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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

2012

Open to Public Inspection

A For the 2012 calendar year, or tax year beginning 07-01-2012 , 2012, and ending 06-30-2013

<b>B</b> Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization ST CLOUD HOSPITAL		<b>D Employer identification number</b>  41-0695596	
	Doing Business As			
	Number and street (or P O box if mail is not delivered to street address) 1406 SIXTH AVENUE NORTH	Room/suite	E Telephone number  (320) 251-2700	
	City or town, state or country, and ZIP + 4 ST CLOUD, MN 563031901		<b>G</b> Gross receipts \$ 723,966,816	
	<b>F</b> Name and address of principal officer CRAIG BROMAN 1406 SIXTH AVENUE NORTH ST CLOUD,MN 563031901		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No  <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions)  <b>H(c)</b> Group exemption number ▶	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀(insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527				
<b>J Website:</b> ▶ WWW.CENTRACARE.COM				

<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	<b>L</b> Year of formation 1962	<b>M</b> State of legal domicile MN
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Part I

Summary

Activities & Governance	<b>1</b>	Briefly describe the organization's mission or most significant activities AS A CATHOLIC REGIONAL HOSPITAL, WE IMPROVE THE HEALTH AND QUALITY OF LIFE FOR THE PEOPLE WE SERVE IN A MANNER THAT REFLECTS THE HEALING MISSION OF JESUS		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a) . . . . .	<b>3</b>	19
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b) . . . . .	<b>4</b>	14
	<b>5</b>	Total number of individuals employed in calendar year 2012 (Part V, line 2a) . . . . .	<b>5</b>	5,953
	<b>6</b>	Total number of volunteers (estimate if necessary) . . . . .	<b>6</b>	1,097
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12 . . . . .	<b>7a</b>	270,411
	<b>b</b>	Net unrelated business taxable income from Form 990-T, line 34 . . . . .	<b>7b</b>	0
	Revenue	<b>8</b>	Contributions and grants (Part VIII, line 1h) . . . . .	<b>Prior Year</b>
<b>9</b>		Program service revenue (Part VIII, line 2g) . . . . .	2,730,011	2,727,500
<b>10</b>		Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .	652,918,119	698,165,783
<b>11</b>		Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	20,707,719	12,202,791
<b>12</b>		Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .	10,039,883	4,409,879
			686,395,732	717,505,953
Expenses	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .	3,076,305	3,253,601
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4) . . . . .	0	0
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	327,824,130	356,623,259
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .	0	0
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶40,512		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .	270,378,997	286,903,518
	<b>18</b>	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	601,279,432	646,780,378
	<b>19</b>	Revenue less expenses Subtract line 18 from line 12 . . . . .	85,116,300	70,725,575
Net Assets or Fund Balances		<b>Beginning of Current Year</b>	<b>End of Year</b>	
	<b>20</b>	Total assets (Part X, line 16) . . . . .	931,948,155	1,015,118,669
	<b>21</b>	Total liabilities (Part X, line 26) . . . . .	524,782,230	505,182,358
	<b>22</b>	Net assets or fund balances Subtract line 21 from line 20 . . . . .	407,165,925	509,936,311

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	*****		2014-05-01	
	Signature of officer		Date	
Paid Preparer Use Only	GREGORY R KLUGHERZ CFO/TREASURER		Type or print name and title	
	Print/Type preparer's name TODD A JACKSON	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed PTIN P00092672
	Firm's name ▶ MCGLADREY LLP			Firm's EIN ▶ 42-0714325
	Firm's address ▶ 801 NICOLLET MALL SUITE 1100 MINNEAPOLIS, MN 55402			Phone no (612) 332-4300

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

Part IIISTatement 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

AS A CATHOLIC REGIONAL HOSPITAL, WE IMPROVE THE HEALTH AND QUALITY OF LIFE FOR THE PEOPLE WE SERVE IN A MANNER THAT REFLECTS THE HEALING MISSION OF JESUS

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 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 \$ 304,027,484 including grants of \$ 3,253,601 ) (Revenue \$ 367,901,460 )

CENTRACARE HEALTH IS PRIMARILY ENGAGED IN SUPPORTING AND DIRECTING HEALTHCARE DELIVERY THROUGH ITS AFFILIATED ENTITIES CENTRACARE OPERATES AS THE PARENT CORPORATION TO THE SAINT CLOUD HOSPITAL WHICH STRIVES TO IMPROVE THE QUALITY AND EXPAND THE CLINICAL SCOPE OF, ENHANCE ACCESS TO, AND ASSURE AFFORDABILITY OF, HEALTH SERVICES FOR RESIDENTS IN THE ST CLOUD AREA AND CENTRAL MINNESOTA THESE AIMS ARE SUPPORTED BY CENTRACARE'S COMMITMENT TO ADVANCE MEDICAL EDUCATION, TRAINING AND RESEARCH AS A HIGH QUALITY REGIONAL MEDICAL CENTER, ST CLOUD HOSPITAL PROVIDES A BROAD RANGE OF ACUTE INPATIENT SERVICES WITH 489 LICENSED INPATIENT BEDS, ST CLOUD HOSPITAL CARED FOR 26,325 INPATIENT ADMISSIONS WITH 109,839 ASSOCIATED PATIENT DAYS DURING FISCAL 2013 INPATIENT SERVICES INCLUDE MEDICAL AND SURGICAL CARE, BIRTHING SERVICES, CHILDREN'S SERVICES INCLUDING NEONATAL INTENSIVE CARE AND PEDIATRIC INTENSIVE CARE, BEHAVIORAL HEALTH CARE SERVICES FOR ADULTS AND ADOLESCENTS, ALONG WITH SPECIALIZED CARE IN CARDIOLOGY, NEUROSCIENCES, NEUROSURGERY, ORTHOPEDICS AND REHABILITATION SERVICES

4b

(Code ) (Expenses \$ 220,437,871 including grants of \$ ) (Revenue \$ 286,978,407 )

AS A HIGH QUALITY REGIONAL MEDICAL CENTER, ST CLOUD HOSPITAL PROVIDES A BROAD RANGE OF OUTPATIENT SERVICES OUTPATIENT ENCOUNTERS DURING FISCAL 2013 WERE 255,179 AND INCLUDED EMERGENCY ROOM SERVICES, BEHAVIORAL HEALTH CARE, CANCER TREATMENT, DIALYSIS, IMAGING PROCEDURES, DIAGNOSTIC HEART PROCEDURES, REHABILITATION THERAPY, SAME DAY SURGERY AND OTHER AMBULATORY CARE SERVICES

4c

(Code ) (Expenses \$ 21,601,063 including grants of \$ ) (Revenue \$ 26,548,491 )

AS PART OF THE ST CLOUD HOSPITAL, ST BENEDICTS SENIOR COMMUNITY PROVIDES RESIDENTIAL HEALTH CARE SERVICES INCLUDING INDEPENDENT LIVING, ASSISTED LIVING AND SHORT AND LONG TERM SKILLED NURSING SERVICES IN FISCAL 2013 THERE WERE 197 SKILLED STAFFED BEDS AND RESIDENT DAYS OF 67,238 SHORT STAY SKILLED SERVICES INCLUDE AN EXTENSIVE REHABILITATIVE CARE PROGRAM WITH THE GOAL OF ENABLING RESIDENTS TO RETURN TO THEIR HOMES IN FISCAL 2013 THERE WERE 308 HOUSING UNITS AND TENANT DAYS OF 104,968 ASSISTED LIVING AND INDEPENDENT LIVING COMMUNITIES ARE DESIGNATED AS HOUSING WITH SERVICES HOMECARE SERVICES ARE PROVIDED TO THESE TENANTS ON A BASE RATE PLUS POINTS SYSTEM

(Code ) (Expenses \$ 8,488,671 including grants of \$ ) (Revenue \$ 17,651,636 )

COST ASSOCIATED WITH OTHER RELATED OR EXEMPT FUNCTION REVENUE INCLUDING IMPLEMENTATION AND ONGOING SUPPORT OF EPIC ELECTRONIC MEDICAL RECORD SYSTEM FOR AFFILIATED ORGANIZATIONS, FEDERAL HEALTH INFORMATION TECHNOLOGY (HITECH) FUNDS, FOOD SALES AND OTHER HEALTH CARE RELATED ACTIVITIES

4d

Other program services (Describe in Schedule O )

(Expenses \$ 8,488,671 including grants of \$ ) (Revenue \$ 17,651,636 )





















4e

Total program service expenses

554,555,089

Part IV

Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 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 lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . .	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . .	24d		
25a	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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, highest 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 employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <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		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . .	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, 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		
36	<b>Section 501(c)(3) organizations.</b> 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 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No			
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	496			
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes			
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	5,953			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> 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, securities account, or other financial 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 as charitable contributions?	6a				No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b				
7 Organizations that may receive deductible contributions under section 170(c).						
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a				No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b				
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8822?	7c				No
d	If "Yes," indicate the number of Forms 8822 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	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	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?						
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? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.	13a				
b	Enter the 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 amount of reserves on hand.	13c				
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a				No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b				

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	19	
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14	
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		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5		No
6	Did the organization have members or stockholders?	6	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	MN
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
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 during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	GREG KLUGHERZ 1406 SIXTH AVENUE NORTH ST CLOUD, MN (320) 251-2700

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

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

• List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

• List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."

• List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

• List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

• List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

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

[illegible]



## Part VII

<b>1b</b>	<b>Sub-Total</b>			
<b>c</b>	<b>Total from continuation sheets to Part VII, Section A</b>			
<b>d</b>	<b>Total (add lines 1b and 1c)</b>	5,822,772	2,462,674	1,142,272

**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. 327

		Yes	No
3	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .	3 Yes	
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
CROTHALL HEALTHCARE 13028 COLLECTIONS CENTER DRIVE CHICAGO IL 60693	HOUSEKEEPING/LAUNDRY	3,652,739
ANESTHESIOLOGY ASSOCIATES PO BOX 725 ST CLOUD MN 56302	ANESTHESIOLOGY SVCS	2,003,749
CENTRACARE CLINIC 1200 SIXTH AVE NORTH ST CLOUD MN 56303	PHYSICIAN SERVICES	1,635,467
AEGIS THERAPIES 7160 DALLAS PARKWAY STE 400 PLANO TX 75024	THERAPY SERVICES	1,279,555
EXECUTIVE HEALTH RESOURCES 15 CAMPUS BOULEVARD STE 200 NEWTOWN SQUARE PA 19073	AUDITING OF CLAIMS	1,133,512

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 ►54

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . .	1a39,278				
	b	Membership dues . . . . .	1b				
	c	Fundraising events . . . . .	1c				
	d	Related organizations . . . .	1d74,954				
	e	Government grants (contributions)	1e2,561,890				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f51,378				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f . . . . .		2,727,500			
Program Service Revenue	2a	PATIENT/RESIDENT SERVICES	Business Code 900099	681,296,578	681,296,578		
	b	FOOD SALES	900099	4,176,739	4,176,739		
	c	HEALTH INFO TECH INCENTIVE	900099	4,120,301	4,120,301		
	d	OTHER SERVICES PERFORMED	900099	3,418,234	3,418,234		
	e	OTHER MISC REVENUE	900099	3,391,096	3,391,096		
	f	All other program service revenue		1,762,835	1,762,835		
	g	Total. Add lines 2a-2f . . . . .		698,165,783			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		10,775,432		
4		Income from investment of tax-exempt bond proceeds . . . . .					
5		Royalties . . . . .					
6a		(i) Real					
		2,631,902					
		(ii) Personal					
		2,631,902					
b		Less rental expenses					
c		Rental income or (loss)		0			
d		Net rental income or (loss) . . . . .					
7a		(i) Securities					
		(ii) Other					
		4,492,770					
b		Less cost or other basis and sales expenses					
c		Gain or (loss)					
d		Net gain or (loss) . . . . .		1,427,359			1,427,359
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .					
a							
b		Less direct expenses . . . . .		b			
c	Net income or (loss) from fundraising events . . . . .						
9a	Gross income from gaming activities See Part IV, line 19 . . . . .						
a							
b	Less direct expenses . . . . .		b				
c	Net income or (loss) from gaming activities . . . . .						
10a	Gross sales of inventory, less returns and allowances . . . . .						
	a						
	868,122						
b	Less cost of goods sold . . . . .		b763,550				
c	Net income or (loss) from sales of inventory . . . . .		104,572			104,572	
Miscellaneous Revenue		Business Code					
11a	INFORMATION SERVICES	541512	3,535,283	3,453,074	82,209		
b	PHYSICIAN BILLING	541200	455,690	338,938	116,752		
c							
d	All other revenue . . . . .		314,334	242,884	71,450		
e	Total. Add lines 11a-11d . . . . .		4,305,307				
12	Total revenue. See Instructions . . . . .		717,505,953	702,200,679	270,411	12,307,363	

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).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	3,110,944	3,110,944		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	142,657	142,657		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	4,353,600		4,353,600	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	269,337,776	238,605,080	30,732,696	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	16,269,969	14,266,148	2,003,821	
9	Other employee benefits.	45,924,648	40,476,590	5,448,058	
10	Payroll taxes.	20,737,266	18,222,769	2,514,497	
11	Fees for services (non-employees):				
a	Management.	3,376,251	2,991,739	384,512	
b	Legal.	1,041,535	2,197	1,039,338	
c	Accounting.	296,863	16,171	280,692	
d	Lobbying.	126,986		126,986	
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	1,235,627		1,235,627	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	29,882,379	21,641,847	8,240,532	
12	Advertising and promotion.	1,125,483	741,532	383,951	
13	Office expenses.	7,511,494	4,965,195	2,546,299	
14	Information technology.	9,013,693		9,013,693	
15	Royalties.				
16	Occupancy.	6,416,298	5,067,352	1,345,467	3,479
17	Travel.	753,939	659,059	94,880	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	1,713,094	841,137	871,957	
20	Interest.	13,536,552	10,503,915	3,022,884	9,753
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	35,531,627	26,675,468	8,828,879	27,280
23	Insurance.	2,004,500	339,406	1,665,094	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	DRUGS/MEDICAL SUPPLIES	105,154,632	105,089,893	64,739	
b	CONTRACTED SERVICES	21,904,320	19,025,504	2,878,816	
c	MEDICAID/MN CARE	12,746,620	12,746,620		
d	BAD DEBT	11,219,124	11,219,124		
e	All other expenses	22,312,501	17,204,742	5,107,759	
25	Total functional expenses. Add lines 1 through 24e.	646,780,378	554,555,089	92,184,777	40,512
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

☐

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing . . . . .			43,156,066	1	50,542,362
	2	Savings and temporary cash investments . . . . .				2	
	3	Pledges and grants receivable, net . . . . .				3	
	4	Accounts receivable, net . . . . .			83,005,279	4	99,576,821
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .				5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net . . . . .				7	
	8	Inventories for sale or use . . . . .			5,589,738	8	7,233,778
	9	Prepaid expenses and deferred charges . . . . .			5,299,067	9	6,383,923
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	818,876,941	446,224,083	10c	470,332,580
	b	Less accumulated depreciation . . . . .	10b	348,544,361			
	11	Investments—publicly traded securities . . . . .			298,017,436	11	323,108,001
	12	Investments—other securities See Part IV, line 11 . . . . .			41,246,076	12	44,648,851
	13	Investments—program-related See Part IV, line 11 . . . . .				13	
	14	Intangible assets . . . . .				14	
	15	Other assets See Part IV, line 11 . . . . .			9,410,410	15	13,292,353
16	Total assets. Add lines 1 through 15 (must equal line 34) . . . . .			931,948,155	16	1,015,118,669	
Liabilities	17	Accounts payable and accrued expenses . . . . .			468,565,895	17	448,127,229
	18	Grants payable . . . . .				18	
	19	Deferred revenue . . . . .				19	
	20	Tax-exempt bond liabilities . . . . .				20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D . . . . .				21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .				22	
	23	Secured mortgages and notes payable to unrelated third parties . . . . .				23	
	24	Unsecured notes and loans payable to unrelated third parties . . . . .				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D . . . . .			56,216,335	25	57,055,129
	26	Total liabilities. Add lines 17 through 25 . . . . .			524,782,230	26	505,182,358
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets . . . . .			407,157,082	27	509,928,094
	28	Temporarily restricted net assets . . . . .			8,843	28	8,217
	29	Permanently restricted net assets . . . . .				29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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 . . . . .			407,165,925	33	509,936,311
	34	Total liabilities and net assets/fund balances . . . . .			931,948,155	34	1,015,118,669

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	717,505,953
2	Total expenses (must equal Part IX, column (A), line 25) . . . . .	2	646,780,378
3	Revenue less expenses Subtract line 2 from line 1 . . . . .	3	70,725,575
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . . . .	4	407,165,925
5	Net unrealized gains (losses) on investments . . . . .	5	42,084,949
6	Donated services and use of facilities . . . . .	6	
7	Investment expenses . . . . .	7	
8	Prior period adjustments . . . . .	8	
9	Other changes in net assets or fund balances (explain in Schedule O) . . . . .	9	-10,040,138
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	509,936,311

