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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)

OMB No 1545-0047

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

Open to Public

		2012 ca i pplicable	C Name of organization	, and ending 06-	-30-2013	D Employer id	lentification number					
_	ress ch		St Mary's Regional Health Center Doing Business As			41-16203	86					
_	me chai		ESSENTIA HEALTH STMARY'S-DETROIT LA									
_	nal retui minateo		Number and street (or P O box if mail is not delivered to stree 1027 Washington Ave	et address) Room/s	suite	E Telephone nu	ımber					
_	ended i		Suite City or town, state or country, and ZIP + 4			(218)847	-5611					
– _{App}	olication	pending	Detroit Lakes, MN 56501			G Gross receipts	s \$ 78,783,982					
			F Name and address of principal officer		H(a) Is t	:his a group retui						
			Peter Jacobson 1027 Washington Ave			iates?	┌ Yes No					
			Detroit Lakes, MN 56501		H(b) Are	all affiliates inc	luded? 「Yes 「No					
. Ta	v-evem	npt status	✓ 501(c)(3)	\ or \(\sigma_{537} \)	If"	No," attach a lıs	t (see instructions)					
		<u> </u>		.) or 527	H(c) Gr	oup exemption n	umber ▶ 0928					
			w essentiahealth org									
∢ Forr	n of org	ganızatıon	✓ Corporation Trust Association Other ►		L Year of		M State of legal domicile MN					
Pa	rt I	Sum	mary			_						
			escribe the organization's mission or most significant	activities								
v	<u> </u>	SEE SCI	HEDULE O									
Governance	-											
<u>₽</u>	2 (Check th	nis box দ if the organization discontinued its operati	ons or disposed	of more than	25% of its net a	assets					
<u>5</u>			, -	·			1					
ර ග	l		of voting members of the governing body (Part VI, line				13					
<u>3</u>	l		of independent voting members of the governing body				878					
Acumines	l		tal number of individuals employed in calendar year 2012 (Part V, line 2a)									
٦.	7a 7	Total un	related business revenue from Part VIII, column (C), l	7a	54,050							
	ьſ	Net unre	lated business taxable income from Form 990-T, line	34	<u></u>	. 7b	-4,801					
						105,913	Current Year					
ā	8	Program service revenue (Part VIII, line 2g)					84,279					
Revenue	9 10						77,083,615 1,112,032					
æ	11		revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10	235,998	346,473							
	12		revenue—add lines 8 through 11 (must equal Part VII		ne	78,308,303	78,626,399					
	13		and sımılar amounts paid (Part IX, column (A), lines			209,964	173,055					
	14		ts paid to or for members (Part IX, column (A), line 4)			0	0					
ø.	15		es, other compensation, employee benefits (Part IX, co	olumn (A), lines		42.415.220	44 170 229					
Expenses	16a	5-10)	sional fundraising fees (Part IX, column (A), line 11e)			43,415,239	44,170,338					
⊕ ⊕	ь		ndraising expenses (Part IX, column (D), line 25) \blacktriangleright 0		•	0						
ш	17		expenses (Part IX, column (A), lines 11a-11d, 11f-2	4e)		35,698,223	33,090,503					
	18	Total	expenses Add lines 13–17 (must equal Part IX, colur	mn (A), line 25)		79,323,426	77,433,896					
00	19	Reven	ue less expenses Subtract line 18 from line 12			-1,015,123	1,192,503					
නු කුලු					Beginni	ng of Current Year	End of Year					
Net Assets of Fend Balances	20	Total	assets (Part X, line 16)			99,098,648	96,995,402					
2 E	21		iabilities (Part X, line 26)			68,276,133	63,188,260					
	22 1111		sets or fund balances Subtract line 21 from line 20 ature Block			30,822,515	33,807,142					
Jnde ny ki	r pena nowled	lties of dge and	perjury, I declare that I have examined this return, incomplete Declaration of nowledge									
		****				2014-04-21						
Sign		'	ature of officer			Date						
Here	ē		I HILL CFO or print name and title									
		<u> </u>	rint/Type preparer's name Preparer's signature		Date C	heck If PTIN						
Paid	t		ırm's name ► ERNST & YOUNG US LLP		Se	elf-employed						
	pare	r L										
	Onl		ırm's address № 41 S HIGH ST 1100 HUNTINGTON CTR		P	hone no (614) 232-	-7414					

