Payable under interest rate swap	\$ (14,045)	\$ (8,717)
Credit default swaps	Investments limited as to use	(167)	-

The location and the (loss) gain on the derivative instruments recognized in revenues in excess of expenses in the consolidated statements of operations and changes in net assets for the years ended June 30 are as follows

	Location	2012	2011
Interest rate swap	Loss on interest rate swap	\$ (7,504)	\$ (731)
Credit default swaps	Investment gain	55	-

The loss on interest rate swap includes a change in the fair value of the interest rate swap of \$(5,328) and \$1,440 and amounts (paid to) the counterparty under the terms of the agreement of \$(2,176) and \$(2,171), respectively, at June 30, 2012 and 2011

Derivative transactions contain credit risk in the event the parties are unable to meet the terms of the contract, which is generally limited to the fair value due from counterparties on outstanding contracts. At June 30, 2012 and 2011, the interest rate swap counterparty had a Standard & Poor's credit quality rating of A-1+

Note 7 - Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements and Disclosures Section of the Financial Accounting Standards Board's Accounting Standards Codification No. 820, establishes a framework for measuring fair value. The framework consists of a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Regional Health, Inc.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011
(Amounts in Thousands)

The following table presents the financial instruments carried at fair value on a recurring basis as of June 30, 2012, by the fair value hierarchy defined above

	2012			
	Level 1	Level 2	Level 3	Total
Assets				
Investments limited as to use				
Cash and cash equivalents	\$ 28.841	\$ -	\$ -	\$ 28.841
Equity mutual funds	94.885	-	-	94.885
Equity securities	12.334	1.208	-	13.542
Commingled equity fund	-	95.015	-	95.015
Commingled bond fund	-	20.055	-	20.055
Corporate debt securities	-	80.042	-	80.042
U S government agency debt securities	-	75.779	-	75.779
U S Treasury debt securities	-	43.615	-	43.615
Collateralized mortgage obligation securities	-	11.033	-	11.033
Mortgage-backed securities	-	9.835	-	9.835
	<u>\$ 136.060</u>	<u>\$ 336.582</u>	<u>\$ -</u>	<u>\$ 472.642</u>
Liabilities				
Interest rate swap	<u>\$ -</u>	<u>\$ 14.045</u>	<u>\$ -</u>	<u>\$ 14.045</u>

The following table presents the financial instruments carried at fair value on a recurring basis as of June 30, 2011, by the fair value hierarchy defined above

	2011			
	Level 1	Level 2	Level 3	Total
Assets				
Investments limited as to use				
Cash and cash equivalents	\$ 37.134	\$ -	\$ -	\$ 37.134
Equity mutual funds	77.889	-	-	77.889
Equity securities	12.841	1.156	-	13.997
Commingled equity fund	-	98.824	-	98.824
Commingled bond fund	-	18.576	-	18.576
Corporate debt securities	-	73.119	-	73.119
U S government agency debt securities	-	61.079	-	61.079
U S Treasury debt securities	-	44.189	-	44.189
Collateralized mortgage obligation securities	-	5.954	-	5.954
Mortgage-backed securities	-	11.745	-	11.745
	<u>\$ 127.864</u>	<u>\$ 314.642</u>	<u>\$ -</u>	<u>\$ 442.506</u>
Liabilities				
Interest rate swap	<u>\$ -</u>	<u>\$ 8.717</u>	<u>\$ -</u>	<u>\$ 8.717</u>

Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 assets is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers and brokers.

Fair value for Level 2 liabilities is based primarily on a discounted cash flow method based on forward interest rates. The valuations also reflect a credit spread adjustment to the LIBOR discount curve in order to reflect the credit value adjustment for "nonperformance" risk. The credit spread adjustment is derived from other comparably rated entities' bonds priced in the market.

The carrying value of cash, cash equivalents, accounts receivable, notes payable, accounts payable, and accrued expenses is a reasonable estimate of their fair value due to the short-term nature of these financial instruments.

The estimated fair value of long-term debt, based on quoted market prices for the same or similar issues (excluding the impact of third-party credit enhancements) was approximately \$8.846 and \$1.048, more than its carrying value at June 30, 2012 and 2011, respectively.

Note 8 - Pension Plan

Regional Health sponsors a non-contributory defined benefit plan that covers substantially all full-time employees. The plan is a "cash balance" plan with benefits based upon a percentage of annual salary and years of service. Regional Health's policy is to fund annually at least the amount required by the applicable laws and regulations.