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 41-0695596

Name: ST CLOUD HOSPITAL

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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
CRAIG J BROMAN PRESIDENT	40 00	X		X				676,911	0	123,112
STEVE LARAWAY DIRECTOR, CHAIR	2 00	X		X				0	0	0
PAUL DORSHER MD DIRECTOR, VICE CHAIR	2 00 40 00	X		X				0	368,970	41,164
MARIA D MALLORY MD DIRECTOR, CHIEF OF STAFF	2 00 40 00	X						0	514,427	41,188
SARAH R CARTER MD DIRECTOR	2 00 40 00	X						19,226	350,130	38,566
JOAN B VOLKMUTH ED D DIRECTOR	2 00	X						0	0	0
TERESA BOHNEN DIRECTOR	2 00	X						0	0	0
CHRISTOPHER COBORN DIRECTOR	2 00 2 00	X						0	0	0
RONALD HANSON MD DIRECTOR	2 00	X						0	0	0
CLAREEN HENNES OSB DIRECTOR	2 00	X						0	0	0
MARY JACKLE OSB DIRECTOR	2 00	X						0	0	0
FATHER THOMAS KNOBLACH DIRECTOR	2 00	X						0	0	0
CINDA J MELLOY MD DIRECTOR	2 00 40 00	X						4,723	206,463	37,454
DEVINDER MALHOTRA PHD DIRECTOR	2 00	X						0	0	0
JAMES SCHLENNER DIRECTOR	2 00	X						0	0	0
CHRISTOPHER TACL MD DIRECTOR	2 00	X						0	0	0
TIMOTHY WENSMAN DIRECTOR	2 00	X						0	0	0
PASTOR THOMAS WRIGHT DIRECTOR	2 00	X						0	0	0
MELINDA SANDERS DIRECTOR	2 00	X						0	0	0
GREGORY R KLUGHERZ TREASURER/CFO	20 00 26 00			X				605,116	0	96,478
PAUL R HARRIS SECRETARY	10 00 36 00			X				0	393,819	76,122
JAMES R DAVIS VICE PRESIDENT	15 00 27 00				X			0	425,311	37,405
MARK S MATTHIAS MD VICE PRESIDENT	40 00				X			450,973	0	93,823
AMY M PORWOLL VICE PRESIDENT	40 00				X			320,969	0	82,237
LINDA A CHMIELEWSKI VICE PRESIDENT	40 00				X			396,649	0	70,232

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 (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DUANE A RASMUSSEN VICE PRESIDENT	40 00				X			333,495	0	67,874
LINDA L DOERR VICE PRESIDENT	40 00				X			259,558	0	50,414
ROBERT G JOHNSON DIRECTOR-CCVHC	40 00				X			201,535	0	19,259
KURT T OTTO VICE PRESIDENT	40 00				X			210,540	0	43,434
ERIC M LOHN REGIONAL CFO	12 00 28 50				X			0	203,554	24,538
JON C BOWAR MD PHYSICIAN	40 00					X		461,149	0	39,730
MARY E LUNDE MD PHYSICIAN	40 00					X		430,424	0	38,640
JOEL P SPALDING MD PHYSICIAN	40 00					X		364,909	0	37,570
HYUNDONG S HAHN MD PHYSICIAN	40 00					X		307,441	0	39,948
CHRIS K MOLLENTINE MD PHYSICIAN	40 00					X		281,047	0	43,084
JOHN R FROBENIUS FORMER PRESIDENT	0 00						X	498,107	0	0

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

2012

Open to Public Inspection

Name of the organization ST CLOUD HOSPITAL	Employer identification number 41-0695596
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Part I

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

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

- 1

☐

A church, convention of churches, or association of churches described in **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<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

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

☐

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

a

☐

Type I 

b

☐

Type II 

c

☐

Type III - Functionally integrated 

d

☐

Type III - Non-functionally integrated
- 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 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 monetary support |
|------------------------------------|----------|--|--|----|---|----|--|----|----------------------------------|
|                                    |          |  | Yes  | No | Yes   | No | Yes  | No |                                  |
|                                    |          |  |  |    |   |    |  |    |                                  |
|                                    |          |  |  |    |   |    |  |    |                                  |
| Total                              |          |  |  |    |   |    |  |    |                                  |
- For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990EZ.

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2012



Part II

Support Schedule for Organizations Described in Sections 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
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 2012 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2011 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2012. 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—2011. If the organization did not check a 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—2012. 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—2011. 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 IIISupport Schedule for Organizations Described in Section 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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 2012 (line 8, column (f) divided by line 13, column (f))	15		
16 Public support percentage from 2011 Schedule A, Part III, line 15	16		

Section D. Computation of Investment Income Percentage			
17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17		
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18		
19a 33 1/3% support tests—2012. 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—2011. 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and 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

2012

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, Part V, line 35c (Proxy Tax), then

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

Name of the organization ST CLOUD HOSPITAL	Employer identification number  41-0695596
---	--

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 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?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> 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 function 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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?		<input type="checkbox"/> Yes	<input type="checkbox"/> 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable 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)).

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(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?	Yes		
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		10,704
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		126,985
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			137,689
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 carry over 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) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) nondeductible 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, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
ST CLOUD HOSPITAL

Employer identification number  
41-0695596

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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can 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? <div><input type="checkbox"/> Yes<input type="checkbox"/> No</div>	

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 education)☐ Preservation of an historically important land area☐ Protection of natural habitat☐ Preservation of a certified historic structure☐ Preservation of open space

2

Complete lines 2a through 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, and not on a historic structure listed in the National Register

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax 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 section 170(h)(4)(B)(ii)?

☐ Yes☐ No

9

In Part XIII, 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 (ASC 958), 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 XIII, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116 (ASC 958), 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 (ASC 958) relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ \_\_\_\_\_

b

Assets included in Form 990, Part X

▶ \$ \_\_\_\_\_

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat No 52283D

Schedule D (Form 990) 2012

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

3

Using the organization's acquisition, 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 XIII

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 XIII and complete the following table

c

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	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 XIII. Check here if the explanation has been provided in Part XIII

☐

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a	Beginning of year balance				
b	Contributions				
c	Net investment earnings, gains, and losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

2

Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a

Board designated or quasi-endowment

b

Permanent endowment

c

Temporarily restricted endowment

The percentages in lines 2a, 2b, and 2c should equal 100%

3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

No

b

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

3b

Yes

No

4

Describe in Part XIII 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		14,869,104		14,869,104
b Buildings		517,882,951	153,016,570	364,866,381
c Leasehold improvements		5,312,427	2,693,022	2,619,405
d Equipment		275,292,313	192,834,769	82,457,544
e Other		5,520,146		5,520,146
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				470,332,580

Schedule D (Form 990) 2012





**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

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

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

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

**Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	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

2012

Open to Public Inspection

**Name of the organization**  
ST CLOUD HOSPITAL

**Employer identification number**  
41-0695596

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	1a	Yes	
b	If "Yes," was it a written policy? . . . . .	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year  <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year  a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care  <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>17500 0000000000 %</u>  b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care . . . . .  <input type="checkbox"/> 200% <input checked="" type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %  c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care  4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	3a	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? . . . . .	3b	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	4	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? . . . . .	5a	Yes	
6a	Did the organization prepare a community benefit report during the tax year? . . . . .	5b	Yes	
b	If "Yes," did the organization make it available to the public? . . . . .	5c		No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H	6a	Yes	
		6b	Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance 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 Financial Assistance at cost (from Worksheet 1) . . . . .			18,670,305		18,670,305	2 940 %
b Medicaid (from Worksheet 3, column a) . . . . .			109,566,287	82,925,671	26,640,616	4 200 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .			128,236,592	82,925,671	45,310,921	7 140 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			1,083,962		1,083,962	0 170 %
f Health professions education (from Worksheet 5) . . . . .			3,912,880	1,004,158	2,908,722	0 460 %
g Subsidized health services (from Worksheet 6) . . . . .			856,760		856,760	0 130 %
h Research (from Worksheet 7) . . . . .			500		500	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			2,513,232		2,513,232	0 400 %
j <b>Total.</b> Other Benefits . . . . .			8,367,334	1,004,158	7,363,176	1 160 %
k <b>Total.</b> Add lines 7d and 7j . . . . .			136,603,926	83,929,829	52,674,097	8 300 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing		300	21,668		21,668	0 %
2Economic development						
3Community support		205	17,159		17,159	0 %
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy		2,040	7,440		7,440	0 %
8Workforce development		30	33		33	0 %
9Other						
10Total		2,575	46,300		46,300	

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

1

Yes

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

2

4,089,375

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

3

20,353

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements

Section B. Medicare

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

5

207,627,888

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

6

215,687,551

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

7

-8,059,663

8Describe 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

9aDid the organization have a written debt collection policy during the tax year?

9a

Yes

bIf "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 IVManagement Companies and Joint Ventures

(owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

Part V

Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)  
How many hospital facilities did the organization operate during the tax year?  
1

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	SAINT CLOUD HOSPITAL 1406 6TH AVE N ST CLOUD,MN 563031901	X	X		X			X		REHAB, PSYCH, HOME & HOSPICE, RENAL DIALYSIS	

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

ST CLOUD HOSPITAL

Name of hospital facility or facility reporting group

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A)

1

		Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . . If "Yes," indicate what the CHNA report describes (check all that apply)	1	Yes
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input checked="" type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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	Yes
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	4	Yes
5	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5	Yes
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input checked="" type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
a	<input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input checked="" type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	7	Yes
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	8a	No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	8b	
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$_____		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No
<b>9</b> Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		<b>9</b>	Yes
<b>10</b> Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>175 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>10</b>	Yes
<b>11</b> Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>250 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		<b>11</b>	Yes
<b>12</b> Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)		<b>12</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> Income level			
<b>b</b> <input type="checkbox"/> Asset level			
<b>c</b> <input type="checkbox"/> Medical indigency			
<b>d</b> <input type="checkbox"/> Insurance status			
<b>e</b> <input type="checkbox"/> Uninsured discount			
<b>f</b> <input type="checkbox"/> Medicaid/Medicare			
<b>g</b> <input type="checkbox"/> State regulation			
<b>h</b> <input type="checkbox"/> Other (describe in Part VI)			
<b>13</b> Explained the method for applying for financial assistance? . . . . .		<b>13</b>	Yes
<b>14</b> 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)		<b>14</b>	Yes
<b>a</b> <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
<b>b</b> <input checked="" type="checkbox"/> The policy was attached to billing invoices			
<b>c</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
<b>d</b> <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
<b>e</b> <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
<b>f</b> <input checked="" type="checkbox"/> The policy was available upon request			
<b>g</b> <input checked="" type="checkbox"/> Other (describe in Part VI)			
Billing and Collections			
<b>15</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . . .		<b>15</b>	Yes
<b>16</b> Check all of the following 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			
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input checked="" type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input checked="" type="checkbox"/> Other similar actions (describe in Part VI)			
<b>17</b> Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . .		<b>17</b>	Yes
If "Yes," check all actions in which the hospital facility or a third party engaged			
<b>a</b> <input type="checkbox"/> Reporting to credit agency			
<b>b</b> <input checked="" type="checkbox"/> Lawsuits			
<b>c</b> <input type="checkbox"/> Liens on residences			
<b>d</b> <input type="checkbox"/> Body attachments			
<b>e</b> <input checked="" type="checkbox"/> Other similar actions (describe in Part VI)			

Part V

Facility Information (continued)

- 18
- Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a

☐

Notified individuals of the financial assistance policy on admission
- b

☒

Notified individuals of the financial assistance policy prior to discharge
- c

☒

Notified individuals 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)

Policy Relating to Emergency Medical Care

		Yes	No
19	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	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20	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	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
21	During the tax year, did the hospital facility charge any FAP-eligible individuals 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		No
22	During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Part VI		No



Part V

Facility Information (continued)

Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?  
1

Name and address	Type of Facility (describe)
1 SAINT BENEDICT'S SENIOR COMMUNITY 1810 MINNESOTA BLVD ST CLOUD,MN 56304	SKILLED NURSING FACILITY
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any 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
- 8
- Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		PART II THE ACTIVITIES INCLUDED IN COMMUNITY BUILDING ACTIVITIES INCLUDE COMMUNITY SUPPORT WHICH CONSISTS OF SEVERAL ST CLOUD HOSPITAL DIRECTORS PARTICIPATING IN A VARIETY OF COMMITTEES SUCH AS THE BOARD OF BIG BROTHERS/BIG SISTERS, REHAB BOARD ETC UNDER COMMUNITY HEALTH IMPROVEMENT ADVOCACY, EMPLOYEES PARTICIPATED WITH CREATE COMMUNITY WHICH IS A COLLABORATION TO BUILD INCLUSION AMONGST DIVERSE POPULATION AND SEVERAL COUNTY TASK FORCES TO ADVOCATE FOR MENTAL AND CHEMICAL HEALTH FINALLY UNDER WORKFORCE DEVELOPMENT, AN EMPLOYEE IS A BOARD MEMBER OF THE STEARNS BENTON WORKFORCE COUNCIL AND STUDENTS WERE GIVEN TOURS OF THE HOSPITAL AND ATTENDED PRESENTATIONS ON CAREERS IN HEALTHCARE
		PART III, LINE 4 THE FOLLOWING IS FROM THE "ACCOUNTS RECEIVABLE" PARAGRAPH INCLUDED IN NOTE 2 OF THE ORGANIZATION'S AUDITED FINANCIALS "PATIENT AND RESIDENT ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF EXPECTED NET COLLECTIONS, CONSIDERING HISTORICAL NET COLLECTION, BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUECY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CENTRACARE FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST-DUE PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICITONS ON COLLECTION EFFORTS AS DETERMINED BY CENTRACARE "

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE SHORTFALL OF \$8 1 MILLION OF TREATING MEDICARE PATIENTS SHOULD BE CONSIDERED A COMMUNITY BENEFIT IN ITS ENTIRETY THE HOSPITAL PROVIDES AN EXCELLENT LEVEL OF CARE TO THE PEOPLE IN THE COMMUNITY DESPITE THE SHORTFALL IN REIMBURSEMENT FROM MEDICARE, THE HOSPITAL CONTINUES TO PROVIDE ESSENTIAL HEALTHCARE SERVICES TO THE POPULATION THE AMOUNT ON LINE 7 OF PART III WAS DETERMINED BY UTILIZING THE MEDICARE COST REPORT UTILIZING KEY SECTIONS OF THAT REPORT, PRIMARILY THE D SERIES AND E SERIES ALONG WITH KEY SECTIONS FROM THE HOME HEALTH, HOSPICE AND DIALYSIS SECTIONS
		PART III, LINE 9B THE COLLECTION POLICIES AT ST CLOUD HOSPITAL REQUIRE COLLECTION STAFF TO OFFER CHARITY TO PATIENTS WHO INDICATE THAT PAYMENT MAY BE AN ISSUE IF A PATIENT DOES QUALIFY FOR FULL CHARITY, ALL OTHER COLLECTION EFFORTS MUST CEASE IF A PATIENT QUALIFIES FOR PARTIAL CHARITY, COLLECTION EFFORTS WILL CONTINUE ON THE BALANCE OF THE ACCOUNT THESE PROVISIONS APPLY TO BOTH HOSPITAL EMPLOYED COLLECTION STAFF AND COLLECTION AGENCY STAFF NO PATIENTS, WHETHER THEY QUALIFY FOR CHARITY OR NOT, ARE REPORTED TO CREDIT RATING AGENCIES

Identifier	ReturnReference	Explanation
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 1J CCH'S CHNA PROCESS ALSO CONSIDERED SECONDARY DATA FROM THE DARTMOUTH ATLAS, ROBERT WOOD JOHNSON, MINNESOTA DEPARTMENT OF HEALTH, US CENSUS BUREAU, MINNESOTA HOSPITAL ASSOCIATION, ST CLOUD AREA UNITED WAY, CATHOLIC CHARITIES OF THE DIOCESE OF ST CLOUD, MINNESOTA SENIOR FEDERATION, PUBLIC HEALTH DEPARTMENTS FROM APPROPRIATE COUNTIES AND ADDITIONAL FEDERAL AND STATE ENTITIES THE CHNA WAS INFORMED BY A COLLABORATIVE AND ONGOING COMMUNITY HEALTH SURVEY JOINTLY FUNDED AND MANAGED WITH A NUMBER OF AREA COUNTIES WHO WERE JOINTLY CONDUCTING COMMUNITY SURVEYS TO INFORM THEIR COMMUNITY HEALTH ASSESSMENTS IN SUPPORT OF DEVELOPMENT OF THEIR COMMUNITY HEALTH IMPROVEMENT PLANS LACK OF CURRENT PUBLIC HEALTH DATA WAS A SIGNIFICANT INFORMATION GAP IN THE CHNA AS THE SURVEY COULD NOT BE COMPLETED IN TIME TO INCLUDE ITS DATA IN THE CCH CHNA CCH HAS COMMITTED TO A CONTINUING EFFORT WITH PUBLIC HEALTH OFFICIALS TO JOINTLY DEVELOP PRIORITIES WITH THE COUNTIES AS A PART OF ITS ACTION PLANS
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 3 DATA WAS OBTAINED FROM LOCAL COUNTY PUBLIC HEALTH DEPARTMENTS, INCLUDING THEIR MOST RECENT HEALTH ASSESSMENTS AND COMMUNITY REPORTS IN ADDITION, HEALTH-RELATED INFORMATION WAS COLLECTED FROM AREA NONPROFIT ORGANIZATIONS THAT REGULARLY CONDUCT ASSESSMENTS AND EVALUATIONS OF THE SERVICES THEY PROVIDE AND THEIR TARGETED DEMOGRAPHICS USEFUL MATERIAL WAS GATHERED FROM THE LOCAL UNITED WAY, CATHOLIC CHARITIES, THE CENTRAL MINNESOTA COUNCIL ON AGING, AND THE TRI-COUNTY ACTION PROGRAM (TRI-CAP) THESE ORGANIZATIONS SUPPORT A BROAD RANGE OF CONSTITUENTS WITH DIVERSE HEALTH-RELATED NEEDS, THEY REPRESENT DEMOGRAPHICS THAT ARE STATISTICALLY MORE LIKELY TO ENCOUNTER HEALTH-RELATED BARRIERS CCH ALSO CONDUCTED A SERIES OF FOCUS GROUPS THAT INFORMED ITS CHNA SPECIFICALLY, THE FOCUS GROUPS REPRESENTED POPULATIONS OF COLOR, RECENT IMMIGRANT POPULATIONS, CULTURAL MINORITIES, THOSE WHO WERE AUDIBLY CHALLENGED AND OTHERS WHO WERE DEEMED TO BE UNDER-REPRESENTED OR UNDER-SERVED