COLUMBUS, OH 43215 May the IRS discuss this return with the preparer shown above? (see instructions)

┌Yes ┌No

Form	990 (2012)					Page 2					
Par		t of Program Serv edule O contains a res			ı						
1	Briefly describe the	e organization's missio	n								
SEE	SCHEDULE O										
_											
2	Did the organization the prior Form 990		cant program se		r which were not listed on	┌ Yes ┌ No					
	If "Yes," describe th	nese new services on S	chedule O								
3	Did the organization services?	n cease conducting, or	make significar	nt changes in how it co	onducts, any program	┌ Yes ┌ No					
	If "Yes," describe these changes on Schedule O										
4	expenses Section		4) organization:	s are required to repor	nree largest program services, a t the amount of grants and alloc						
4a	(Code See Schedule O) (Expenses \$	50,830,368	including grants of \$	173,055) (Revenue \$	67,213,260)					
	(Code) (Expenses \$	8,365,732	ıncludıng grants of \$) (Revenue \$	7,985,173)					
40	See Schedule 0) (Expenses \$	0,303,732	including grants of \$) (Nevende \$	7,503,173)					
4c	(Code) (Expenses \$	1,690,111	ıncludıng grants of \$) (Revenue \$	1,885,182)					
	See Schedule 0										
4d	Other program ser	rvices (Describe in Sch	nedule O)								
	(Expenses \$	ınc	luding grants o	f \$) (Revenue \$)					
4e	Total program sen	vice expenses 🕨	60,886,211								
						Form 990 (2012)					

Part IV Checklist of Required Schedule
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			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? *	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	8		No
9	Did the organization report an amount in Part X, line 21 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 $\sqrt[4]{2}$	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			
а	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	Yes	
C	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	11d		No
е	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 $11e^{\gamma}$ 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? <i>If</i> "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		N o
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	

Par	t 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? If "Yes," complete Schedule I, Parts I and II	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22		No
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? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		Νo
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
С	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? If "Yes," complete Schedule L, Part IV	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
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)? If "Yes," complete Schedule R, Part V, line 2	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	
		F	orm 99 0	(2012)

ŒП	Statements Regarding Other IRS Fillings and Tax Compliance			Г
	Check if Schedule O contains a response to any question in this Part V	•	Yes	ر. No
a	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable 1a 0			.40
	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0			
	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable			
_	gaming (gambling) winnings to prize winners?	1c		
а	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			
)	by this return	2b	Yes	
	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes	
	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	3b	Yes	
1	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		N
)	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			
	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		No
)	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		N
:	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?			
_	Door the organization have applied gross rescents that are normally greater than \$1.00,000, and did the	5c		NI.
d	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
)	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts			
	were not tax deductible?	6b		
	Organizations that may receive deductible contributions under section 170(c).			
	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		N ·
	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c		N
ı	If "Yes," indicate the number of Forms 8282 filed during the year			
	,			
:	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e		N
	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		N
	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as			IN
,	required?	7g		
1	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a	7h		
	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			
	Sponsoring organizations maintaining donor advised funds.	8		
	Did the organization make any taxable distributions under section 4966?	9a		
	Did the organization make a distribution to a donor, donor advisor, or related person?	9b		
	Section 501(c)(7) organizations. Enter	70		
	Initiation fees and capital contributions included on Part VIII, line 12 10a			
	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders			
)	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
1	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
	If "Yes," enter the amount of tax-exempt interest received or accrued during the year			
	Section 501(c)(29) qualified nonprofit health insurance issuers.			
	Is the organization licensed to issue qualified health plans in more than one state?	12-		
	Note. See the instructions for additional information the organization must report on Schedule O	13a		
	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			
	Enter the amount of reserves on hand			
	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
	If "Yes " has it filed a Form 7.20 to report these payments? If "No " provide an explanation in Schedule O	14h		