The funded status of the defined benefit plan as of June 30 (measurement date) is as follows:

	2012	2011
Change in projected benefit obligation		
Benefit obligation at beginning of year	\$ 92.082	\$ 82.764
Service cost	6.658	5.923
Interest cost	4.914	4.426
Actuarial loss	2.302	4.553
Benefits paid	(4.261)	(5.584)
Projected benefit obligation at end of year	<u>\$ 101.695</u>	<u>\$ 92.082</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 81.066	\$ 69.955
Actual return on plan assets	825	11.895
Employer contributions	5.000	4.800
Benefits paid	(4.261)	(5.584)
Fair value of plan assets at end of year	<u>\$ 82.630</u>	<u>\$ 81.066</u>
Funded status of the plan (underfunded)	<u>\$ (19.065)</u>	<u>\$ (11.016)</u>

As of June 30, 2012 and 2011, the accumulated benefit obligation was \$88.852 and \$78.467, respectively

Components of net periodic benefit cost for the years ended June 30 are as follows

	2012	2011
Service cost	\$ 6.658	\$ 5.923
Interest cost	4.914	4.426
Expected return on plan assets	(6.214)	(5.351)
Net amortization and deferral	216	465
	<u>\$ 5.574</u>	<u>\$ 5.463</u>

Weighted average assumptions used to determine the benefit obligation and net periodic benefit cost as of and for the years ended June 30 were as follows

	2012	2011
Weighted average discount rate at beginning of year (used to determine net periodic benefit cost)	5.50%	5.50%
Weighted average discount rate at end of year (used to determine benefit obligation)	4.50%	5.50%
Weighted average expected return on plan assets	7.75%	7.75%
Rate of increase in future compensation levels	3.75%	4.50%

The overall weighted average return on plan assets is determined by applying management's judgment to the results of computer modeling, historical trends, and benchmarking data

Accumulated amounts previously not recognized in net periodic pension cost and included in other changes in unrestricted net assets at June 30, 2012 and 2011, are \$19.031 and \$11.555, respectively, which consist of unrecognized actuarial losses of \$17.882 and \$10.273 respectively, unrecognized prior service cost of \$1.148 and \$1.271, respectively, and unrecognized net transition obligation of \$0 and \$11, respectively

Actuarial losses are amortized as a component of net periodic pension cost, only if the losses exceed 10% of the greater of the projected benefit obligation or the market-related value of plan assets. No amortization is expected for the year ending June 30, 2013. The prior service cost and the net transition obligation included in net assets are expected to be recognized in net periodic pension cost during the year ending June 30, 2013, in the amount of \$123 and \$0, respectively. Unrecognized prior service costs and net transition obligation are amortized on a straight-line basis.

The plan maintains an investment policy, which covers responsibilities of the plan sponsor, investment managers, investment objectives, asset allocation targets and ranges, asset guidelines (including permissible and not permissible holdings), and manager review criteria. A committee of the Board periodically reviews and approves the investment policy and asset allocation of the pension plan. The plan sponsor is responsible for ensuring that the criteria stated within the policy are carried through. The plan sponsor's activities are supported by an independent investment consulting firm. All assets are invested with outside managers. The Investment Committee of the Board of Trustees annually reviews asset allocation to determine if the current structure is appropriate and whether any changes are necessary.

Regional Health, Inc.
Notes to Consolidated Financial Statements
June 30, 2012 and 2011
(Amounts in Thousands)

The fair value of pension plan assets was determined using the fair value hierarchy, as defined in Note 7, at June 30, 2012

	Level 1	Level 2	Level 3	Total
Bonds				
Corporate foreign	\$ -	\$ 2,027	\$ -	\$ 2,027
Corporate	-	17,474	-	17,474
Government	15,029	-	-	15,029
Common stocks				
U S Companies	41,471	-	-	41,471
International companies	4,822	-	-	4,822
Money market	1,808	-	-	1,808
	<u>\$ 63,130</u>	<u>\$ 19,501</u>	<u>\$ -</u>	<u>\$ 82,631</u>

The fair value of pension plan assets was determined using the fair value hierarchy, as defined in Note 7, at June 30, 2011

	Level 1	Level 2	Level 3	Total
Bonds				
Corporate foreign	\$ -	\$ 3,110	\$ -	\$ 3,110
Corporate	-	18,906	-	18,906
Government	10,961	-	-	10,961
Common stocks				
U S Companies	39,825	-	-	39,825
International companies	6,354	-	-	6,354
Preferred stocks				
U S Companies	77	-	-	77
Money market	1,833	-	-	1,833
	<u>\$ 59,050</u>	<u>\$ 22,016</u>	<u>\$ -</u>	<u>\$ 81,066</u>

The current target allocation and actual asset allocation as of June 30 are as follows

	Asset Allocation Target	2012	2011
Equity securities	55%	56.0%	57.1%
Debt securities	40%	41.8%	40.7%
Cash and cash equivalents	5%	2.2%	2.3%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

As of June 30, 2012, and 2011 Regional Health met its minimum pension contribution requirement. Regional Health estimates that it will contribute \$5,000 to the plan during the year ending June 30, 2013.

The following benefits, which reflect expected future service, are expected to be paid

2013	\$ 6.867
2014	5.454
2015	5.862
2016	7.111
2017	10.182
2018-2022	58.394

Note 9 - Commitments and Contingencies

Regional Health has maintained malpractice and professional indemnity insurance coverage on a claims-made basis for the past several years. Regional Health is self-insured for the first layer of losses. In fiscal year 2012, the self-insured portion had limits of up to \$1.000 per occurrence and a \$4.000 annual aggregate. Regional Health has accrued for exposure on incidents that have occurred for which claims may be made in the future based on estimates provided by consulting actuaries.