Identifier	ReturnReference	Explanation
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 4 THE COMMUNITY HEALTH NEEDS ASSESSMENT WAS CONDUCTED IN CONJUNCTION WITH LONG PRAIRIE HOSPITAL AND MELROSE HOSPITAL
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 5C IN ADDITION TO MAKING ITS CHNA AVAILABLE TO THE PUBLIC ON ITS WEB SITE AND AT ITS BUSINESS OFFICE, CCH HAS SHARED COPIES OF THE CHNA WITH COUNTY PUBLIC HEALTH OFFICIALS AND, INTERNALLY, WITH INDIVIDUALS WORKING ON QUALITY IMPROVEMENT AND COMMUNITY HEALTH INITIATIVES CCH HAS ALSO PUBLISHED CONTACT INFORMATION FOR ITS DIRECTOR OF COMMUNITY & GOVERNMENT RELATIONS TO RESPOND TO QUESTIONS OR CONCERNS ABOUT THE CHNA THE DIRECTOR HAS ALSO PRESENTED RESULTS OF THE CHNA TO COMMUNITY GROUPS AND TO REPRESENTATIVES OF LOCAL FUNDING GROUPS

Identifier	ReturnReference	Explanation
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 6I THE NEEDS IDENTIFIED BY THE CHNA ARE CURRENTLY IN ORGANIZATIONAL WORK PLANS AND ARE UNDER IMPLEMENTATION
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 7 PER GUIDANCE FROM THE IRS, THE CHNA FOR CCH ELECTED NOT TO DIRECTLY ADDRESS SEVERAL DETERMINANTS OF HEALTH THAT IT IDENTIFIED IN ITS PROCESS WHICH WERE NOT WITHIN THE ORGANIZATION'S CAPABILITIES OR CORE COMPETENCIES. EXAMPLES OF ISSUES NOT SPECIFICALLY ADDRESSED IN THE CHNA ACTION PLANS INCLUDE HIGH SCHOOL GRADUATION RATES, AFFORDABLE HOUSING OR SUPPORTED HOUSING (CCH DID SUPPORT AN EFFORT OF THE CITY OF ST CLOUD TO CONDUCT A HOUSING ASSESSMENT AS A RESULT OF THE CHNA PROCESS AND IS ALREADY THE LARGEST AREA PROVIDER OF SUPPORTED HOUSING DUE TO ITS EXTENSIVE CHEMICAL DEPENDENCY PROGRAMS AND SENIOR HOUSING PROGRAMS )

Identifier	ReturnReference	Explanation
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 14G PATIENTS WHO ARE AT A SELF PAY STATUS RECEIVE CHARITY CARE INFORMATION EITHER VIA A TELEPHONE CALL OR A LETTER
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 16E THE ORGANIZATION EMPLOYS THE USE OF COLLECTION AGENCIES TO COLLECT A PATIENT'S BALANCE AFTER THOSE EFFORTS ARE EXHAUSTED, THE ORGANIZATION DOES UTILIZE LAWSUITS AS WELL

Identifier	ReturnReference	Explanation
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 17E THE ORGANIZATION CONTRACTS WITH SEVERAL COLLECTION AGENCIES TO ATTEMPT TO COLLECT PATIENT BALANCES
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 18E OUR CREDIT COLLECTION AGENCIES ARE REQUIRED TO PROVIDE CHARITY INFORMATION AS PART OF THEIR COLLECTION PROCESS PRIOR TO ANY CONSIDERATION OF LEGAL ACTION AGAINST THE PATIENT



Identifier	ReturnReference	Explanation
ST CLOUD HOSPITAL		PART V, SECTION B, LINE 20D PER AGREEMENT WITH THE MINNESTOA ATTORNEY GENERAL, THE ORGANIZATION PROVIDES A DISCOUNT TO THE UNINSURED EQUAL TO THE AVERAGE DISCOUNT OF OUR LARGEST (BY VOLUME) NON-GOVERNMENTAL PAYOR
		PART VI, LINE 2 ST CLOUD HOSPITAL FOUNDATION HAS IN PLACE A COMMUNITY COLLABORATION COMMITTEE WHICH HAS A MEMBERSHIP OF OVER 30 MEMBERS THIS COMMITTEE IS MADE UP OF COMMUNITY LEADERS FROM BOTH THE HEALTHCARE AND BUSINESS WORLD THESE MEMBERS MEET MONTHLY TO ADDRESS COMMUNITY HEALTH ISSUES (SEE PROMOTION OF COMMUNITY HEALTH FOR MORE DETAIL) THESE IDENTIFIED HEALTH NEEDS ARE THEN COMMUNICATED TO ST CLOUD HOSPITAL

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 INPATIENTS WHO ARE SELF PAY ARE IDENTIFIED, AND A REPRESENTATIVE OF ST CLOUD'S BILLING DEPARTMENT EXPLAINS THE CHARITY CARE POLICY TO PATIENTS THEY ALSO EXPLAIN THE SELF PAY DISCOUNT AND SCREENS THE PATIENT FOR ELIGIBILITY FOR ANY STATE OR FEDERAL PROGRAMS THEY ALSO ASSIST THE PATIENT WITH ANY PAPERWORK REQUIRED TO APPLY FOR SUCH PROGRAMS OUTPATIENTS WHO ARE SELF PAY RECEIVE AN AUTOMATIC SELF PAY DISCOUNT IF THE PATIENT DOES NOT REMIT PAYMENT, COLLECTION STAFF ATTEMPT TO REACH THE PATIENT BY PHONE PATIENTS ARE TOLD ABOUT THE CHARITY PROGRAM FOR BOTH INPATIENTS AND OUTPATIENTS, ALL STATEMENTS CONTAIN A LETTER REGARDING THE AVAILABILITY OF CHARITY CARE ALSO ALL PRECOLLECTION LETTERS HAVE THIS SAME LANGUAGE INDICATING THE AVAILABILITY AND PROCESS OF OBTAINING CHARITY CARE
		PART VI, LINE 4 ST CLOUD HOSPITAL'S IMMEDIATE SERVICE AREA CONSISTS OF STEARNS, BENTON AND SHERBURNE COUNTIES COLLECTIVELY THEIR POPULATION IN 2012 IS 293,657 AND IS PROJECTED TO GROW BY 7 1% IN 2017 THE PROJECTED POPULATION GROWTH BY AGE BRACKET FOR 2012 TO 2017 IS 0-24, 4 3%, 25-44, 2 2%, 45-64, 12 1% AND 65+ 18 3% THE OTHER NINE COUNTIES LOCATED IN THE SERVICE AREA ARE CROW WING, DOUGLAS, KANDIYOHI, MEEKER, MILLE LACS, MORRISON, POPE, TODD AND WRIGHT COLLECTIVELY THEIR POPULATION IN 2012 WAS 397,011 AND IS PROJECTED TO GROW BY 6 2% BY 2017 THAT NINE COUNTY PROJECTED POPULATION GROWTH TO 2017 BY AGE BRACKET ARE AS FOLLOWS 0-24, 8 6%, 25-44, -1 4%, 45-64, 5 3% AND 65+ 15 5% THE 2017 ETHNICITY BREAKDOWN FOR THE ENTIRE 12-COUNTY AREA IS AS FOLLOWS WHITE - 92 9%, AFRICAN AMERICAN - 2 2%, ASIAN - 1 3%, TWO OR MORE RACES - 1 8%, OTHER - 1 1%, AMERICAN INDIAN OR ALASKA NATIVE 0 7% THE DEMOGRAPHIC INFORMATION IS UPDATED EVERY 2 YEARS BY THE ORGANIZATION, WITH THIS REPORTING YEAR BEING THE SECOND YEAR

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 THE ORGANIZATION PROMOTES THE HEALTH OF THE COMMUNITY IN SEVERAL IMPORTANT WAYS ONE OF THESE WAYS IS THROUGH THE COMMUNITY COLLABORATION COMMITTEE (CCC), A STANDING COMMITTEE OF THE CENTRACARE HEALTH FOUNDATION THE CCC HAS A MEMBERSHIP OF OVER 30 PERSONS REPRESENTING HEALTHCARE AND COMMUNITY NEEDS ACROSS CENTRAL MINNESOTA THE CCC MEETS MONTHLY TO DISCUSS WAYS TO ADDRESS TYPICAL HEALTH ISSUES THROUGH AWARENESS BUILDING, EDUCATION AND/OR AN INTERVENTION PROJECT THERE ARE SEVERAL COMMUNITY HEALTH OUTREACH INITIATIVES THAT THE FOUNDATION IS INVOLVED WITH THESE INITIATIVES INCLUDE 1) BLEND CHILDHOOD OBESITY COALITION OF CENTRAL MINNESOTA (GOAL IS TO REDUCE THE INCIDENCE OF CHILDHOOD OBESITY BY 2016), 2) SMOKE FREE COMMUNITIES (CONTINUED EFFORTS TO CREATE CLEAN INDOOR AND OUTDOOR AIR FOR ALL), 3) QUITPLAN CLINICS (COLLABORATION WITH CENTRACARE CLINIC TO HELP THOSE TRYING TO QUIT SMOKING), AND 4) CENTRACARE CLINIC MEDICAL HOME PILOT
		PART VI, LINE 6 THE ORGANIZATION IS PART OF CENTRACARE HEALTH SYSTEM (CCHS) WHICH PROVIDES A BROAD RANGE OF HEALTH CARE SERVICES TO THE PATIENTS OF CENTRA MINNESOTA CCHS IS DEDICATED TO IMPROVING THE HEALTH OF PEOPLE LIVING AND WORKING IN THE COMMUNITIES IT SERVES TO ACCOMPLISH ITS GOALS IT WORKS ACTIVELY WITH ITS AFFILIATE HEALTH CARE ORGANIZATIONS CCHS CONTINUES TO FOCUS ON PROVIDING THE BEST CARE POSSIBLE AND IN REINVESTING INTO THE COMMUNITY CCHS ALSO PROMOTES WELLNESS BY SPONSORING PROGRAMS AND EVENTS IN LOCAL COMMUNITIES THAT FOCUS ON HEALTHY EATING AND EXERCISE, AND BY CONDUCTING SCREENINGS FOR CONDITIONS SUCH AS HIGH BLOOD PRESSURE

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	MN



Schedule I  
(Form 990)

Department of the Treasury  
Internal Revenue Service

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

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

OMB No 1545-0047

2012

Open to Public  
Inspection

Name of the organization  
ST CLOUD HOSPITAL

Employer identification number  
41-0695596

Part I General Information on Grants and Assistance

1

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

☒ Yes ☐ No

2

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

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) SISTERS OF THE ORDER OF ST BENEDICT 104 CHAPEL LANE ST ST JOSEPH,MN 56374	41-0693973	501(C)(3)	100,000				TO ASSIST WITH MEDICAL BILLS
(2) CENTRACARE HEALTH FOUNDATION 1406 6TH AVE N ST CLOUD,MN 56303	41-1855173	501(C)(3)	2,831,531				TO SUPPORT THE CENTRACARE FOUNDATION
(3) THE MESSAGE PROGRAM 2311 10TH AVE SOUTH ST ST CLOUD,MN 56301	20-0293323	501(C)(3)		27,929 FMV		MEDICAL EQUIPMENT AND SUPPLIES	PROGRAM SUPPORT
(4) HELPS INTERNATIONAL 15301 DALLAS PARKWAY ADDISON,TX 75001	75-1966419	501(C)(3)	7,000				GUATEMALA MISSION SUPPORT

2

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

4

3

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

Part III

Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) HOME DELIVERED MEALS	203		142,657		TO PROVIDE MEALS TO THE NEEDY

Part IV

Supplemental Information.  
Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 CENTRACARE HEALTH SYSTEM, INCLUDING ST CLOUD HOSPITAL, HAS THE FOLLOWING POLICY REGARDING CHARITABLE CONTRIBIONS CONTRIBUTIONS MUST BE IN KEEPING WITH THE MISSION OF CENTRACARE HEALTH, WHICH IS TO WORK TO IMPROVE THE HEALTH OF EVERY PATIENT, EVERY DAY CONTRIBUTIONS WILL BE MADE TO ORGANIZATIONS RATHER THAN TO INDIVIDUALS WITHIN THE CENTRAL MINNESOTA REGION CENTRACARE'S CHARITABLE FUNDS MAY NOT BE USED TO SUPPORT ANY ORGANIZATION OR EVENT THAT WOULD RESULT IN BENEFITS OF ANY KIND TO AN EMPLOYEE OF THE HEALTH SYSTEM OR A MEMBER OF THE VARIOUS BOARDS OF DIRECTORS, EITHER DIRECTLY OR INDIRECTLY ONE EXCEPTION EXISTS TO THE GUIDELINE REGARDING BENEFIT TO EMPLOYEES WE WILL SUPPORT, VIA SCHOLARSHIPS AND THE PURCHASE OF SUPPLIES, THE MEDICAL MISSION WORK OF OUR STAFF AND PHYSICIANS THE CENTRACARE HEALTH CONTRIBUTIONS COMMITTEE IS MADE UP OF ONE REPRESENTATIVE FROM CENTRACARE HEALTH FOUNDATION, ONE REPRESENTATIVE FROM ST CLOUD HOSPITAL HUMAN RESOURCES/DIVERSITY COMMITTEE, THE DIRECTOR OF CENTRACARE HEALTH'S COMMUNICATIONS DEPARTMENT AND THE COMMUNICATIONS/ MARKETING SPECIALIST RESPONSIBLE FOR CENTRACARE CLINIC, THE DIRECTOR OF COMMUNICATIONS/MARKETING FOR ST BENEDICT'S SENIOR COMMUNITY, THE DIRECTOR OF CENTRACARE HEALTH'S MARKETING DEPARTMENT, THE DIRECTOR OF ST CLOUD HOSPITAL VOLUNTEER SERVICES, AND ST CLOUD HOSPITAL'S DIRECTOR OF MISSION & SPIRITUAL CARE THE COMMITTEE MEETS MONTHLY TO ENSURE A STREAMLINED, COORDINATED PROCESS OF REVIEWING REQUESTS AND DETERMINING FUNDING THE COMMITTEE MAINTAINS A DATABASE TO TRACK ALL CONTRIBUTIONS OTHER CENTRACARE ENTITIES, INCLUDING CENTRACARE HEALTH - LONG PRAIRIE, MELROSE, MONTICELLO, PAYNESVILLE AND SAUK CENTRE, MAY DEVELOP A BUDGET FOR APPROVAL AND IMPLEMENT THEIR OWN CONTRIBUTIONS DECISIONS WITHIN THE GUIDELINES OF THIS DOCUMENT CONTRIBUTIONS MAY NOT EXCEED THE STATED BUDGET AND NO MULTI-YEAR COMMITMENTS TO ORGANIZATIONS MAY BE MADE WITHOUT APPROVAL FROM THE CENTRACARE HEALTH EXECUTIVE COUNCIL INDIVIDUALS AND DEPARTMENTS FROM THROUGHOUT ST CLOUD HOSPITAL AND CENTRACARE CLINIC SHOULD FORWARD ALL OUTSIDE FUNDING REQUESTS TO A MEMBER OF THE COMMITTEE FOR THE FULL GROUP'S CONSIDERATION THOSE REQUESTING FUNDS SHOULD BE ASKED TO SUBMIT REQUESTS IN WRITING

Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization  
ST CLOUD HOSPITAL

Employer identification number  
41-0695596

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			
	<div><input type="checkbox"/> First-class or charter travel</div> <div><input type="checkbox"/> Travel for companions</div> <div><input type="checkbox"/> Tax idemnification and gross-up payments</div> <div><input type="checkbox"/> Discretionary spending account</div>	<div><input type="checkbox"/> Housing allowance or residence for personal use</div> <div><input type="checkbox"/> Payments for business use of personal residence</div> <div><input type="checkbox"/> Health or social club dues or initiation fees</div> <div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div>		
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 of the expenses described above? If "No," complete Part III to explain	1b		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	2		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	<div><input checked="" type="checkbox"/> Compensation committee</div> <div><input checked="" type="checkbox"/> Independent compensation consultant</div> <div><input checked="" type="checkbox"/> Form 990 of other organizations</div>	<div><input checked="" type="checkbox"/> Written employment contract</div> <div><input checked="" type="checkbox"/> Compensation survey or study</div> <div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	4a		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	4c		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	5a		No
b	Any related organization?	5b		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	6a		No
b	Any related organization?	6b	Yes	
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9		



**Part II** **Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table								

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
	PART I, LINE 4B	THE CORPORATIONS' EXECUTIVES ARE ELIGIBLE TO PARTICIPATE IN BENEFIT PLANS WHICH INCLUDE TAX DEFERRED NON-QUALIFIED INVESTMENT ACCOUNTS. THESE PLANS MAY PROVIDE, BUT ARE NOT CERTAIN TO PROVIDE, FOR PAYMENT OF TAX DEFERRED COMPENSATION TO THESE EXECUTIVES AT SOME TIME IN THE FUTURE. THE EXECUTIVE HAS NO LEGAL RIGHT TO THESE DOLLARS UNTIL, AND UNLESS, CERTAIN FUTURE EVENTS OCCUR. IN ACCORDANCE WITH THE INSTRUCTIONS TO FORM 990, THE AMOUNTS LISTED IN PART VII AND SCHEDULE J, PART II, COLUMN C, REFLECT TAX DEFERRED COMPENSATION. THIS COMPENSATION IS POTENTIALLY REPORTED TWICE ON FORM 990 - ONCE WHEN THE COMPENSATION IS DEFERRED OR ACCRUED AND AGAIN IF AND WHEN IT IS PAID TO THE EXECUTIVE. THE FOLLOWING INDIVIDUALS PARTICIPATED IN THE NON-QUALIFIED PLAN: CRAIG J BROMAN - PAID \$0, ACCRUED \$70,149; GREGORY R KLUGHERZ - PAID \$72,702, ACCRUED \$64,777; MARK S MATTHIAS - PAID \$0, ACCRUED - \$57,229; LINDA A CHIMIELEWSKI - PAID \$39,364, ACCRUED \$30,859; DUANE A RASMUSSEN - PAID \$0, ACCRUED \$24,874; AMY M PORWOLL - PAID \$0, ACCRUED \$29,556; LINDA L DOERR - PAID \$18,246, ACCRUED \$15,132; KURT T OTTO - PAID \$0, ACCRUED \$8,604; PAUL R HARRIS - PAID \$46,361, ACCRUED \$29,333; JAMES R DAVIS - PAID \$0, ACCRUED \$0; JOHN R FROBENIUS - PAID \$0, ACCRUED \$0.
	PART I, LINE 6	THE ORGANIZATION PROVIDES INCENTIVE COMPENSATION TO DESIGNATED INDIVIDUALS BASED ON FOUR DISCRETE AREAS: A COMPARISON BETWEEN BUDGETED AND ACTUAL NET OPERATING INCOME FOR CENTRACARE CLINIC OR CENTRACARE HEALTH SYSTEM; ACHIEVEMENT OF IMPROVEMENT IN PATIENT SATISFACTION GOALS AS COMPARED TO NATIONAL AND BASELINE RANKINGS; ACHIEVEMENT OF IMPROVEMENT IN OVERALL EMPLOYMENT ENGAGEMENT SCORES; AND ACHIEVEMENT OF UP TO THREE INDIVIDUAL GOALS WHICH ARE TIED TO THE CENTRACARE SYSTEM'S STRATEGIC PLAN. THE INCENTIVE COMPENSATION PAID OUT IS NOT A PORTION OR PERCENTAGE OF ACTUAL NET EARNINGS OF ANY CENTRACARE HEALTH SYSTEM AFFILIATE, HOWEVER NET EARNINGS GOALS ARE REQUIRED TO BE MET BEFORE INCENTIVE COMPENSATION IS PAID.