Se	ection 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			
	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			
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		Νo
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			
а	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
Se	ection B. Policies (This Section B requests information about policies not required by the Internal R	evenu	ie Cod	e.)
			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a	Yes	No No
	Did the organization have local chapters, branches, or affiliates?	10a 10b	Yes	
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters,		Yes	
b 11a	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing	10b		
b 11a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b		
b 11a b 12a	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b	Yes	
b 11a b 12a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a	Yes	
b 11a b 12a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	10b 11a 12a 12b	Yes Yes	
b 11a b 12a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	10b 11a 12a 12b	Yes Yes Yes	
b 11a b 12a b c	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy?	10b 11a 12a 12b 12c 13	Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? Did the process for determining compensation of the following persons include a review and approval by	10b 11a 12a 12b 12c 13	Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14 15	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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?	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14 15	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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes Yes	
b 11a b 12a b c 13 14 15 a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization	10b 11a 12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes Yes	
b 11a b 12a c 13 14 15 a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a	10b 11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	No
b 11a b 12a c 13 14 15 a b 16a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? 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	10b 11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	No
b 11a b 12a c 13 14 15 a b 16a 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? Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990 Did the organization have a written conflict of interest policy? If "No," go to line 13 Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done Did the organization have a written whistleblower policy? Did the organization have a written document retention and destruction policy? 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? The organization's CEO, Executive Director, or top management official Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions) Did the organization invest in, contribute assets to, or participation in a joint venture or similar arrangement with a taxable entity during the year? 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?	10b 11a 12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	No

interest policy, and financial statements available to the public during the tax year

State the name, physical address, and telephone number of the person who possesses the books and records

Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of

Own website Another's website V Upon request Other (explain in Schedule O)

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ►RYAN HILL 1027 WASHINGTON AVE Detroit Lakes, MN (218)847-0852

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

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

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

- ◆ List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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

(A) Name and Title	(B) Average hours per week (list any hours	(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	(E) Reportable compensation from related organizations	(F) Estimated amount of other compensation from the	
	for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	(W- 2/1099- MISC)	(W- 2/1099- MISC)	from the organization and related organizations	
(1) Cyndi Anderson	1 7	х		Х				0	2 200	0	
Board Vice Chair	3 3	^		^				U	2,200	U	
(2) Bruce Hein	1 7	,,		, ,					1.000		
Board Treasurer	3 3	Х		X				0	1,800	0	
(3) Rhoda Hooper	1 7							_		_	
Board Director	3 3	X						0	1,550	0	
(4) Laurie Lewandowski	1 7										
Board Secretary	4 3	Х		Х				0	5,575	0	
(5) Sister Pauline Micke	17										
Board Director	2.2	х						0	0	0	
(6) Sister Luella Wegscheid	3 3										
		х						0	0	0	
Board DIRECTOR (7) James ANDERSON	3 3										
		х		Х				0	21,000	0	
BOARD CHAIR (8) laverne moltzan	6 3										
(o) laverne molizan	1 7	х						0	1,700	0	
board director	3 3										
(9) CURT NOYES	1 7	l x						0	2,950	0	
BOARD DIRECTOR	4 3								,		
(10) NATHAN FETTING	1 7	×						0	0	0	
BOARD DIRECTOR	3 3							ĭ			
(11) ANITA JONASON MD	36 6							0	182,584	20,238	
BOARD DIRECTOR	3 4	Х					L	<u> </u>	102,384	20,238	
(12) JARED AELONY DPM	36 6								465 474	20.205	
BOARD DIRECTOR	3 4	X						0	165,474	38,205	
(13) JAMES CHRISTENSEN MD	36 6										
BOARD DIRECTOR	3 4	X						0	326,261	38,455	
(14) Ryan Hill	46 6										
Chief Financial Officer	13 4			Х				177,196	34,362	37,625	
(15) Peter Jacobson	53 6										
President				Х				0	325,211	68,648	
(16) Jean Evans	6 4		\vdash				\vdash				
,					х			157,319	0	9,143	
Senior Administrator (17) Abigail Ring MD	0 0										
					x			0	208,295	37,196	
CHIEF OF STAFF	0.0	ı		I	ı	1	ı	l l			