Regional Health is self-insured for workers' compensation, subject to stop-loss and statutory limitations and provisions. From April 2000 to September 2008, Regional Health maintained an insurance policy, which covers workers' compensation claims. Prior to April 2000, Regional Health was self-insured for workers' compensation, subject to stop-loss and statutory limitations and provisions.

As of June 30, 2012 and 2011, Regional Health has accrued \$5.719 and \$6.638, respectively, for known and incurred but not reported claims relating to malpractice and workers' compensation. In the opinion of management, the ultimate disposition of these claims will not have a material adverse effect on Regional Health's consolidated financial statements.

At June 30, 2012 and 2011, Regional Health had \$3.761 and \$3.123, respectively, in capital lease obligations which are recorded in other long-term liabilities. Minimum lease payments of \$970 are due for each of the next four years.

At June 30, 2012, Regional Health has guaranteed the debt of certain joint ventures totaling \$995, for a period of three years ending February 1, 2015. If the joint ventures were unable to pay the principal and interest on the debt, Regional Health would be liable. No liability has been recorded relating to the guarantees in the consolidated financial statements.

Note 10 - Functional Classification of Expenses

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

	<u>2012</u>	<u>2011</u>
Health care services	\$ 358,673	\$ 325,066
General and administrative	135,386	125,533
Fundraising	<u>607</u>	<u>522</u>
	<u>\$ 494,666</u>	<u>\$ 451,121</u>

Note 11 - Subsequent Events

Regional Health evaluated events and transactions occurring subsequent to June 30, 2012 through October 5, 2012, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements.

Additional Data

Software ID:

Software Version:

EIN: 46-0319070

Name: RAPID CITY REGIONAL HOSPITAL INC

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
HART MD CHARLES E PRESIDENT AND CEO	60 0	X		X				845,576	0	48,425
DISHMAN ROY BOARD OF DIRECTORS MEMBER	1 0	X								
FROST MD STEVE Ex-off BOD, Chief of Med Staff	1 0	X								
FROST MD TIMOTHY BOARD OF DIRECTORS MEMBER	1 0	X								
HERR MD VICTORIA ex-offico BOARD OF DIRECTOR	1 0	X								
KOVARIK MD STEPHEN BOARD OF DIRECTORS MEMBER	1 0	X								
LEE SHARON CHAIRMAN, BOARD OF DIRECTORS	2 0	X		X						
MORRISON TOM VICE CHAIR, BOARD OF DIRECTors	2 4	X		X						
POPP DENNIS BOARD OF DIRECTORS MEMBER	1 0	X								
RIDDLE-SCHUMACHER TAMARA SECRETARY, BOARD OF DIRECTORS	1 0	X		X						
SEAMAN LISA BOARD OF DIRECTORS MEMBER	2 0	X								
SMITH MD GREGORY L ex-offico BOARD OF DIRECTOR	40 0	X						305,443	0	44,507
SORENSEN JIM TREASURER, BOARD OF DIRECTORS	2 0	X		X						
WHITE KLYE BOARD OF DIRECTORS MEMBER	1 0	X								
YELICK EDWARD UNTIL 52012 BOARD OF DIRECTORS MEMBER	3 3	X						832		0
SUGHRUE TIMOTHY H CEO RCRH RHN AND COO RH	55 0	X		X				584,238	0	39,360
KEEGAN MD JAMES M CMO RH/CEO RHP	55 0			X				451,086	0	20,073
HAXTON RITA K VP PATIENT CARE	55 0				X			260,941	0	59,054
ALLEN JR MD ROBERT G VP MEDICAL AFFAIRS	55 0				X			283,057	0	25,650
BERRETH ALLAN L VP ANCILLARY SERVICES	55 0				X			194,078	0	32,779
GALBRAITH JEANNE A VP QUAL SAFETY RISK MGMT	55 0				X			152,972	0	36,458
SLUKA JR JOSEPH C EXECUTIVE VP/CAO	55 0			X				449,352	0	43,698
THOMPSON MARK A cfo/vice president of finance	55 0			X				327,989	0	49,153
LATUCHIE RICHARD S VP INFO TECHNOLOGY CIO	55 0				X			281,210	0	43,058
MASTEN MARY E VP LEGAL SERVICES	55 0				X			276,960	0	54,693

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
MCGLONE ROBERT O VP HUMAN RESOURCES	55 0				X			256,519	0	70,726
DEGROOT SHAWN Y VP CORP RESPONSIBILITY	55 0				X			194,297	0	32,231
BRODIN MARK F VP DECISION SUPPORT	55 0				X			168,624	0	34,446
HORTON JENNIFER D VP Public relation & MARKETING	55 0				X			164,849	0	31,605
TUMA MD JOSEPH L PHYSICIAN	40 0					X		875,135	0	89,924
ZINELDINE MD AMAD PHYSICIAN	40 0					X		738,967	0	78,704
TEIXEIRA MD JOSE M PHYSICIAN	40 0					X		727,527	0	35,816
HEILMAN III MD K JOHN PHYSICIAN	40 0					X		665,913	0	73,968
TAKARA MD JAMES P PHYSICIAN	40 0					X		600,188	0	64,317