Software ID:

Software Version:

EIN: 41-0695596

Name: ST CLOUD HOSPITAL

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				
CRAIG J BROMAN	(i)	498,843	172,380	5,688	85,149	37,963	800,023	0
	(ii)	0	0	0	0	0	0	0
PAUL DORSHER MD	(i)	0	0	0	0	0	0	0
	(ii)	299,699	48,479	20,792	17,226	23,938	410,134	0
MARIA D MALLORY MD	(i)	0	0	0	0	0	0	0
	(ii)	462,389	51,017	1,021	18,750	22,438	555,615	0
SARAH R CARTER MD	(i)	2,426	0	16,800	0	0	19,226	0
	(ii)	301,324	48,508	298	18,178	20,388	388,696	0
CINDA J MELLOY MD	(i)	0	0	4,723	0	0	4,723	0
	(ii)	161,020	43,536	1,907	15,066	22,388	243,917	0
GREGORY R KLUGHERZ	(i)	388,446	120,000	96,670	77,276	19,202	701,594	72,702
	(ii)	0	0	0	0	0	0	0
PAUL R HARRIS	(i)	0	0	0	0	0	0	0
	(ii)	271,402	73,440	48,977	39,705	36,417	469,941	46,362
JAMES R DAVIS	(i)	0	0	0	0	0	0	0
	(ii)	285,404	86,006	53,901	16,180	21,225	462,716	0
MARK S MATTHIAS MD	(i)	348,854	98,000	4,119	57,229	36,594	544,796	0
	(ii)	0	0	0	0	0	0	0
AMY M PORWOLL	(i)	245,347	73,233	2,389	51,242	30,995	403,206	0
	(ii)	0	0	0	0	0	0	0
LINDA A CHMIELEWSKI	(i)	282,116	70,183	44,350	49,947	20,285	466,881	39,364
	(ii)	0	0	0	0	0	0	0
DUANE A RASMUSSEN	(i)	253,834	76,399	3,262	44,310	23,564	401,369	0
	(ii)	0	0	0	0	0	0	0
LINDA L DOERR	(i)	196,677	41,019	21,862	32,412	18,002	309,972	18,246
	(ii)	0	0	0	0	0	0	0
ROBERT G JOHNSON	(i)	180,719	14,245	6,571	15,273	3,986	220,794	0
	(ii)	0	0	0	0	0	0	0
KURT T OTTO	(i)	180,375	28,798	1,367	18,110	25,324	253,974	0
	(ii)	0	0	0	0	0	0	0
ERIC M LOHN	(i)	0	0	0	0	0	0	0
	(ii)	161,440	17,969	24,145	14,681	9,857	228,092	0
JON C BOWAR MD	(i)	412,136	48,113	900	18,750	20,980	500,879	0
	(ii)	0	0	0	0	0	0	0
MARY E LUNDE MD	(i)	377,195	51,293	1,936	18,210	20,430	469,064	0
	(ii)	0	0	0	0	0	0	0
JOEL P SPALDING MD	(i)	297,439	48,474	18,996	17,140	20,430	402,479	0
	(ii)	0	0	0	0	0	0	0
HYUNDONG S HAHN MD	(i)	264,414	42,187	840	18,968	20,980	347,389	0
	(ii)	0	0	0	0	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				
CHRIS K MOLLENTINE MD	(i)	217,765	46,102	17,180	17,104	25,980	324,131	0
	(ii)	0	0	0	0	0	0	0
JOHN R FROBENIUS	(i)	0	0	498,107	0	0	498,107	0
	(ii)	0	0	0	0	0	0	0

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public  
Inspection

Name of the organization ST CLOUD HOSPITAL	Employer identification number 41-0695596
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Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	A NEUROVASCULAR PROGRAM (ANEURY SM COILING, MECHANIAL CLOTS RETRIEVAL, DIAGNOSTIC CEREBRAL ANGIOGRAMS, ETC) SAW ITS FIRST CASES COMPLETED IN JUNE 2012 WITH THE PROGRAM OFFICIALLY GETTING OFF THE GROUND IN THE MONTHS FOLLOWING

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 6	ST CLOUD HOSPITAL'S MEMBERS CONSIST OF EX-OFFICIO REPRESENTATIVES OF THE DIOCESE OF ST CLOUD AND THE SISTERS OF THE ORDER OF SIANT BENEDICT AND TWO TO FOUR MEMBERS APPOINTED BY THESE EX-OFFICIO MEMBERS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7A	ST CLOUD HOSPITAL'S MEMBERS CONSIST OF EX-OFFICIO REPRESENTATIVES OF THE DIOCESE OF ST CLOUD AND THE SISTERS OF THE ORDER OF SIANT BENEDICT AND TWO TO FOUR MEMBERS APPOINTED BY THESE EX-OFFICIO MEMBERS

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION A, LINE 7B	IN ADDITION TO APPOINTING THE ST CLOUD HOSPITAL BOARD, THE MEMBERS APPROVE AMENDMENTS TO THE ARTICLES OF INCORPORATION, APPROVE THE DISSOLUTION OF THE HOSPITAL, AND SUPPORT AND ASSESS THE HOSPITAL'S ROMAN CATHOLIC IDENTITY AND MISSIONS



Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	MANAGEMENT REVIEWS THE 990 TAX RETURN REGULARLY DURING THE PREPARATION PROCESS, THEY FIELD QUESTIONS FROM STAFF AND MANAGE DEADLINES WHICH MUST BE MET THEY ARE ALSO ACTIVELY INVOLVED WITH THE THIRD PARTY FIRM WHO ASSISTS IN THE FINAL COMPILATION OF THE REPORT ONCE A COMPLETED 990 REPORT HAS BEEN PRODUCED, ANNUALLY AT THE BOARD'S APRIL MEETING, PRIOR TO FILING, THE FULL BOARD HAS AN OPPORTUNITY TO REVIEW THE IRS FORM 990 WITH THE STAFF, TO ASK QUESTIONS AND SEEK CLARIFICATIONS, AND TO APPROVE THE FINAL DOCUMENT

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 12C	THE BOARD MEMBERS ARE REQUIRED TO REVIEW AND SIGN A CONFLICT OF INTEREST QUESTIONNAIRE TWICE A YEAR. ALL STAFF SIGN CONFLICTS OF INTEREST FORMS ON AN ANNUAL BASIS. THE QUESTIONNAIRES ARE REVIEWED BY THE CORPORATE COMPLIANCE OFFICER AS WELL AS THE CORPORATE COMPLIANCE GROUP (A COMPLIANCE COMMITTEE WHICH INCLUDES INTERNAL MEMBERS AND OUTSIDE COUNSEL). THE RESPONSES TO THE QUESTIONNAIRES ARE THEN REVIEWED WITH THE EXECUTIVE COMMITTEE OF THE BOARD. THE CORPORATE COMPLIANCE OFFICER IS RESPONSIBLE FOR MONITORING CONFLICTS OF INTERESTS RELATED TO BOARD AND STAFF AND TO ALERT AFFECTED PARTIES WHEN A CONFLICT ARISES. WHEN AN ACTUAL CONFLICT ARISES, THE AFFECTED PARTY IS ASKED TO RECUSE HIM/HERSELF FROM THE DECISION MAKING PROCESS. THE CORPORATE COMPLIANCE OFFICER ATTENDS BOARD MEETINGS AND SPECIFIED BOARD COMMITTEE MEETINGS WHERE CONFLICT ISSUES MAY ARISE.

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 15	<p>THE COMPENSATION AND BENEFITS OF THE PRESIDENT ARE SUBJECT TO FULL COMPENSATION AND BENEFITS COMPARABILITY STUDIES CONDUCTED BIENNIALY BY A THIRD PARTY INDEPENDENT COMPENSATION CONSULTANT. HOWEVER, THE COMPENSATION PORTION OF THE STUDY IS REVIEWED ANNUALLY BY THE CONSULTANT AND UPDATED FOR COMPENSATION COMMITTEE AND BOARD OF DIRECTORS REVIEW AND APPROVAL. THE MOST RECENT FULL REVIEW WAS DONE IN MAY 2012. THE THIRD PARTY INDEPENDENT COMPENSATION CONSULTANT IS RETAINED BY ST. CLOUD HOSPITAL TO PERFORM THESE SERVICES. FORM 990, PART VI, QUESTION 15B. THE COMPENSATION AND BENEFITS OF THE VICE PRESIDENTS (NON-MEDICAL PROVIDERS) ARE SUBJECT TO FULL COMPENSATION AND BENEFITS COMPARABILITY STUDIES CONDUCTED BIENNIALY BY A THIRD PARTY INDEPENDENT COMPENSATION CONSULTANT. HOWEVER, THE COMPENSATION PORTION OF THE STUDY IS REVIEWED ANNUALLY BY THE CONSULTANT AND UPDATED FOR COMPENSATION COMMITTEE AND BOARD OF DIRECTORS REVIEW AND APPROVAL. THE MOST RECENT FULL REVIEW WAS DONE IN MAY 2012. THE THIRD PARTY INDEPENDENT COMPENSATION CONSULTANT IS RETAINED BY ST. CLOUD HOSPITAL TO PERFORM THESE SERVICES.</p>

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION C, LINE 19	THE HOSPITAL/CENTRACARE HEALTH SYSTEM DOES NOT GENERALLY MAKE ITS GOVERNING DOCUMENTS OR CONFLICT OF INTEREST POLICY AVAILABLE TO THE PUBLIC THE HOSPITAL/CENTRACARE HEALTH SYSTEM DOES DO AN ANNUAL REPORT TO THE COMMUNITY IN WHICH FINANCIAL RESULTS ARE REPORTED TO AND DISCUSSED WITH THE PUBLIC THIS REPORT IS AVAILABLE TO THE PUBLIC ON THE ORGANIZATION'S WEBSITE

Identifier	Return Reference	Explanation
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 9	ADJUSTMENTS TO FUNDED STATUS OF PENSION PLAN 11,591,147 OTHER CHANGES IN UNRESTRICTED NET ASSETS 2,496,715 NET EQUITY TRANSFERS TO AFFILIATED ORGANIZATIONS -24,128,000

SCHEDULE R  
(Form 990)

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
ST CLOUD HOSPITAL

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.

Employer identification number

41-0695596

Part I

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

(a) Name, address, and EIN (if applicable) 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" to 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 entity?	
						Yes	No
(1) CENTRACARE HEALTH SYSTEM  1406 6TH AVE N  ST CLOUD, MN 56303 41-1813221	HEALTHCARE	MN	501(C)(3)	LINE 1	N/A		No
(2) CENTRACARE HEALTH SYSTEM - MELROSE  11 NORTH 5TH AVE WEST  MELROSE, MN 56352 41-1865315	ACUTE CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM		No
(3) CENTRACARE HEALTH SYSTEM - LONG PRAIRIE  20 SE 9TH STREET  LONG PRAIRIE, MN 56347 41-1924645	ACUTE CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM		No
(4) CENTRACARE HEALTH SYSTEM - SAUK CENTRE  425 ELM STREET NORTH  SAUK CENTRE, MN 56378 45-2438973	ACUTE CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM		No
(5) CENTRAL MINNESOTA EMERGENCY PHYSICIANS  1406 6TH AVE N  ST CLOUD, MN 56303 41-1708142	EMERGENCY PHYS	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM		No
(6) CENTRACARE CLINIC  1200 6TH AVE NORTH  ST CLOUD, MN 56303 41-1806657	MULTI-SPECIALTY	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM		No
(7) CENTRACARE HEALTH FOUNDATION  1406 6TH AVE N  ST CLOUD, MN 56303 41-1855173	FUNDRAISING	MN	501(C)(3)	LINE 7	CENTRACARE HEALTH SYSTEM		No

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" to 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	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) CENTRACARE PHARMACY SERVICES  1406 6TH AVE N ST CLOUD, MN 56303 41-1620618	RETAIL PHARMACIES	MN	CENTRACARE HEALTH SYSTEM	C					No

Part V

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

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

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 or (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

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

Yes

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

No

1l

No

1m

No

1n

No

1o

Yes

1p

Yes

1q

Yes

1r

No

1s

Yes

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved



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]

**Software ID:**  
**Software Version:**  
**EIN:** 41-0695596  
**Name:** ST CLOUD HOSPITAL

**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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# CentraCare Health

Consolidated Financial Report  
With Supplementary Information  
With Independent Auditor's Reports Thereon  
June 30, 2013 and 2012



McGladrey

Assurance • Tax • Consulting

## **Contents**

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### **Supplementary Information**

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## **Independent Auditor's Report**

To the Board of Directors  
CentraCare Health  
St. Cloud, Minnesota

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of CentraCare Health System (CentraCare), which comprise the consolidated balance sheet as of June 30, 2013, the related consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CentraCare as of June 30, 2013, and the results of its operations and changes in net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

The consolidated financial statements of CentraCare as of and for the year ended June 30, 2012, were audited by other auditors, whose report, dated September 24, 2012, expressed an unmodified opinion on those consolidated financial statements

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

Minneapolis, Minnesota  
October 8, 2013

CentraCare Health

Consolidated Balance Sheets  
June 30, 2013 and 2012

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Current Assets		
Cash and cash equivalents	\$ 89,050,874	\$ 63,881,561
Accounts receivable:		
Patients and residents, less allowance for uncollectible accounts of \$15,014,000 in 2013 and \$12,587,000 in 2012	142,478,937	102,840,080
Other receivables	14,841,354	9,162,290
Inventories	13,218,656	10,020,292
Prepaid expenses and other	8,901,306	6,806,547
Third-party payor settlements	876,692	85,000
Current portion of funds held by trustees under bond indentures	70,884	324,100
<b>Total current assets</b>	<b>269,438,703</b>	<b>193,119,870</b>
Assets Whose Use Is Limited		
Funds held by trustee under workers' compensation agreement	3,200,657	2,722,547
Funds held by trustee under bond indentures, net of current portion	24,781,547	33,504,247
Funds designated by Board for future property and equipment replacement and expansion	416,197,629	366,605,698
<b>Total assets whose use is limited</b>	<b>444,179,833</b>	<b>402,832,492</b>
Property and Equipment, net	587,546,615	513,619,540
Deferred Debt Acquisition Costs, net	5,284,085	7,100,289
Interest Rate Swap Instruments	16,324	1,516,157
Other Assets	17,645,169	18,649,287
<b>Total assets</b>	<b>\$ 1,324,110,729</b>	<b>\$ 1,136,837,635</b>

See Notes to Consolidated Financial Statements.