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and Title		(B) A verage hours per week (list any hours	more than one box, unless co person is both an officer and a director/trustee) oi						(D) Reportable compensation from the organization	(E) Reportable compensation from related organizations	(F Estim amount comper from	nated of other nsation the	
		for related organizations below dotted line)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated	Former	(W- 2/1099- MISC)	(W- 2/1099- MISC)	organi and re organiz	lated	
(18)	Richard Vetter MD	1 7				x			0	408,662		71,439	
	al Services Chief	58 3				ļ						,	
` '	Robert Koshnick MD	60 0				×			О	211,861		36,993	
	Leader Christy Brinkmann	0 0 40 0											
` ,	•						х		139,628	0		9,264	
	r Administrative Leader Linda Sethre	40 0											
Pharr	nacıst	0 0					X		125,049	0		23,654	
(22)	Diana Johnson	40 0					х		147,889	0		21,012	
	Nursing Officer CONNIE KOVALA	0 0 40 0				-							
, ,	OLOGY MANAGER	0 0					х		112,415	0		15,982	
	CINDY SWENSON	40 0					l						
SURG	SERY MANAGER	0 0					Х		107,924	0		18,079	
(25)	Thomas Thompson	0 0						×	o	294,590		0	
	F EXECUTIVE OFFICER	0 0								, 			
. ,	Bradley Refsland MD	X 0 117,		117,961	29,8								
	r Administrative Leader RICHARD MARTIN MD	40 0									<u> </u>		
CHIE	F OF STAFF	0 0						Х	0	276,162	29,697		
						1							
16	Sub-Total						<u> </u>						
1b c	Total from continuation sheets to			•	•		-						
d	Total (add lines 1b and 1c)	-		٠.			⊢ ⊢		967,420	2,588,198		505,444	
2	Total number of individuals (includi \$100,000 of reportable compensat	ng but not limited to	those		ed a	bove	e) who	rec	eived more than				
											Yes	No	
3	Did the organization list any forme								ghest compensate	d employee			
	on line 1a? If "Yes," complete Sched									3	Yes		
4	For any individual listed on line 1a, organization and related organization									om the			
_	Individual									Yes			
5	Did any person listed on line 1a rec services rendered to the organization									idividual for 5		No	
	nation D. Indonesiant Control	n charge											
1	ection B. Independent Contra Complete this table for your five hig	ghest compensated											
	compensation from the organization Report compensation for the calendar year ending with or within the organiza										tax year (C		
	(A) (B) Name and business address Description of service									Compe			
	Total number of independent contrac \$100,000 of compensation from the	_	not lim	ıted	to th	nose	liste	ab	ove) who received	more than			

Part V	/##1	Statement o	f Revenue ule O contains a respoi	aca ta any guastian	un thic Bart VIII			
		Check if Schedi	ure O Contains a respon	ise to any question	(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512,513,or 514
s	1a	Federated cam	paigns 1a					
Contributions, Gifts, Grants and Other Similar Amounts	ь	Membership du	es 1b					
9 E	c	Fundraising eve	ents 1c					
ffs r A	d		zations 1d	74,017				
jēi	e	Government grant						
ms, Sin		_		40.252				
utio er	f	similar amounts no	ons, gifts, grants, and 1f ot included above	10,262				
tributic Other	g	Noncash contribution	ons included in lines			į		
Cont	h	Total. Add lines	s 1a-1f		84,279			
<u> </u>					,			
e E	2a	HOSPITAL/CLINIC	SERVICES	Business Code 621110	67,213,260	67,159,210	54,050	
Program Service Revenue	Ь	NURSING CENTER		623000	7,985,173	7,985,173	34,030	
<u>22</u>	c	ASSISTED & INDEP		623000	1,885,182	1,885,182		
¥ Ç		SERVICES		023000	1,003,102	1,863,182		
À	d							
E G	e							
Ď	f	All other progra	am service revenue					
<u> </u>	g	Total. Add lines	s 2a – 2f		77,083,615			
	3		ome (including dividen ar amounts)		407,940			407,940
	4		stment of tax-exempt bond	 	0			
	5	Royalties		🕨	0			
			(ı) Real	(II) Personal				
	6a	Gross rents	88,202					
	b	Less rental expenses						
	С	Rental income or (loss)	88,202	0				
	d	Net rental inco	me or (loss)		88,202			88,202
	_	C	(ı) Securities	(II) O ther				
	7a	Gross amount from sales of assets other than inventory	857,075	4,600				
	Ь	Less cost or other basis and		157,583				
	c	sales expenses Gain or (loss)	857,075	-152,983				
	d	Net gain or (los	ss)		704,092			704,092
e	8a	Gross income f events (not inc	rom fundraising					
Other Revenue		\$ of contributions See Part IV, lin	s reported on line 1c) ne 18					
jer.	ь	Less direct ex	penses b					
₹	С	Net income or ((loss) from fundraising	events 🕨	0			
	9a	Gross income f See Part IV, lin	rom gaming activities ne 19 a					
	b c		penses b (loss) from gamıng actı	vities	0			
	10a	Gross sales of returns and allo						
	b c	=	oods sold b (loss) from sales of inv	entory 🅦	0			
		Miscellaneous	s Revenue	Business Code				
	11a	CAFETERIA &	VENDING SALES	722514	164,273			164,273
	b	LIFELINE EME	RGENCY ALARMS	621610	76,779			76,779
	С	RELEASE OF I	NFORMATION	900099	12,186			12,186
	d	All other reven			5,033			5,033
	е	Total. Add lines	s 11a-11d		258,271			
	12	Total revenue.	See Instructions .	🕨		77.020.555	E4.0E-	4 450 50-
	I			- 1	78,626,399	77,029,565	54,050	1,458,505

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 (D) (B) (C) Do not include amounts reported on lines 6b, (A) Program service Management and Fundraising 7b. 8b. 9b. and 10b of Part VIII. Total expenses expenses general expenses expenses Grants and other assistance to governments and organizations in the United States See Part IV, line 21 173,055 173,055 Grants and other assistance to individuals in the United States See Part IV, line 22 0 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 0 Benefits paid to or for members 0 Compensation of current officers, directors, trustees, and 621,391 621,391 key employees Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . 306,649 306,649 Other salaries and wages 35,452,641 29,236,740 6,215,901 Pension plan accruals and contributions (include section 401(k) 1,530,216 1,270,434 259,782 and 403(b) employer contributions) Other employee benefits 3,874,272 2,859,050 1,015,222 10 2,385,169 1,891,246 493,923 11 Fees for services (non-employees) Management O 15,672 15,672 Legal Accounting 21,430 21,430 601 601 Professional fundraising services See Part IV, line 17 0 Investment management fees 133,777 133,777 Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on 4,519,160 2,054,786 2,464,374 Schedule 0) Advertising and promotion . . 38,790 8,985 29,805 12 13 Office expenses . . . 2,061,249 1,178,899 882,350 127,633 60,791 66,842 14 Information technology . . 15 0 Royalties . 1,422,035 1,184,870 237,165 16 Occupancy **17** 332,889 279,565 53,324 Travel 18 Payments of travel or entertainment expenses for any federal, state, or local public officials 0 132,202 19 Conferences, conventions, and meetings . 69,095 63,107 20 2,209,721 2,209,721 Payments to affiliates 21 O 22 Depreciation, depletion, and amortization . 4,348,527 4,348,527 23 852,518 852,518 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 MEDICAL SUPPLIES 8,355,973 7,587,738 768,235 AFFILIATE SUPPORT FEE 3,480,743 982,614 2,498,129 BAD DEBT EXPENSE 2,429,683 2,429,683 d UBITAXES 7,000 7,000 e All other expenses 2,600,900 2,200,894 400,006 Total functional expenses. Add lines 1 through 24e 25 77,433,896 60,886,211 16,547,685 0 Joint costs. Complete this line only if the organization 26 reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ► [if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

- (-	rt X	Check if Schedule O contains a response to any question in this Part	x			
				(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing		140,387	1	171,204
	2	Savings and temporary cash investments		17,568	2	3,424,736
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		15,707,687	4	9,496,139
Assets	5	Loans and other receivables from current and former officers, director employees, and highest compensated employees. Complete Part II of Schedule L	of	0	F	0
	6	Loans and other receivables from other disqualified persons (as defined 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributed and sponsoring organizations of section $501(c)(9)$ voluntary employorganizations (see instructions) Complete Part II of Schedule L	outing employers			0
	7	Notes and loans receivable, net		0		32,880
	8	Inventories for sale or use		2,029,834		2.113.078
	9	Prepaid expenses and deferred charges	164,522	9	130,380	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	95,635,380	,		100,000
	Ь	Less accumulated depreciation 10b	36,548,586	59,091,260	10c	59,086,794
	11	Investments—publicly traded securities	1,932,615	11	884,621	
	12	Investments—other securities See Part IV, line 11	19,148,963		20,887,888	
	13	Investments—program-related See Part IV, line 11	0	13	0	
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		865,812	15	767,682
	16	Total assets. Add lines 1 through 15 (must equal line 34)		99,098,648		96,995,402
	17	Accounts payable and accrued expenses		6,458,113		6,192,469
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		54,543,644	20	29,900,035
_	21	Escrow or custodial account liability Complete Part IV of Schedule I		0		0
Liabilities	22	Loans and other payables to current and former officers, directors, tr key employees, highest compensated employees, and disqualified				<u>_</u>
ge		persons Complete Part II of Schedule L		0	22	0
Ξ	23	Secured mortgages and notes payable to unrelated third parties .		1,318,355	23	25,554,185
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related the and other liabilities not included on lines 17-24) Complete Part X of	Schedule	5.050.004		4 5 4 4 5 7 4
		D		5,956,021		1,541,571
	26	Total liabilities. Add lines 17 through 25		68,276,133	26	63,188,260
ĭ	27	lines 27 through 29, and lines 33 and 34. Unrestricted net assets		30,822,515	27	33,807,142
<u>ರ</u>				30,822,515		33,807,142
ă	28	Temporarily restricted net assets			28	
Ĭ	29	Permanently restricted net assets		0	29	0
or Fund Balance		Organizations that do not follow SFAS 117 (ASC 958), check here ► complete lines 30 through 34.	and			
Ş	30	Capital stock or trust principal, or current funds			30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund			31	
ď	32	Retained earnings, endowment, accumulated income, or other funds			32	
Z et	33	Total net assets or fund balances		30,822,515	33	33,807,142
	34	Total liabilities and net assets/fund balances		99,098,648	34	96,995,402