<b>Liabilities and Net Assets</b>	<b>2013</b>	<b>2012</b>
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 13,231,747	\$ 10,798,073
Accounts payable	31,208,598	36,887,123
Third-party payor settlements	2,990,997	7,033,115
Accrued salaries and benefits	89,226,258	79,574,990
Accrued interest and other	2,509,258	2,244,119
<b>Total current liabilities</b>	<b>139,166,858</b>	<b>136,537,420</b>
<b>Long-Term Liabilities</b>		
Long-term debt	415,964,609	403,851,237
Interest rate and total return swap instruments	27,736,770	16,330,437
Accrued pension liability	24,548,257	34,710,151
Other liabilities	21,688,728	13,543,509
<b>Total long-term liabilities</b>	<b>489,938,364</b>	<b>468,435,334</b>
<b>Total liabilities</b>	<b>629,105,222</b>	<b>604,972,754</b>
<b>Commitments and Contingencies</b>		
<b>Net Assets</b>		
Unrestricted	680,784,063	519,579,922
Unrestricted—noncontrolling interest	3,039,659	-
Temporarily restricted	10,911,675	12,014,849
Permanently restricted	270,110	270,110
<b>Total net assets</b>	<b>695,005,507</b>	<b>531,864,881</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,324,110,729</b>	<b>\$ 1,136,837,635</b>



# CentraCare Health

## Consolidated Statements of Operations and Changes in Net Assets Years Ended June 30, 2013 and 2012

	2013	2012
Revenue		
Patient and resident service revenue, net of contractual adjustments	\$ 912,958,701	\$ 842,520,105
Provision for bad debts	(17,304,538)	(16,747,262)
<b>Net patient and resident service revenue</b>	<b>895,654,163</b>	<b>825,772,843</b>
Other operating revenue	42,494,271	36,361,158
<b>Total revenue</b>	<b>938,148,434</b>	<b>862,134,001</b>
Expenses		
Salaries and employee benefits	560,640,146	507,513,502
Supplies and other	271,134,274	256,302,236
Interest	14,778,840	11,982,441
Depreciation and amortization	44,458,049	36,292,214
<b>Total expenses</b>	<b>891,011,309</b>	<b>812,090,393</b>
<b>Operating income</b>	<b>47,137,125</b>	<b>50,043,608</b>
Nonoperating gains (losses)		
Investment income and gains, net	39,223,342	6,903,928
Gain (loss) on interest rate and total return swaps, net	19,777,403	(43,300,894)
Contributed net assets of affiliations	44,626,143	-
Loss on debt refinancing	(1,866,670)	-
Other gains (losses), net	154,668	(2,504,555)
<b>Total nonoperating gains (losses), net</b>	<b>101,914,886</b>	<b>(38,901,521)</b>
<b>Revenue and gains in excess of expenses</b>	<b>149,052,011</b>	<b>11,142,087</b>
Less revenues in excess of expenses attributable to noncontrolling interest	3,039,659	-
<b>Revenue and gains in excess of expenses attributable to CentraCare</b>	<b>146,012,352</b>	<b>11,142,087</b>
Other changes in unrestricted net assets		
Net assets released from restrictions	3,796,102	3,143,132
Adjustment to the funded status of the pension plan	11,661,154	(35,523,835)
Other changes in unrestricted net assets, net	(265,467)	(11)
<b>Increase (decrease) in unrestricted net assets</b>	<b>161,204,141</b>	<b>(21,238,627)</b>
Temporarily restricted net assets		
Contributions	2,692,928	2,562,402
Net assets released from restrictions	(3,796,102)	(3,143,132)
<b>Decrease in temporarily restricted net assets</b>	<b>(1,103,174)</b>	<b>(580,730)</b>
<b>Increase (decrease) in net assets</b>	<b>160,100,967</b>	<b>(21,819,357)</b>
Net assets at beginning of year, CentraCare	531,864,881	553,684,238
Net assets at end of year, CentraCare	<u>\$ 691,965,848</u>	<u>\$ 531,864,881</u>

See Notes to Consolidated Financial Statements.

**CentraCare Health**

**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2013 and 2012**

	2013	2012
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 160,100,967	\$ (21,819,357)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	44,458,049	36,324,975
Provision for bad debts	17,304,538	16,747,262
Contributed net assets of affiliations	(41,614,261)	-
Adjustment to the funded status of the pension plan	(11,661,154)	35,523,835
Loss on debt refinancing	1,866,670	-
Change in fair value of interest rate swaps, net	(26,073,834)	44,148,294
(Gain) loss from disposition of property and equipment	(1,871,168)	142,562
Restricted contributions	(2,692,928)	(2,562,402)
Changes in assets and liabilities		
Accounts receivable from patients and residents	(43,331,654)	(19,945,396)
Other current assets and liabilities	(8,560,589)	2,089,763
Assets whose use is limited, including net realized and unrealized gains and losses	(37,542,988)	62,803,614
Accounts payable and other current liabilities	(1,413,307)	6,069,143
Other long-term assets and liabilities	44,675,808	(51,552,105)
<b>Net cash provided by operating activities</b>	<b>93,644,149</b>	<b>107,970,188</b>
Cash Flows From Investing Activities		
Purchases of property and equipment, net	(73,439,577)	(104,157,150)
Net cash from affiliations	14,632,680	-
<b>Net cash used in investing activities</b>	<b>(58,806,897)</b>	<b>(104,157,150)</b>
Cash Flows From Financing Activities		
Proceeds from long-term debt and lease transactions	67,061,514	43,223,227
Payments on defeasance of long-term debt	(70,000,000)	(31,445,000)
Debt issuance costs	(134,750)	(301,278)
Principal payments on long-term debt and capital leases	(9,287,631)	(8,108,063)
Restricted contributions	2,692,928	2,562,402
<b>Net cash (used in) provided by financing activities</b>	<b>(9,667,939)</b>	<b>5,931,288</b>
<b>Net increase in cash and cash equivalents</b>	<b>25,169,313</b>	<b>9,744,326</b>
Cash and Cash Equivalents at Beginning of Year	63,881,561	54,137,235
Cash and Cash Equivalents at End of Year	<b>\$ 89,050,874</b>	<b>\$ 63,881,561</b>
Supplemental Disclosures of Cash Flow Information		
Interest paid on long-term debt, leases and swap instruments	<b>\$ 21,485,551</b>	<b>\$ 21,167,454</b>
Net assets acquired		
Fair value of assets acquired	\$ 82,032,809	\$ -
Fair value of liabilities assumed	(37,406,666)	-
Less cash acquired	(14,632,680)	-
<b>Net assets received through affiliations, net of cash acquired</b>	<b>\$ 29,993,463</b>	<b>\$ -</b>

See Notes to Consolidated Financial Statements.

## CentraCare Health

### Notes to Consolidated Financial Statements

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#### **Note 1. Organization and Basis of Presentation**

CentraCare Health System (CentraCare) was organized in 1995 for the purpose of creating an integrated, multi-organizational health care system. CentraCare strives to improve the quality and expand the clinical scope of, enhance access to, and assure affordability of health services for residents in the St. Cloud and central Minnesota area. Due to powers reserved by CentraCare relating to significant operational decisions of The Saint Cloud Hospital (the Corporation) and its right to the residual interest in the Corporation, CentraCare is considered to be the parent of the Corporation. The corporate members of the Corporation are two representatives of the Sisters of the Order of Saint Benedict, two representatives of the Diocese of St. Cloud, and four other corporate members appointed by the four representatives. The corporate members serve as representatives of the local Catholic Church of Saint Cloud.

The Corporation operates Saint Cloud Hospital, an acute care hospital (the Hospital), an extended care facility (Saint Benedict's Senior Community, Health Care & Housing for Older Adults), a retirement living facility (Benedict Village), and certain other health care operations.

CentraCare is the sole corporate member of CentraCare Health System—Melrose (CCHS—Melrose), CentraCare Health System—Long Prairie (CCHS—Long Prairie), CentraCare Health System—Sauk Centre (CCHS—Sauk Centre), CentraCare Health Foundation (the Foundation), and CentraCare Clinic (the Clinic). CentraCare also is the sole member shareholder of CentraCare Health—Monticello (CCH—Monticello), Central Minnesota Emergency Physicians (CMEP), CentraCare Pharmacy Services, Inc. (CentraCare Pharmacies), and CentraCare Surgery Center, LLC.

Effective December 1, 2012, CentraCare Health System—Sauk Centre executed a lease and affiliation agreement with the City of Sauk Centre to lease St. Michael's Hospital and its related operations in Sauk Centre, Minnesota. See Note 11, Affiliations, for further discussion.

Effective April 1, 2013, CentraCare Health—Monticello, a Minnesota Limited Liability Company, executed a lease and affiliation agreement with Monticello-Big Lake Community Hospital District to lease New River Medical Center and its related operations in Monticello, Minnesota. See Note 11, Affiliations, for further discussion.

Effective October 1, 2013, CentraCare and Paynesville Area Health Care System executed a lease and affiliation agreement and formed CentraCare Health—Paynesville, LLC, a Minnesota Limited Liability Company with CentraCare as its sole member.

CentraCare, the Corporation, the Clinic, CCHS—Melrose, CCHS—Long Prairie, CCHS—Sauk Centre, and the Foundation have been determined to qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code. CCH—Monticello, as a disregarded LLC under IRS regulations, achieves tax-exempt treatment based on the exempt status of its parent, CentraCare Health System. At June 30, 2013, there were no uncertain tax positions.

Effective April 18, 2013, the CentraCare Board of Directors approved a new name for business purposes (branding and marketing), changing from CentraCare Health System to CentraCare Health. The legal names of the entities all remain the same.

**Notes to Consolidated Financial Statements**

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**Note 2. Summary of Significant Accounting Policies**

**Use of estimates:** The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates.

**Principles of consolidation:** The consolidated financial statements include the accounts of CentraCare and its wholly or majority-controlled affiliates and wholly or majority-owned subsidiaries, which include both tax-exempt and taxable entities. All significant inter-affiliate balances and transactions have been eliminated in consolidation.

**Cash equivalents:** Cash equivalents include highly liquid, undesignated investments with original maturities of three months or less when purchased. CentraCare has cash balances at financial institutions that may exceed federal depository insurance limits. To date, CentraCare has not experienced any losses on such accounts.

**Inventories:** Inventories consist of medical drugs and supplies and are recorded at the lower of cost, determined primarily on an average cost basis, or market value.

**Assets whose use is limited:** Assets whose use is limited include investments held by trustees under indenture agreements for construction and debt service payments, investments held by trustees in conjunction with a workers' compensation program, and investments designated by the Board of Directors (over which the Board of Directors retains control and may, at its discretion, subsequently use for other purposes) for future property and equipment replacement and expansion.

Investments in marketable equity and debt securities are carried at fair value and are classified as trading investments. Investment securities are exposed to various risks, such as interest rate, credit and overall market volatility.

CentraCare invests in alternative investment funds (the funds) that hold interests in real estate and diversified hedge funds, with CentraCare's fair market value being based on the fair value of the funds' underlying investments at year-end as reported by the investee fund or as adjusted by management, based on factors including considering contributions and withdrawals to the fund and monitoring unaudited interim reporting provided by the fund related to investment returns to calculate net asset value as of June 30. CentraCare classifies these funds as trading investments.

Certain interest earned on funds held by the bond trustee is reported as other operating revenue because the interest expense on the related bonds is reported as an operating expense. All other investment returns, including unrealized gains and losses on trading investments, are reported as nonoperating gains.

Realized gains and losses are included in nonoperating gains and are determined using the specific-identification method.

**Derivative financial instruments:** CentraCare uses certain derivatives to manage identified and approved risk exposures but not for speculative purposes.

Swap instruments are recognized as either assets or liabilities and are measured at fair value.

## CentraCare Health

### Notes to Consolidated Financial Statements

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#### **Note 2. Summary of Significant Accounting Policies (Continued)**

CentraCare's derivative instruments are not designated as a hedge, as such changes in fair value of interest rate swaps, together with the related difference between interest received and interest paid, are recorded as nonoperating gains and losses.

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, 2013 and 2012, CentraCare's swap counterparties had a Standard & Poor's credit rating of A+ or above.

**Property and equipment:** Property and equipment are stated at cost, if purchased, or at fair market value on the date received, if donated or acquired through affiliation, less accumulated depreciation. Major renewals and improvements are charged to the property and equipment accounts and depreciated accordingly. Replacements, maintenance and repairs that do not improve or extend the lives of the assets are expensed currently. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is recognized at that time. CentraCare depreciates property and equipment using the straight-line method. The estimated useful life is based on guidance provided by the American Hospital Association.

CentraCare periodically evaluates the carrying value of property, equipment and other long-lived assets. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Capitalized interest:** Interest cost incurred on borrowings designated for construction purposes, net of interest earned on such borrowed funds, is capitalized over the duration of the related construction projects. Imputed interest cost incurred on construction financed through internally generated funds or other borrowings is capitalized over the duration of the related construction projects. For the years ended June 30, 2013 and 2012, CentraCare capitalized interest totaling \$495,000 and \$3,830,000, respectively.

**Long-term debt and deferred debt acquisition costs:** Discounts and premiums on bonds, which are recorded as a reduction or addition, respectively, of long-term debt, are amortized over the life of the related indebtedness using the straight-line method. Deferred debt acquisition costs are amortized over the life of the related indebtedness using the effective-interest method.

**Noncontrolling interest:** CCH—Monticello has controlling interest in an operating entity. An unrelated entity owns a noncontrolling interest. A pro rata share of the income or losses and net assets applicable to these interests has been recognized in CentraCare's consolidated financial statements.

**Net assets:** Unrestricted net assets are used to account for all transactions related to patient care and other operating activities. Unrestricted net assets also include assets whose use is limited through designation by the Board of Directors and requirements of bond indentures. Temporarily restricted net assets are those assets whose use by CentraCare has been limited by donors or grantors to a specific purpose or time period. Permanently restricted net assets have been restricted by donors and are required to be maintained in perpetuity.

**Donor-restricted gifts:** Unconditional promises to give cash and other assets to CentraCare are reported at fair value at the date the promise is received. Conditional promises and indications of intentions to give are reported at fair value at the date the conditions are met.

**Notes to Consolidated Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Receipts of unconditional promises to give with payments due in future periods are reported as temporarily restricted net assets, unless explicit donor stipulations or circumstances surrounding the receipt of a promise make clear that the donor intended it to be used to support activities of the current period. When a timing restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as a change in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are included in nonoperating gains in the accompanying consolidated financial statements. Permanently restricted net assets are held in perpetuity.

CentraCare has received pledge contributions from various corporations, foundations and individuals. Pledge receivables, net of allowances, of \$8,959,000 and \$9,613,000 are included in other receivables (current portion) and other assets at June 30, 2013 and 2012, respectively. All pledges are expected to be collected within five years.

**Net patient and resident service revenue:** Net patient and resident service revenue consists of gross charges for patient services less deductions (contractual adjustments) on services provided to enrollees of Medicare, Medicaid, Blue Cross and other third-party payor programs. Contractual adjustments arising from various reimbursement arrangements with third-party payors are recognized on an estimated basis in the period in which the services are rendered. Certain reimbursement arrangements are subject to retroactive audit and adjustment. Differences between amounts originally recorded and finally settled are included in operations in the year in which the differences are known. Adjustments to revenue related to prior periods increased net patient and resident service revenue by approximately \$1,980,000 and \$7,500,000 for the years ended June 30, 2013 and 2012, respectively, which represented 0.2 percent and 0.8 percent, respectively, of annual net patient and resident service revenue. Included in the 2012 adjustments is approximately \$4,800,000 related to a Medicare settlement for past underpayments in "rural floor" budget neutrality provisions.

**Accounts receivable:** Patient and resident accounts receivable are reduced by an allowance for uncollectible accounts. The provision for uncollectible accounts is based upon management's assessment of expected net collections, considering historical net collection, 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 uncollectible accounts based upon historical write-off experience by payor category. The results of this review are then used to make any modifications to the provision for uncollectible accounts to establish an appropriate allowance for uncollectible accounts. After satisfaction of amounts due from insurance, CentraCare follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by CentraCare.

**Charity care:** CentraCare provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Since CentraCare does not pursue collection of amounts due from patients who have been determined to qualify for its charity care program, these amounts are excluded from net patient and resident service revenue.

The cost of charity care provided was approximately \$7,043,000 and \$5,415,000 for the years ended June 30, 2013 and 2012, respectively. The cost of providing charity care is estimated by applying an overall cost-to-charge ratio to the charity charges incurred. The cost-to-charge ratio is calculated based on total operating expenses less adjustments, as defined by the Internal Revenue Service in the instructions for Form 990—Schedule H.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**Other revenue:** Other revenue includes reimbursement of license fees and other expenses related to other organizations' use of CentraCare's electronic medical records system, food sales to employees and visitors, pharmacy and ancillary sales, and grant revenue. Other revenue includes \$7,673,000 and \$5,476,000 earned from the federally funded electronic health record incentive program (Medicare and Medicaid) for the years ended June 30, 2013 and 2012, respectively. Income from incentive payments are subject to retrospective adjustments, as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, CentraCare's compliance with the meaningful use criteria is subject to audit by the federal government.

**Statements of operations and changes in net assets:** The consolidated statements of operations and changes in net assets have been segregated into operating and nonoperating activities. Operating activities include all health care-related services. Nonoperating activities include primarily investment income, realized and unrealized investment gains and losses, gains and losses on interest rate and total return swaps, loss on debt refinancing, contributed net assets of affiliations, and unrestricted contributions net of related expenses of the Foundation. The results of operating and nonoperating activities are included in revenue and gains in excess of expenses.

Contributions of property and equipment, changes and adjustments in CentraCare's defined benefit plans, and net assets released from restrictions are presented as other changes in unrestricted net assets and excluded from revenue and gains in excess of expenses.

**Business combinations:** The fair values of the assets acquired and the liabilities assumed represent CentraCare's estimate of fair values at the acquisition date. CentraCare determines fair value through a combination of methods, which include outside valuations and appraisals, internal rate of return calculations, discounted cash flow models, and consideration of market conditions. Transaction and integration costs associated with business combinations are expensed as incurred. The results of the acquisitions are included in the accompanying consolidated statement of operations and changes in net assets from the respective acquisition dates forward.