Pai	Reconcilliation of Net Assets Check if Schedule O contains a response to any question in this Part XI				৮	
1	Total revenue (must equal Part VIII, column (A), line 12)	1		78,6	526,399	
2	Total expenses (must equal Part IX, column (A), line 25)	2		77,4	133,896	
3	Revenue less expenses Subtract line 2 from line 1	3			.92,503	
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4			322,515	
5	Net unrealized gains (losses) on investments	5			07,352	
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		-1	.15,228	
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10			307,142	
Par	t XII Financial Statements and Reporting			•	•	
	Check if Schedule O contains a response to any question in this Part XII				. ┌	
				Yes	No	
1	Accounting method used to prepare the Form 990 Cash Accrual Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O					
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		Νo	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or revie a separate basis, consolidated basis, or both	wed on				
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis					
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes		
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a sepa basis, consolidated basis, or both	rate				
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis					
С	c 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? 2c Yes					
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	n				
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in th Single Audit Act and OMB Circular A-133?	e	За		No	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the laudit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	required	3b			

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As Filed Data -

DLN: 93493119014004

Employer identification number

OMB No 1545-0047

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

St Mary's Regional Health Center

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.

Open to Public Inspection

				•		•		•		nstruction	is.		
	rganı		•		•			•	•				
1	<u> </u>		-	·				ection 170((b)(1)(A)(i).				
2		A scho	ol described	in section 170(b)(1	l)(A)(ii). (At	tach Sched	ule E)						
3	굣	A hosp	ıtal or a coo	perative hospital se	rvice organiz	ation descr	ibed in sectio	n 170(b)(1	.)(A)(iii).				
4	Г	A medi	cal researcl	h organization opera	ted ın conjun	ction with a	hospital des	cribed in se	ection 170(b)(1)(A)(iii)	. Enter the		
_	_												
5	ı		•		_	or universi	ty owned or o	perated by	a government	tal unit de:	scribed in		
	_				*								
6	<u>_</u>	A feder	al, state, or	local government o	government	al unit desc	cribed in sect i	ion 170(b)(1)(A)(v).				
7							support from	a governm	ental unit or f	rom the ge	neral public		
8	Г						mplete Part II	[)					
9	Ė		-				-	-	butions, mem	bership fe	es, and gross		
A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii). 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 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) A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v). 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) A community trust described in section 170(b)(1)(A)(vi) (Complete Part II) An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2). (Complete Part III) An organization organized and operated exclusively to test for public safety See section 509(a)(4). 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)(2) See 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 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)(2) If the													
					•	=							
										•			
A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii). 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 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) A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v). 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) A community trust described in section 170(b)(1)(A)(vi) (Complete Part II) An organization that normally receives (1) more than 331;% 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 331;% 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) An organization organized and operated exclusively to test for public safety. See section 509(a)(4). 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)(2). See section 509(a)(3). Chect 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 d Sy 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)(1) file orga													
The organization is not a private foundation because it is. (For lines 1 through 11, check only one box) 1													
	,												
е	Γ		_		_				, ,	•	•		
				on managers and ot	her than one	or more put	olicly support	ed organiza	ations describ	ed in sect	on 509(a)(1) or		
f				received a written de	etermination	from the IR	S that it is a	Tyne I Tyi	ne II or Tyne	III sunno	rting organization		
•			_	received a written a	ccciiiiiacioii	monn the riv	is that it is a	1 ypc 1, 1 y	3c 11, 01 1 ypc	тт зарро			
g		Since A	ugust 17, 2	2006, has the organ	ızatıon accep	ted any gift	or contributi	on from any	y of the		•		
			J .										
		• • •			•		-	persons de	escribed in (ii)	_	- 		
				-		_	n?						
		• •	•	•	` ,								
										11	g(iii)		
h		Provide	the followi	ng information about	the supporte	ed organizat	tion(s)						
	i\ Nan	oo of	(ii) ETN	/iii) Type of	(iv) Ic	tho.	(v) Did voi	ı notifi	(vi) Ic	tho.	(vii) A mount of		
•	-		(11) LIN				1 * *	•					
	• •			_	_		1		_		1 '		
	_			lines 1 - 9 above	yourgove	rnıng	suppor	t?	in the U	S ?			
					docume	nt?							
				`									
				instructions))	Yes	No	Yes	No	Yes	No			
	•							İ		1			