**Reclassifications:** Certain reclassifications have been made to the 2012 consolidated financial statements to conform to the 2013 presentation. The reclassifications had no effect on the change in net assets or on total net assets as previously reported.

**New accounting standards:** During the year ended June 30, 2013, CentraCare adopted Accounting Standards Update (ASU) 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities. ASU 2011-07 requires health care entities to change the presentation of their statements of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). In addition, enhanced disclosures are required related to the entity's policies for recognizing revenue and assessing bad debts. ASU 2011-07 did not have an impact on CentraCare's consolidated financial condition or results of operations.

**Notes to Consolidated Financial Statements**

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**Note 3. Net Patient and Resident Service Revenue and Contractual Agreements With Third-Party Payors**

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

**Medicare:** Inpatient acute care services rendered at the Corporation to Medicare program beneficiaries and defined capital costs related to Medicare beneficiaries are paid at prospectively determined rates per discharge, which vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain outpatient services and defined capital costs related to Medicare beneficiaries are paid prospectively, while other outpatient services payments are based on fee schedules.

Certain hospital, clinic, and nursing home operations are reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. Medicare services rendered to clinic patients are paid at the Medicare Part B physician fee schedule rate.

**Medicaid:** Inpatient services rendered to Medicaid program beneficiaries who are not covered by Medicaid managed care are reimbursed at a prospectively determined per case or per diem rate. Outpatient services are reimbursed based on a state fee schedule.

**Managed care payors:** Payment arrangements are established under negotiated contracts and include reimbursement based on prospectively determined rates per discharge and daily rates, discounted charges, or per diem payments.

Laws and regulations governing the Medicare and Medicaid programs are 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. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. CentraCare believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its consolidated financial statements.

As a service to the patient, CentraCare bills third-party payors directly and bills the patient when the patient's liability is determined. Accounts receivable are reduced by an allowance for uncollectible accounts. CentraCare's allowance for uncollectible accounts was 10.5% and 12.2% of accounts receivable at June 30, 2013 and 2012, respectively. The decrease in the allowance for uncollectible accounts as a percentage of accounts receivable was the result of positive trends experienced in the collection of patient accounts and the composition of accounts receivable at year-end. In addition, CentraCare's write-offs were \$14,229,000 and \$13,093,000 for the years ended June 30, 2013 and 2012, respectively.



**CentraCare Health**

**Notes to Consolidated Financial Statements**

**Note 3. Net Patient and Resident Service Revenue and Contractual Agreements With Third-Party Payors (Continued)**

Gross patient and resident service charges at established rates less third-party payor contractual adjustments consisted of the following for the years ended June 30:

	2013	2012
Gross patient and resident service charges	\$ 1,977,504,366	\$ 1,799,908,835
Allowances for contractual adjustments	(1,064,545,665)	(957,388,730)
Patient and resident service revenue, net of contractual adjustments	912,958,701	842,520,105
Provision for bad debts	(17,304,538)	(16,747,262)
Net patient and resident service revenue	<u>\$ 895,654,163</u>	<u>\$ 825,772,843</u>

Patient and resident service revenue (before provision for bad debts) by payor for the years ended June 30 was as follows.

	2013	2012
Medicare	36%	36%
Medicaid	11%	11%
Blue Cross	21%	20%
Commercial insurance	23%	23%
Self-pay and other	9%	10%
	<u>100%</u>	<u>100%</u>

CentraCare grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables (before allowance for uncollectible accounts) from patients and other third-party payors was as follows at June 30:

	2013	2012
Medicare	33%	30%
Medicaid	11%	10%
Blue Cross	16%	15%
Commercial insurance	19%	23%
Self-pay and other	21%	22%
	<u>100%</u>	<u>100%</u>

**CentraCare Health****Notes to Consolidated Financial Statements**

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**Note 4. Assets Whose Use Is Limited**

The carrying value of CentraCare's investment portfolio at June 30 is summarized as follows:

	2013	2012
Cash and cash equivalents	\$ 4,267,562	\$ 10,388,924
Commercial paper	3,580,726	1,384,713
Certificates of deposit	1,534,000	-
U S Treasury debt securities	1,424,473	1,024,275
U.S. government agency debt securities	11,434,065	18,914,150
Corporate debt securities	4,433,080	3,960,672
Fixed-income mutual funds	75,188,695	142,197,929
Asset-backed securities	2,649	2,463
Equity mutual funds	290,228,252	177,099,443
Marketable equity securities	16,500	16,500
Hedge funds of funds	37,897,634	35,198,404
Real estate partnership	14,243,081	12,969,119
	<u>\$ 444,250,717</u>	<u>\$ 403,156,592</u>

Investment gain (loss) and its classification in the consolidated statements of operations and changes in net assets for the years ended June 30 are summarized as follows:

	2013	2012
Interest and dividend income	\$ 8,260,546	\$ 8,640,199
Net realized gains	15,584,947	14,307,040
Net change in unrealized gains and losses	15,380,916	(16,043,139)
Investment gains, net	<u>\$ 39,226,409</u>	<u>\$ 6,904,100</u>
Other operating revenue	\$ 3,067	\$ 172
Nonoperating income and gains, net	39,223,342	6,903,928
Investment income and gains, net	<u>\$ 39,226,409</u>	<u>\$ 6,904,100</u>

## CentraCare Health

### Notes to Consolidated Financial Statements

#### Note 4. Assets Whose Use Is Limited (Continued)

The following tables disclose the fair value and redemption frequency for those assets whose fair value is estimated using the net asset value per share as of June 30, 2013 and 2012.

	2013—Fair Value Estimated Using Net Asset Value Per Share			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedge funds of funds (A)	\$ 37,897,634	\$ -	Quarterly	65 days
Real estate partnership (B)	14,243,081	-	Quarterly	60 days
	<u>\$ 52,140,715</u>	<u>\$ -</u>		
	2012—Fair Value Estimated Using Net Asset Value Per Share			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedge funds of funds (A)	\$ 35,198,404	\$ -	Annually	65 days
Real estate partnership (B)	12,969,119	-	Quarterly	60 days
	<u>\$ 48,167,523</u>	<u>\$ -</u>		

- (A) The objective of the funds is to seek to achieve an attractive risk-adjusted return with moderate directional market exposure over a full market cycle. The funds utilize an absolute return strategy including equity hedge, relative value, event-driven and tactical strategies.
- (B) The purpose of the fund is to actively manage a core portfolio of primarily equity real estate investments in the United States. The fund's real return performance objective is to achieve at least a 5% real rate of return (inflation-adjusted return), before advisory fees, over any given three- to five-year period.

#### Note 5. 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 FASB's Accounting Standards Codification establishes a framework for measuring fair value. The framework consists of a three-level valuation 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.

**CentraCare Health**

**Notes to Consolidated Financial Statements**

**Note 5. Fair Value Measurements (Continued)**

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.

The following table presents the financial instruments carried at fair value as of June 30, 2013, by investment classification, analyzed by the fair value hierarchy:

	2013			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Assets whose use is limited				
Cash and cash equivalents	\$ 3,474,475	\$ 793,087	\$ -	\$ 4,267,562
Commercial paper	-	3,580,726	-	3,580,726
Certificates of deposit	-	1,534,000	-	1,534,000
U S. Treasury debt securities	1,424,473	-	-	1,424,473
U S. government agency debt securities	-	11,434,065	-	11,434,065
Corporate debt securities	-	4,064,395	368,685	4,433,080
Fixed-income mutual funds	75,188,695	-	-	75,188,695
Asset-backed securities	-	-	2,649	2,649
Equity mutual funds	290,228,252	-	-	290,228,252
Equity securities	-	-	16,500	16,500
Hedge funds of funds	-	-	37,897,634	37,897,634
Real estate partnership	-	-	14,243,081	14,243,081
	370,315,895	21,406,273	52,528,549	444,250,717
Interest rate swap instruments	-	16,324	-	16,324
<b>Total assets</b>	<b>\$ 370,315,895</b>	<b>\$ 21,422,597</b>	<b>\$ 52,528,549</b>	<b>\$ 444,267,041</b>
<b>Liabilities:</b>				
Interest rate swap instruments	\$ -	\$ 27,736,770	\$ -	\$ 27,736,770

## CentraCare Health

### Notes to Consolidated Financial Statements

#### Note 5. Fair Value Measurements (Continued)

The following table presents the financial instruments carried at fair value as of June 30, 2012, by investment classification, analyzed by the fair value hierarchy.

	2012			
	Level 1	Level 2	Level 3	Total
<b>Assets.</b>				
Assets whose use is limited				
Cash and cash equivalents	\$ 9,794,810	\$ 594,114	\$ -	\$ 10,388,924
Commercial paper	-	1,384,713	-	1,384,713
U S Treasury debt securities	1,024,275	-	-	1,024,275
U S government agency debt securities	-	18,914,150	-	18,914,150
Corporate debt securities	-	3,650,053	310,619	3,960,672
Fixed-income mutual funds	142,197,929	-	-	142,197,929
Asset-backed securities	-	-	2,463	2,463
Equity mutual funds	177,099,443	-	-	177,099,443
Equity securities	-	-	16,500	16,500
Hedge funds of funds	-	-	35,198,404	35,198,404
Real estate partnership	-	-	12,969,119	12,969,119
	330,116,457	24,543,030	48,497,105	403,156,592
Interest rate swap instruments	-	1,516,157	-	1,516,157
<b>Total assets</b>	<b>\$ 330,116,457</b>	<b>\$ 26,059,187</b>	<b>\$ 48,497,105</b>	<b>\$ 404,672,749</b>
<b>Liabilities</b>				
Interest rate and total return swap instruments	\$ -	\$ 16,330,437	\$ -	\$ 16,330,437

Following is a description of CentraCare's valuation methodologies for assets and liabilities measured at fair value.

Fair values for Level 1 securities are based upon quoted market prices.

Fair values for Level 2 assets are 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 values for Level 2 liabilities are based primarily on a discounted cash flow method. The valuations also reflect a credit spread adjustment to the London Interbank Offer Rate (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.

Fair values for Level 3 securities are based on net asset value, based on the fair value of the fund/partnership's underlying investments or nonbinding broker estimates of midmarket pricing information, as applicable.

## CentraCare Health

### Notes to Consolidated Financial Statements

#### Note 5. Fair Value Measurements (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While CentraCare believes its valuation methods are appropriate and consistent with other market participants, the use of different methods or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table is a rollforward of the balance sheet amounts for financial instruments classified by CentraCare within Level 3 of the valuation hierarchy defined above:

	Corporate Debt Securities	Asset-Backed Securities	Equity Securities	Hedge Funds of Funds	Real Estate Partnership
Fair value at June 30, 2011	\$ 526,861	\$ 3,041	\$ 16,500	\$ 157,795	\$ 11,666,091
Purchases, sales and maturities, net	(144,080)	(173)	-	35,000,000	-
Realized gains included in revenues and gains in excess of expenses and losses	82,986	-	-	-	-
Unrealized losses included in revenues and gains in excess of expenses and losses	(155,148)	(405)	-	40,609	1,303,028
Fair value at June 30, 2012	310,619	2,463	16,500	35,198,404	12,969,119
Purchases, sales and maturities, net	(97,166)	-	-	-	-
Realized gains included in revenues and gains in excess of expenses and losses	57,461	-	-	-	-
Unrealized gains included in revenues and gains in excess of expenses and losses	97,771	186	-	2,699,230	1,273,962
Fair value at June 30, 2013	<u>\$ 368,685</u>	<u>\$ 2,649</u>	<u>\$ 16,500</u>	<u>\$ 37,897,634</u>	<u>\$ 14,243,081</u>
Change in unrealized gains (losses) related to financial instruments held at June 30, 2013	<u>\$ 33,019</u>	<u>\$ (500)</u>	<u>\$ -</u>	<u>\$ 2,699,230</u>	<u>\$ 1,273,962</u>

At June 30, 2013 and 2012, the fair value of all financial instruments approximates carrying value, except for fixed-rate long-term debt, which had a fair value in excess of carrying value of approximately \$14,766,000 and \$14,109,000, respectively. The fair value of fixed-rate debt is estimated based on quoted market prices for similar issues (excluding the impact of third-party credit enhancements on Series 2008D bonds) or by discounting expected cash flows at the rates currently offered to CentraCare for debt of similar remaining maturities, as advised by investment bankers.

The carrying values of cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued expenses are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

**CentraCare Health****Notes to Consolidated Financial Statements****Note 6. Property and Equipment**

Property and equipment at June 30 consisted of the following:

	2013	2012
Land	\$ 24,281,064	\$ 20,424,693
Buildings	622,426,745	555,834,887
Equipment	348,680,664	300,239,451
Construction in progress	5,666,806	13,531,735
	<u>1,001,055,279</u>	<u>890,030,766</u>
Accumulated depreciation and amortization	(413,508,664)	(376,411,226)
	<u>\$ 587,546,615</u>	<u>\$ 513,619,540</u>

Depreciation expense was \$44,596,484 and \$36,109,315 for the years ended June 30, 2013 and 2012, respectively, which includes amortization expense of assets under capital leases.

Assets recorded under capital leases at June 30, 2013 and 2012, totaled \$4,159,203 and \$3,056,519, respectively, net of accumulated amortization of \$1,701,115 and \$688,124 at June 30, 2013 and 2012, respectively

**Note 7. Long-Term Debt**

Long-term debt at June 30, 2013 and 2012, consisted of the following:

	2013	2012
<b>Obligated Group Debt</b>		
Health Care Refunding Revenue Bonds, Series 2012, maturing through 2042, variable-rate interest at an average annual interest rate of 1.0% in 2013	\$ 64,885,000	\$ -
Health Care Revenue Bonds, Series 2011A, maturing through 2019, at an annual fixed interest rate of 2.1%	9,700,000	10,000,000
Health Care Refunding Revenue Bonds, Series 2011B, maturing through 2021, variable-rate interest at an average annual interest rate of 1.0% in 2013 and 2012	28,455,000	31,445,000
Health Care Revenue Bonds, Series 2010A, maturing through 2030, at annual fixed interest rates from 4.0% to 5.1% (net of unaccreted discount of \$540,412 in 2013 and \$573,000 in 2012)	147,874,588	149,147,000
Health Care Revenue Bonds, Series 2010B, maturing through 2020, at annual fixed interest rates from 3.0% to 5.0% (net of unamortized premium of \$813,329 in 2013 and \$936,871 in 2012)	19,503,329	22,721,871

**CentraCare Health**

**Notes to Consolidated Financial Statements**

**Note 7. Long-Term Debt (Continued)**

	2013	2012
<b>Obligated Group Debt (Continued)</b>		
Health Care Variable Rate Demand Revenue Bonds, Series 2009A, maturing through 2042, at an average annual interest rate of 0.14% in 2013 and 0.18% in 2012, and Health Care Revenue Bonds, Series 2008D, maturing through 2039, at annual fixed interest rates from 5.4% to 5.5% (net of unaccreted discount of \$305,177 in 2013 and \$315,761 in 2012)	128,119,499	128,108,915
Health Care Variable Rate Demand Revenue Bonds, Series 2008A and Series 2008C, maturing through 2042, at an average annual interest rate of 0.34% in 2013 and 0.18% in 2012	-	70,000,000
<b>Non-Obligated Group Debt</b>		
Gross Revenue Health Care Facilities Bonds, Series 2003C and Series 2009A (CCH—Monticello), maturing through 2023, at annual interest rates from 2.75% to 6.2%	16,085,633	-
General Obligation Crossover Refunding Bonds, Series 2005C (CCHS—Sauk Centre), maturing through 2034, at annual interest rates from 4.6% to 5.0%	10,239,352	-
Capital leases, due through fiscal year 2018	4,333,955	3,226,524
	<u>429,196,356</u>	<u>414,649,310</u>
Current portion of long-term debt included in current liabilities (net of unamortized premium of \$80,372 in 2013 and 2012)	(10,810,497)	(8,376,823)
Portion of debt subject to short-term remarketing arrangements included in current liabilities	(2,421,250)	(2,421,250)
	<u>\$ 415,964,609</u>	<u>\$ 403,851,237</u>

The City of Saint Cloud, Minnesota, has issued the Obligated Group Revenue Bonds on behalf of the CentraCare Obligated Group (Obligated Group), which consists of the Corporation, CentraCare, CCHS—Melrose and CCHS—Long Prairie. The bonds are the sole obligation of the Obligated Group and are secured by unrestricted receivables and certain pass-through obligations.

The non-obligated group debt is that related to non-obligated group members of which interest and principal payments are assumed through lease and affiliation agreements with those entities. CentraCare has entered into a guarantee agreement on the existing lease agreement for CCHS—Sauk Centre. This guarantee and its respective value are limited to the payment of all rent and other sums payable under the terms of the lease. CentraCare has made no payments under this guarantee, and expectation of future payment is deemed remote.



## CentraCare Health

### Notes to Consolidated Financial Statements

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#### Note 7. Long-Term Debt (Continued)

In September 2012, with the issuance of Series 2012 bonds, CentraCare refunded the Series 2008A and Series 2008C bonds and terminated the related standby bond purchase agreements. In conjunction with the issuance of Series 2012 bonds, CentraCare entered into a variable-rate direct purchase agreement with a financial institution for \$64,885,000 that will expire in September 2019. Principal payments on the Series 2012 bonds would be due in their entirety at expiration unless CentraCare renews the direct purchase agreement or enters into a direct purchase agreement with another financial institution. CentraCare has continued to disclose the aggregate maturities in accordance with their original loan agreement and respective principal payment schedule.

In December 2011, CentraCare issued \$10,000,000 of Health Care Revenue Bonds, Series 2011A, to finance a portion of the costs of construction of an administrative services building to be located at the Plaza campus. CentraCare also issued \$31,445,000 of Health Care Revenue Refunding Bonds, Series 2011B, to current refund the outstanding Series 1993 bonds. In January 2012, CentraCare redeemed the Series 1993 bonds with an outstanding par amount totaling \$31,445,000. The Series 2011A and 2011B bond agreements are direct purchase agreements with a financial institution.

In connection with the Series 2009A Variable Rate Demand Revenue Bonds, CentraCare is supported by a letter of credit with an expiration date of August 2014. Under the terms of the agreement, the bank would acquire the outstanding amount of the 2009A Variable Rate Revenue Bonds (\$48,425,000 at June 30, 2013) if tendered by the investors and not remarketed by the remarketing agent. In the event that the bank purchased bonds under the letter of credit, the bonds will become bank bonds payable in equal quarterly installments over a five-year amortization period. Bank bonds can be retired at par at any time during the amortization period. The letter of credit had an annual commitment fee rate of 0.85 percent and an annual remarketing agent fee of 0.08 percent for the year ended June 30, 2013, and annual commitment fee rates ranging from 0.775 percent to 1.20 percent and an annual remarketing agent fee ranging from 0.08 percent to 0.10 percent for the year ended June 30, 2012.

Aggregate maturities and sinking fund requirements of long-term debt, excluding maturities of the standby bond purchase agreements and letters of credit if the Series 2009A bonds are not remarketed, for each of the next five years are as follows.

#### Years Ending June 30.

2014	\$ 10,939,555
2015	11,350,666
2016	11,595,413
2017	11,722,061
2018	11,718,007

## CentraCare Health

### Notes to Consolidated Financial Statements

#### Note 7. Long-Term Debt (Continued)

CentraCare employs interest rate-related derivative instruments to manage its exposure to interest cost on its variable-rate debt instruments and its exposure to changes in the fair value changes on its fixed-rate debt due to changes in interest rates. CentraCare does not enter into derivative instruments for any purpose other than risk management purposes. The derivative financial instruments expose CentraCare to counterparty credit risk and market risk. Counterparty credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of the derivative contract is positive, the counterparty owes CentraCare, which creates counterparty credit risk for CentraCare. When the fair value of a derivative contract is negative, CentraCare owes the counterparty and therefore does not possess counterparty credit risk. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Management also mitigates risk through periodic reviews of CentraCare's derivative positions in the context of its total blended cost of capital

#### Note 8. Interest Rate and Total Return Swap Instruments

The following is a summary of the outstanding positions under these interest rate swap agreements at June 30, 2013.

Instrument Type	Bond Series	Notional Amount	Maturity Date	Interest Rate Paid	Interest Rate Received
Interest rate swap	2008	\$ 120,000,000	May 1, 2042	3.184%	68% of 1-month LIBOR
Interest rate swap	2008	80,000,000	May 3, 2039	3.710%	68% of 1-month LIBOR
Interest rate swap	2011B	28,445,000	October 1, 2023	3.659%	70% of 1-month LIBOR
Interest rate swap (Basis rate)	2010	75,000,000	May 1, 2030	SIFMA (Securities Industry and Financial Markets Association)	67% of 3-month LIBOR + 0.5461%
Interest rate swap (Basis rate)	2010	75,000,000	May 1, 2030	SIFMA	67% of 3-month LIBOR + 0.54%

The derivative instruments identified in the table above are not integrated with the underlying debt and, as such, are not hedge transactions as defined by accounting standards

# **CentraCare Health**

## **Notes to Consolidated Financial Statements**

### **Note 8. Interest Rate and Total Return Swap Instruments (Continued)**

The fair value of derivative instruments on a gross basis is as follows at June 30.

	Consolidated Balance Sheet Location	2013	2012
Derivatives	Interest rate swaps—asset	\$ 16,324	\$ 1,516,157
Derivatives	Interest rate and total return swaps—liability	-	267,378
Derivatives	Interest rate and total return swaps—liability	(48,181,440)	(76,022,484)
Collateral posted for derivatives	Interest rate and total return swaps—liability	20,444,670	59,424,669
		<u>\$ (27,720,446)</u>	<u>\$ (14,814,280)</u>

The effect of derivative instruments on the consolidated statements of operations and changes in net assets is as follows:

Derivatives Not Designated as Hedging Instruments	Consolidated Statement of Operations and Changes in Net Assets Location	Amount of (Loss) Gain on Derivatives Recognized in Revenue and Gains in Excess of Expenses and Losses, Years Ended June 30	
		2013	2012
Realized losses on derivatives	Gain (loss) on interest rate swaps, net	\$ (6,296,431)	\$ (4,801,879)
Unrealized gains (losses) on derivatives	Gain (loss) on interest rate swaps, net	26,073,834	(38,499,015)
		<u>\$ 19,777,403</u>	<u>\$ (43,300,894)</u>

CentraCare's derivative instruments include certain collateralization requirements based on the market value of these transactions. The amount required for collateral is determined daily based on the current market value of the derivative instruments and compared to the predetermined collateral threshold. The aggregate fair value of all derivative instruments at June 30, 2013 and 2012, is a liability position of \$48,165,116 and \$74,238,949, respectively. CentraCare posted collateral of \$20,444,670 and \$59,424,669 at June 30, 2013 and 2012, respectively, which collateralizes CentraCare's liability positions on certain derivative instruments. CentraCare offsets fair value amounts recognized for the derivative instruments and fair value amounts recognized for the right to reclaim cash collateral (a receivable) based on the terms of the master netting agreement with the counterparties.

### **Note 9. Pension Plans**

The Corporation participates in a noncontributory defined benefit plan sponsored by the Sisters of the Order of Saint Benedict; the Hospital; and Saint Benedict's Senior Community, Health Care & Housing for Older Adults. In addition, CentraCare sponsors two smaller defined benefit plans. Effective June 30, 2003, the defined benefit plans were frozen.

The Corporation's plans cover substantially all employees who attained age 21 and worked for at least one year with 1,000 hours or more of annual service prior to curtailment of the plans. Benefits are based on each employee's years of service and compensation.

## CentraCare Health

### Notes to Consolidated Financial Statements

#### Note 9. Pension Plans (Continued)

CentraCare's funding policy is to contribute annually at least the amount necessary to prevent a deficiency in the accounts using a calculation of the normal cost plus a 10-year amortization of the unfunded actuarial accrued liability, with interest, to the end of the plan. The normal cost is the portion of the present value of benefits that is allocated to the current year.

CentraCare's Investment Committee approves the investment policy and asset allocation of the pension plan. The Investment Committee's activities are supported by an independent investment manager. The investment policy covers responsibilities of the investment manager, investment objectives, asset allocation targets, and asset guidelines (including permissible and nonpermissible holdings). The Investment Committee reviews asset allocations quarterly to determine if the current structure is appropriate and whether any changes are necessary.

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

	Asset Allocation Target	2013	2012
Equity securities	43%	44%	43%
Fixed-income securities	51%	49%	50%
Real estate partnerships	6%	7%	6%
Cash	0%	0%	1%
	100%	100%	100%

The plan's investments in alternative investments are similar to those described in Note 5.

The following is a summary of the change in projected benefit obligation and change in plan assets for the years ended June 30:

	2013	2012
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 158,141,191	\$ 125,910,024
Interest cost	6,036,593	6,806,085
Actuarial (gain) loss	(4,697,327)	32,447,083
Benefits paid	(6,441,320)	(7,022,001)
Projected benefit obligation at end of year	153,039,137	158,141,191
Change in plan assets:		
Fair value of plan assets at beginning of year	122,942,742	123,691,752
Employer contributions	24,393	208,672
Actual gain on plan assets	11,485,534	6,064,319
Benefits paid	(6,441,320)	(7,022,001)
Fair value of plan assets at end of year	128,011,349	122,942,742
Funded status of the plan (underfunded)	\$ (25,027,788)	\$ (35,198,449)

Accumulated benefit obligation at June 30, 2013 and 2012, was \$153,039,137 and \$158,141,191, respectively.

**CentraCare Health****Notes to Consolidated Financial Statements****Note 9. Pension Plans (Continued)**

Changes in plan assets and benefit obligations recognized in unrestricted net assets during the years ended June 30 consist of the following:

	2013	2012
Actuarial (gain) loss	\$ (6,907,419)	\$ 36,274,100
Amortization of actuarial loss, net	(4,753,735)	(750,265)
Total	<u>\$ (11,661,154)</u>	<u>\$ 35,523,835</u>

At June 30, 2013 and 2012, actuarial losses of \$50,981,664 and \$62,642,819, respectively, which have not been recognized in the net periodic pension (benefit) cost, are included in unrestricted net assets.

Actuarial losses (gains) included in unrestricted net assets and expected to be recognized in net periodic pension (benefit) cost during the year ending June 30, 2014, are \$4,542,000. Unrecognized actuarial gains (losses) are amortized as a component of net periodic pension (benefit) cost, only if the gains (losses) exceed 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets.

Net periodic pension benefit consisted of the following for the years ended June 30:

	2013	2012
Interest cost	\$ 6,036,593	\$ 6,806,085
Expected return on plan assets	(9,275,443)	(9,891,336)
Amortization of unrecognized net actuarial loss	4,753,735	750,265
Net periodic pension cost (benefit)	<u>\$ 1,514,885</u>	<u>\$ (2,334,986)</u>

Weighted-average assumptions for the years ended June 30 were as follows:

	2013	2012
Discount rate at beginning of year (used to determine net periodic benefit cost)	3.91%	5.47%
Discount rate at end of year (used to determine benefit plan obligation)	4.51%	3.91%
Expected long-term return on plan assets	7.80%	7.80%

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. During the year ending June 30, 2014, CentraCare expects to make contributions to the plan of \$452,000.

# **CentraCare Health**

## **Notes to Consolidated Financial Statements**

### **Note 9. Pension Plans (Continued)**

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

#### Years Ending June 30.

2014	\$ 6,873,000
2015	6,923,000
2016	7,162,000
2017	7,863,000
2018	8,084,000
2019–2023	44,192,000

The plan assets measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2013, as follows.

	2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 557,731	\$ -	\$ -	\$ 557,731
Corporate debt securities	-	-	200,325	200,325
Fixed-income mutual funds	62,555,633	-	-	62,555,633
Asset-backed securities	-	-	1,426	1,426
Equity mutual funds	56,094,338	-	-	56,094,338
Real estate partnership	-	-	8,601,896	8,601,896
Total plan assets	\$ 119,207,702	\$ -	\$ 8,803,647	\$ 128,011,349

The plan assets measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2012, as follows:

	2012			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 752,861	\$ -	\$ -	\$ 752,861
Corporate debt securities	-	-	168,941	168,941
Fixed-income mutual funds	61,644,661	-	-	61,644,661
Asset-backed securities	-	-	1,326	1,326
Equity mutual funds	52,537,315	-	-	52,537,315
Real estate partnership	-	-	7,837,638	7,837,638
Total plan assets	\$ 114,934,837	\$ -	\$ 8,007,905	\$ 122,942,742

Fair value methodologies for Level 1 and Level 2 investments are consistent with the inputs described in Note 5. Fair values for Level 3 corporate debt securities and asset-backed securities are based on nonbinding broker estimates of midmarket pricing information. The remaining Level 3 investments, real estate partnerships, represent the plan's ownership interest in the net asset value (NAV) of the respective partnerships and are classified as such based on redemption frequency and notice period characteristics as detailed in Note 5. Valuations provided by the respective investments' management consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments, real estate appraisals, and other pertinent information. In addition, actual market exchanges at period-end provide additional observable market inputs of the exit price.

## CentraCare Health

### Notes to Consolidated Financial Statements

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#### Note 9. Pension Plans (Continued)

The following table is a rollforward of the real estate partnership assets classified within Level 3 of the pension plan asset valuation hierarchy.

Fair value at June 30, 2011	\$ 7,057,739
Actual gain on plan assets	<u>779,899</u>
Fair value at June 30, 2012	7,837,638
Actual gain on plan assets	<u>764,258</u>
Fair value at June 30, 2013	<u><u>\$ 8,601,896</u></u>

Other assets classified within Level 3 of the pension plan valuation hierarchy had limited activity

CentraCare sponsors a defined contribution retirement plan that covers substantially all employees. Contributions are based on a percentage of eligible employees' salaries. In addition, CentraCare sponsors a defined contribution savings plan, whereby employees can contribute a portion of their salaries as savings. Under this plan, CentraCare will match 50 percent of the initial 3 percent of contributions made by employees. Total amounts expensed for all defined contribution plans were \$23,135,834 and \$21,039,698 for the years ended June 30, 2013 and 2012, respectively.

#### Note 10. Commitments and Contingencies

At June 30, 2013, CentraCare had commitments of approximately \$21,500,000 to complete projects relating to capital construction.

CentraCare has operating leases for occupancy space and computer, medical, communications and other equipment. Rental expense associated with the operating leases was \$8,494,082 and \$7,959,818 for the years ended June 30, 2013 and 2012, respectively.

Future minimum lease payments on operating leases in effect on June 30, 2013, for each of the next five years are as follows:

##### Years Ending June 30,

2014	\$ 7,163,763
2015	4,054,533
2016	2,342,896
2017	1,684,449
2018	<u>1,252,438</u>
	<u><u>\$ 16,498,079</u></u>

CentraCare is insured with external carriers for professional liability claims on a claims-made basis and for general liability and workers' compensation on an occurrence basis. Under the professional liability and workers' compensation policies, CentraCare has self-insured deductible amounts. If claims-made policies presently in force are not renewed or replaced with equivalent insurance, claims asserted after the end of the policy term will be uninsured.

## CentraCare Health

### Notes to Consolidated Financial Statements

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#### Note 10. Commitments and Contingencies (Continued)

CentraCare is self-insured for employee health claims with stop-loss coverage above certain limits. At June 30, 2013 and 2012, CentraCare had estimated a liability for claims incurred that have not yet been reported based on historical claims experience, which were \$5,255,966 and \$4,166,636, respectively. These benefits are reported as salaries and employee benefits on the consolidated statements of operations and changes in net assets.

CentraCare is a party in various legal proceedings and potential claims arising in the ordinary course of business. Although the outcome of these lawsuits cannot be predicted with certainty, management believes the ultimate disposition of such matters will not have a material adverse effect on CentraCare's consolidated financial condition or operations.

#### Note 11. Affiliations

Effective December 1, 2012, CCHS—Sauk Centre executed a lease and affiliation agreement with the City of Sauk Centre to lease St. Michael's Hospital and its related operations. Effective April 1, 2013, CCH—Monticello, a Minnesota Limited Liability Company, executed a lease and affiliation agreement with Monticello-Big Lake Community Hospital District to lease New River Medical Center and its related operations in Monticello, Minnesota. The affiliations further CentraCare's strategy to grow health care services and expand its regional network within these areas. Under the terms of the affiliations, CentraCare now controls substantially all the assets, liabilities and operations of these facilities, and the employees (including employed physicians) became those of the respective subsidiaries. In accordance with accounting standards, these transactions are accounted for as business acquisitions. The operating results of CCHS—Sauk Centre and CCH—Monticello have been included in the consolidated financial statements since the respective dates of affiliation.

Following is a summary of the fair values of assets and liabilities reported in the consolidated balance sheet at the time of affiliations:

Cash	\$ 14,632,680
Patient accounts receivable	13,611,741
Investments	3,297,921
Other assets, net	7,290,467
Land, buildings and equipment	43,200,000
Current liabilities	(3,234,319)
Working capital loan	(6,732,992)
Long-term liabilities	<u>(27,439,355)</u>
	44,626,143
Less noncontrolling interest	<u>3,011,882</u>
Total contributed net assets of affiliations	<u>\$ 41,614,261</u>



## CentraCare Health

### Notes to Consolidated Financial Statements

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#### Note 11. Affiliations (Continued)

The following table presents financial information attributable to CCHS—Sauk Centre and CCH—Monticello since the affiliation dates that is included in the consolidated financial statements for the period ended June 30, 2013:

Total revenue	\$ 29,195,264
Excess of revenue over expenses	766,247
Changes in unrestricted net assets	620,739
Changes in temporarily restricted net assets	-
Changes in permanently restricted net assets	-

The following table presents unaudited consolidated pro forma financial information for the years ended June 30, 2013 and 2012, as if the closing of the affiliations had occurred on July 1, 2011:

	2013	2012
Total revenue	\$ 994,373,861	\$ 943,687,732
Revenues and gains in excess of expenses	107,527,907	6,859,416
Changes in unrestricted net assets	122,966,179	(25,423,862)
Changes in temporarily restricted net assets	(951,649)	(580,730)
Changes in permanently restricted net assets	-	-

The unaudited consolidated pro forma financial information is not necessarily indicative of the results of operations that would have occurred if the affiliation had been completed on the date indicated, nor is it indicative of future operating results

#### Note 12. Functional Expenses

CentraCare provides general health care services to residents within its geographic location. Expenses related to providing these services included in the consolidated statements of operations and changes in net assets for the years ended June 30 are as follows:

	2013	2012
Health care services	\$ 768,631,861	\$ 717,299,797
General and administrative	122,379,448	94,790,596
	<u>\$ 891,011,309</u>	<u>\$ 812,090,393</u>

#### Note 13. Subsequent Events

CentraCare evaluated events and transactions occurring subsequent to June 30, 2013, through October 8, 2013, the date of issuance of the consolidated financial statements. During this period, there were no subsequent events, other than those described in Note 1, requiring recognition or disclosure in the consolidated financial statements.