Sch	edule A (Form 990 or 990-EZ) 2012							Page 2
Pa	(Complete only if you o	hecked the bo	x on line 5, 7,	or 8 of Part I o	r if the organiza	ation faile	ed to q	
	Part III. If the organiza ection A. Public Support	tion fails to qu	alify under the	tests listed bel	ow, please com	iplete Pa	rt III.)	
	ection A. Public Support endar year (or fiscal year beginning					1		
	in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2	312	(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							
6	(f) Public support. Subtract line 5 from							
	line 4							
S	ection B. Total Support							
Cal	endar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 20)12	(f) Total
_	in) ► A mounts from line 4		. ,		. ,	, ,		. ,
7 8	Gross income from interest,							
0	dividends, payments received on							
	securities loans, rents, royalties							
	and income from similar							
9	sources Net income from unrelated							
9	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							
4.0	10)		<u> </u>					
12	Gross receipts from related activitie					12		
13	First five years. If the Form 990 is this box and stop here							ization, check
	ection C. Computation of Pub				<u> </u>	<u> </u>		
14	Public support percentage for 2012			11, column (f))		14		
15	Public support percentage for 2011			, , , , , , ,		15		
	33 1/3% support test—2012. If the o	· ·	•	on line 13 and l	ine 14 is 33 1/20%		chack ti	nie hov
104	and stop here. The organization qua				me 1 1 13 33 1/3/0	or more,	JIICCK CI	► □
b	33 1/3% support test—2011. If the				and line 15 is 33	3 1/3% or n	nore, ch	eck this
	box and stop here. The organization						. 4 4	▶□
1/a	10%-facts-and-circumstances test- is 10% or more, and if the organizat							•
	in Part IV how the organization mee							
	organization				4	r	,	▶ □
b	10%-facts-and-circumstances test-							
	15 is 10% or more, and if the organ Explain in Part IV how the organizat							lv
	supported organization	ion meets the T	acts-ana-cncum:	stances test III	ic organization qu	uiiiiE5 45 i	a public	·y ▶□
18	Private foundation. If the organizat	on did not check	c a box on line 13	, 16a, 16b, 17a,	or 17b, check thi	s box and	see	·
	instructions							▶ ┌

Schedule A (Form 990 or 990-EZ) 2012 Page 3 Support 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 (a) 2008 **(b)** 2009 (c) 2010 (d) 2011 (e) 2012 (f) Total in) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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						
3	furnished by a governmental unit to						
	the organization without charge						
6	Total. Add lines 1 through 5						
	Amounts included on lines 1, 2,						
<i>7</i> a	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						
С	Add lines 7a and 7b						
8	Public support (Subtract line 7c						
	from line 6)						
_Se	ction B. Total Support						
Cale	ndar year (or fiscal year beginning	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
	in) ►	(u) 2000	(6) 2003	(6) 2010	(4) 2011	(6) 2012	(1) 10tai
9	A mounts from line 6						
10a	Gross income from interest,						
	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
	sources						
Ь	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)			Librari Corretto con	6.01	E04(-)(2)	
14	First five years. If the Form 990 is for	or the organization	on's first, second	i, thira, fourth, or	ππη tax year as a	1 501(c)(3) org	anization, ►
	check this box and stop here	a Cunnaut Da					
	ction C. Computation of Public			1.2		T I	
15	Public support percentage for 2012			13, column (T))		15	
16	Public support percentage from 2011	L Schedule A, Pa	art III, line 15			16	
Se	ction D. Computation of Inve	stment Inco	me Percenta	ge			
17	Investment income percentage for 20				nn (f))	17	
					. , ,	 	
18	Investment income percentage from					18	
19a	33 1/3% support tests—2012. If the o						ıd lıne 17 ıs not ▶□