## **Supplementary Information**



## Independent Auditor's Report on the Supplementary Information

To the Board of Directors  
CentraCare Health  
St. Cloud, Minnesota

We have audited the consolidated financial statements of CentraCare Health System as of and for the year ended June 30, 2013, and have issued our report thereon dated October 8, 2013, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*McGladrey LLP*

Minneapolis, Minnesota  
October 8, 2013

# CentraCare Health

## Consolidating Balance Sheet June 30, 2013

	Saint Cloud Hospital	St. Benedict's Senior Community	CentraCare Corporate	CCHS— Melrose	CCHS— Long Prairie	Eliminations	Total Obligated Group
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$ 48,476,840	\$ 2,065,524	\$ 2,553,441	\$ 3,253,544	\$ 3,281,076	\$ -	\$ 59,630,425
Accounts receivable							
Patients and residents, net	96,188,587	1,667,998	736,707	3,287,331	3,499,783	-	105,380,406
Other receivables	1,437,483	329,523	2,123,947	127,043	27,925	(1,700,075)	2,345,846
Inventories	7,233,778	-	578,342	551,465	300,224	-	8,663,809
Prepaid expenses and other	6,208,381	175,542	562,339	286,858	168,171	-	7,401,291
Third-party payor settlements	-	-	-	259,031	286,200	-	545,231
Current portion of funds held by trustees under bond indentures	70,884	-	-	-	-	-	70,884
<b>Total current assets</b>	<b>159,615,953</b>	<b>4,238,587</b>	<b>6,554,776</b>	<b>7,765,272</b>	<b>7,563,379</b>	<b>(1,700,075)</b>	<b>184,037,892</b>
<b>Assets Whose Use Is Limited</b>							
Funds held by trustee under workers' compensation agreement	3,200,657	-	-	-	-	-	3,200,657
Funds held by trustee under bond indentures, net of current portion	9,176,467	-	12,046,298	-	-	-	21,222,765
Funds designated by Board for future property and equipment replacement and expansion	332,036,432	23,326,972	3,336,186	19,725,761	5,255,135	-	383,680,486
<b>Total assets whose     use is limited</b>	<b>344,413,556</b>	<b>23,326,972</b>	<b>15,382,484</b>	<b>19,725,761</b>	<b>5,255,135</b>	<b>-</b>	<b>408,103,908</b>
Property and Equipment, net	445,673,181	24,659,398	44,965,760	14,110,190	7,630,294	-	537,038,823
Deferred Debt Acquisition Costs, net	4,668,088	97,418	303,708	-	-	-	5,069,214
Due From Affiliated Organizations	12,748,629	144,917	(289,881)	-	-	(11,601,666)	1,001,999
Interest Rate Swap Instruments	16,324	-	-	-	-	-	16,324
Other Assets	3,093,644	-	7,152,858	589,088	496,856	-	11,332,446
<b>Total assets</b>	<b>\$ 970,229,375</b>	<b>\$ 52,467,292</b>	<b>\$ 74,069,705</b>	<b>\$ 42,190,311</b>	<b>\$ 20,945,664</b>	<b>\$ (13,301,741)</b>	<b>\$ 1,146,600,606</b>

(Continued)

CentraCare Clinic	CCH— Monticello	CCHS— Sauk Centre	Central MN Emergency Physicians	CentraCare Surgery Center LLC	CentraCare Pharmacies	CentraCare Health Foundation	Eliminations	CentraCare Health
\$ 12,691,533	\$ 10,694,889	\$ 3,168,658	\$ 801,622	\$ 248,633	\$ 875,063	\$ 940,051	\$ -	\$ 89,050,874
12,746,373	14,145,924	7,259,288	1,466,564	648,356	832,026	-	-	142,478,937
6,360,950	1,137,613	69,394	350,114	-	65,599	11,410,876	(6,899,038)	14,841,354
1,273,346	1,071,368	268,929	-	437,643	1,503,561	-	-	13,218,656
456,811	767,491	85,177	144,462	32,747	13,327	-	-	8,901,306
-	101,461	230,000	-	-	-	-	-	876,692
-	-	-	-	-	-	-	-	70,884
33,529,013	27,918,746	11,081,446	2,762,762	1,367,379	3,289,576	12,350,927	(6,899,038)	269,438,703
-	-	-	-	-	-	-	-	3,200,657
-	3,558,782	-	-	-	-	-	-	24,781,547
-	-	-	-	-	-	32,517,143	-	416,197,629
-	3,558,782	-	-	-	-	32,517,143	-	444,179,833
3,884,066	32,196,865	12,793,831	-	1,464,259	51,836	116,935	-	587,546,615
-	214,871	-	-	-	-	-	-	5,284,085
-	-	-	-	-	-	-	(1,001,999)	-
-	-	-	-	-	-	-	-	16,324
2,784,662	1,304,758	550,170	750,000	-	260,397	1,045,836	(383,100)	17,645,169
\$ 40,197,741	\$ 65,194,022	\$ 24,425,447	\$ 3,512,762	\$ 2,831,638	\$ 3,601,809	\$ 46,030,841	\$ (8,284,137)	\$ 1,324,110,729

CentraCare Health

Consolidating Balance Sheet (Continued)  
June 30, 2013

	Saint Cloud Hospital	St Benedict's Senior Community	CentraCare Corporate	CCHS— Melrose	CCHS— Long Prairie	Eliminations	Total Obligated Group
<b>Liabilities and Net Assets</b>							
<b>Current Liabilities</b>							
Current maturities of long-term debt	\$ 10,953,790	\$ 598,696	\$ 196,245	\$ 122,407	\$ -	\$ (349,280)	\$ 11,521,858
Accounts payable	26,000,702	945,351	2,076,627	1,293,107	818,825	(1,574,633)	29,559,979
Third-party payor settlements	2,029,752	16,730	-	-	205,000	-	2,251,482
Accrued salaries and benefits	42,703,329	1,989,242	17,017,073	1,637,475	1,694,000	-	65,041,119
Accrued interest and other	2,203,931	39,217	-	-	-	(27,763)	2,215,385
<b>Total current liabilities</b>	<b>83,891,504</b>	<b>3,589,236</b>	<b>19,289,945</b>	<b>3,052,989</b>	<b>2,717,825</b>	<b>(1,951,676)</b>	<b>110,589,823</b>
<b>Long-Term Liabilities</b>							
Long-term debt	350,261,867	17,929,520	29,866,664	1,947,912	2,590,297	(11,700,065)	390,896,195
Interest rate and total return swap instruments	27,416,580	320,190	-	-	-	-	27,736,770
Accrued pension liability	23,929,522	432,584	186,151	-	-	-	24,548,257
Other liabilities	4,937,153	19,100	2,972,556	1,329,500	107,939	-	9,366,248
<b>Total long-term liabilities</b>	<b>406,545,122</b>	<b>18,701,394</b>	<b>33,025,371</b>	<b>3,277,412</b>	<b>2,698,236</b>	<b>(11,700,065)</b>	<b>452,547,470</b>
<b>Total liabilities</b>	<b>490,436,626</b>	<b>22,290,630</b>	<b>52,315,316</b>	<b>6,330,401</b>	<b>5,416,061</b>	<b>(13,651,741)</b>	<b>563,137,293</b>
<b>Net Assets</b>							
Unrestricted	479,792,749	30,168,445	21,754,389	35,853,883	15,502,347	350,000	583,421,813
Unrestricted—noncontrolling interest	-	-	-	-	-	-	-
Temporarily restricted	-	8,217	-	6,027	27,256	-	41,500
Permanently restricted	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>479,792,749</b>	<b>30,176,662</b>	<b>21,754,389</b>	<b>35,859,910</b>	<b>15,529,603</b>	<b>350,000</b>	<b>583,463,313</b>
<b>Total liabilities and net assets</b>	<b>\$ 970,229,375</b>	<b>\$ 52,467,292</b>	<b>\$ 74,069,705</b>	<b>\$ 42,190,311</b>	<b>\$ 20,945,664</b>	<b>\$ (13,301,741)</b>	<b>\$1,146,600,606</b>

CentraCare Clinic	CCH— Monticello	CCHS— Sauk Centre	Central MN Emergency Physicians	CentraCare Surgery Center LLC	CentraCare Pharmacies	CentraCare Health Foundation	Eliminations	CentraCare Health
\$ -	\$ 1,634,889	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,231,747
2,982,003	2,042,444	1,977,477	71,142	161,413	329,674	1,800,186	(7,715,720)	31,208,598
-	739,515	-	-	-	-	-	-	2,990,997
18,208,268	3,086,668	906,551	1,583,789	112,045	287,818	-	-	89,226,258
-	62,535	231,338	-	-	-	-	-	2,509,258
21,190,271	7,566,051	3,190,366	1,654,931	273,458	617,492	1,800,186	(7,715,720)	139,166,858
-	14,723,353	10,345,061	-	-	185,317	-	(185,317)	415,964,609
-	-	-	-	-	-	-	-	27,736,770
-	-	-	-	-	-	-	-	24,548,257
2,340,523	1,786,987	6,732,992	855,000	-	-	606,978	-	21,688,728
2,340,523	16,510,340	17,078,053	855,000	-	185,317	606,978	(185,317)	489,938,364
23,530,794	24,076,391	20,268,419	2,509,931	273,458	802,809	2,407,164	(7,901,037)	629,105,222
16,666,947	38,077,972	4,157,028	1,002,831	2,558,180	2,799,000	31,783,303	316,989	680,784,063
-	3,039,659	-	-	-	-	-	-	3,039,659
-	-	-	-	-	-	11,570,264	(700,089)	10,911,675
-	-	-	-	-	-	270,110	-	270,110
16,666,947	41,117,631	4,157,028	1,002,831	2,558,180	2,799,000	43,623,677	(383,100)	695,005,507
\$ 40,197,741	\$ 65,194,022	\$ 24,425,447	\$ 3,512,762	\$ 2,831,638	\$ 3,601,809	\$ 46,030,841	\$ (8,284,137)	\$ 1,324,110,729

# CentraCare Health

## Consolidating Statement of Operations and Changes in Net Assets Year Ended June 30, 2013

	Saint Cloud Hospital	St. Benedict's Senior Community	CentraCare Corporate	CCHS— Melrose	CCHS— Long Prairie	Eliminations	Total Obligated Group
<b>Revenue</b>							
Patient and resident service revenue, net of contractual adjustments	\$ 654,879,867	\$ 26,548,491	\$ 25,170,126	\$ 27,606,332	\$ 24,088,775	\$ (15,630,796)	\$ 742,662,795
Provision for bad debts	(11,118,779)	(100,345)	(60,813)	(386,658)	(694,271)	-	(12,360,866)
<b>Net patient and resident service revenue</b>	643,761,088	26,448,146	25,109,313	27,219,674	23,394,504	(15,630,796)	730,301,929
Other operating revenue	23,198,869	958,892	28,614,122	1,819,333	1,464,752	(24,772,352)	31,283,616
<b>Total revenue</b>	666,959,957	27,407,038	53,723,435	29,039,007	24,859,256	(40,403,148)	761,585,545
<b>Expenses</b>							
Salaries and employee benefits	340,959,364	15,768,805	33,810,968	15,059,954	15,476,248	(12,128,459)	408,946,880
Supplies and other	220,421,840	7,094,347	28,051,445	7,936,541	6,970,928	(28,274,689)	242,200,412
Interest	12,220,142	810,173	1,540,821	120,619	147,186	(594,795)	14,244,146
Depreciation and amortization	35,557,814	1,773,606	2,162,979	1,427,154	761,892	-	41,683,445
<b>Total expenses</b>	609,159,160	25,446,931	65,566,213	24,544,268	23,356,254	(40,997,943)	707,074,883
<b>Operating income (loss)</b>	57,800,797	1,960,107	(11,842,778)	4,494,739	1,503,002	594,795	54,510,662
<b>Nonoperating gains (losses)</b>							
Investment income and gains, net	31,412,207	2,114,756	886,668	1,675,739	569,713	(594,795)	36,064,288
Gain (loss) on interest rate swaps, net	19,763,492	13,911	-	-	-	-	19,777,403
Contributed net assets of affiliations	-	-	-	-	-	-	-
Loss on debt refinancing	(1,866,670)	-	-	-	-	-	(1,866,670)
Other gains (losses), net	1,683,268	(71,523)	534,454	13,871	(40,871)	-	2,119,199
<b>Total nonoperating gains (losses), net</b>	50,992,297	2,057,144	1,421,122	1,689,610	528,842	(594,795)	56,094,220
<b>Revenue and gains in excess of expenses</b>	108,793,094	4,017,251	(10,421,656)	6,184,349	2,031,844	-	110,604,882
Less revenues in excess of expenses attributable to noncontrolling interest	-	-	-	-	-	-	-
<b>Revenue and gains in excess of expenses attributable to CentraCare</b>	108,793,094	4,017,251	(10,421,656)	6,184,349	2,031,844	-	110,604,882
<b>Other changes in unrestricted net assets</b>							
Net assets released from restrictions	-	641	-	-	-	-	641
Adjustments to the funded status of the pension plan	11,246,520	344,627	70,007	-	-	-	11,661,154
Net transfers (to) from affiliated organizations	(23,125,000)	(1,003,000)	9,824,665	(966,000)	(856,000)	-	(16,125,335)
Other changes in unrestricted net assets, net	2,426,675	70,207	246,752	-	123,500	-	2,867,134
<b>Increase (decrease) in unrestricted net assets</b>	99,341,289	3,429,726	(280,232)	5,218,349	1,299,344	-	109,008,476
<b>Temporarily restricted net assets</b>							
Contributions	-	12	-	-	3,329	-	3,341
Net assets released from restrictions	-	(641)	-	-	-	-	(641)
<b>Increase (decrease) in temporarily restricted net assets</b>	-	(629)	-	-	3,329	-	2,700
<b>Increase (decrease) in net assets</b>	99,341,289	3,429,097	(280,232)	5,218,349	1,302,673	-	109,011,176
Net assets at beginning of year, CentraCare	380,451,460	26,747,565	22,034,621	30,641,561	14,226,930	350,000	474,452,137
Net assets at end of year, CentraCare	\$ 479,792,749	\$ 30,176,662	\$ 21,754,389	\$ 35,859,910	\$ 15,529,603	\$ 350,000	\$ 583,463,313



CentraCare Clinic	Three Months Ended 6/30/13 CCH— Monticello	Seven Months Ended 6/30/13 CCHS— Sauk Centre	Central MN Emergency Physicians	CentraCare Surgery Center LLC	CentraCare Pharmacies	CentraCare Health Foundation	Eliminations	CentraCare Health
\$128,865,164 (2,269,592)	\$ 14,027,112 (641,912)	\$ 15,214,262 (396,928)	\$ 11,506,306 (1,570,363)	\$ 5,378,971 (64,877)	\$ - -	\$ - -	\$ (4,695,909) -	\$ 912,958,701 (17,304,538)
126,595,572	13,385,200	14,817,334	9,935,943	5,314,094	-	-	(4,695,909)	895,654,163
29,223,093	578,584	414,146	482,937	548	2,578,359	-	(22,067,012)	42,494,271
155,818,665	13,963,784	15,231,480	10,418,880	5,314,642	2,578,359	-	(26,762,921)	938,148,434
123,651,381	7,666,475	8,580,545	9,349,777	2,530,760	2,618,969	-	(2,704,641)	560,640,146
41,228,665	6,205,745	4,372,292	1,030,618	2,451,859	408,122	-	(26,763,439)	271,134,274
-	197,810	336,883	-	-	11,514	-	(11,513)	14,778,840
842,271	956,277	481,063	-	468,448	26,545	-	-	44,458,049
165,722,317	15,026,307	13,770,783	10,380,395	5,451,067	3,065,150	-	(29,479,593)	891,011,309
(9,903,652)	(1,062,523)	1,460,697	38,485	(136,425)	(486,791)	-	2,716,672	47,137,125
60,839	22,843	5,105	1,514	-	34,084	3,046,182	(11,513)	39,223,342
-	-	-	-	-	-	-	-	19,777,403
-	42,257,309	2,368,834	-	-	-	-	-	44,626,143
-	-	-	-	-	-	-	-	(1,866,670)
-	146,485	221,417	1	-	204,740	(4,787,257)	2,250,083	154,668
60,839	42,426,637	2,595,356	1,515	-	238,824	(1,741,075)	2,238,570	101,914,886
(9,842,813)	41,364,114	4,056,053	40,000	(136,425)	(247,967)	(1,741,075)	4,955,242	149,052,011
-	3,039,659	-	-	-	-	-	-	3,039,659
(9,842,813)	38,324,455	4,056,053	40,000	(136,425)	(247,967)	(1,741,075)	4,955,242	146,012,352
-	-	-	-	-	-	6,036,593	(2,241,132)	3,796,102
-	-	-	-	-	-	-	-	11,661,154
14,555,247	483,569	-	-	425,169	661,350	-	-	-
-	(730,052)	100,975	-	-	-	-	(2,503,524)	(265,467)
4,712,434	38,077,972	4,157,028	40,000	288,744	413,383	4,295,518	210,586	161,204,141
-	-	-	-	-	-	5,141,305	(2,451,718)	2,692,928
-	-	-	-	-	-	(6,036,593)	2,241,132	(3,796,102)
-	-	-	-	-	-	(895,288)	(210,586)	(1,103,174)
4,712,434	38,077,972	4,157,028	40,000	288,744	413,383	3,400,230	-	160,100,967
11,954,513	-	-	962,831	2,269,436	2,385,617	40,223,447	(383,100)	531,864,881
\$ 16,666,947	\$ 38,077,972	\$ 4,157,028	\$ 1,002,831	\$ 2,558,180	\$ 2,799,000	\$ 43,623,677	\$ (383,100)	\$ 691,965,848