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 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Schedule A (Form 990 or 990-EZ) 2012

DLN: 93493119014004

OMB No 1545-0047

Inspection

SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

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.

Political Campaign and Lobbying Activities

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 **Employer identification number** St Mary's Regional Health Center 41-1620386 Complete if the organization is exempt under section 501(c) or is a section 527 organization. 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). 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 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes 3 Was a correction made? ☐ Yes □ No If "Yes," describe in Part IV Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3). Enter the amount directly expended by the filing organization for section 527 exempt function activities 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 Did the filing organization file Form 1120-POL for this year? 4 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 **(c)** EIN (e) A mount of political (a) Name (b) Address (d) A mount paid from contributions received filing organization's and promptly and funds If none, enter -0directly delivered to a separate political organization If none, enter-0-

e Grassroots ceiling amount (150% of line 2d, column (e))

f Grassroots lobbying expenditures

Sch	nedule C (Form 990 or 990-EZ) 2012					Page 2
Pa		is exempt under	section 501(c)(3) and fil	ed Form 5768	(election
_		an affiliated group (and	lict in Part IV os	ach affiliated are	un mambar's nam	o addross EIN
	expenses, and share of excess lobb	ying expenditures)		_	up member s nam	e, address, LTN
<u>B</u>	Check Frifthe filing organization checked box	x A and "limited contro	ıl" provisions apı	oly		
			l .)		(a) Filing organization's totals	(b) Affiliated group totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lob	bying)			
b	Total lobbying expenditures to influence a legisla	ative body (direct lobb	yıng)			
c	Total lobbying expenditures (add lines 1a and 1b	o)				
d	O ther exempt purpose expenditures					
e	Total exempt purpose expenditures (add lines 1c	plete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election fresction 501(h)). If filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN interess, and share of excess lobbying expenditures) Limits on Lobbying Expenditures It imits on Lobbying Expenditures It is interested in the Expension of It is interested in the Expension o				
f	Lobbying nontaxable amount Enter the amount fo	rom the following table	ın both		d filed Form 5768 (election ed group member's name, address, EIN (a) Filing organization's totals (b) Affiliated group totals (a) Filing organization's Totals (b) Affiliated group totals (c) Private organization (c) Affiliated group totals (b) Affiliated group totals (c) Private organization (c) Affiliated group totals (d) Private organization (c) Affiliated group totals (e) Affiliated group member's name, address, EIN	
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontax	able amount is:			
	Not over \$500,000	20% of the amount on li	ne 1e			
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the	e excess over \$500,0	000		
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the	e excess over \$1,000	0,000		
	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				
	Grassroots nontaxable amount (enter 25% of lin	e 1f)				
_	Subtract line 1g from line 1a If zero or less, ente	-				
i	Subtract line 1f from line 1c If zero or less, ente			-		
_			organization file	Form 4720 rep	ortina	1
-	section 4911 tax for this year?					┌ Yes ┌ No
_	4-Voor Av	versaina Period II	Inder Section	F01/b)		
	(Some organizations that made a	section 501(h) el	ection do not	have to cor		ne five
	Lobbying Expe	enditures During	4-Year Avera	ging Period		1
	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 nontavable amount					

_		((a)		(b)	
activ	lation, including any attempt to influence public opinion on a legislative matter or referendum, righ the use of interers? staff or management (include compensation in expenses reported on lines 1c through 1i)? a advertisements? ings to members, legislators, or the public? cations, or published or broadcast statements? ts to other organizations for lobbying purposes? tc contact with legislators, their staffs, government officials, or a legislative body? es, demonstrations, seminars, conventions, speeches, lectures, or any similar means? ractivities? I Add lines 1c through 1i the activities in line 1 cause the organization to be not described in section 501(c)(3)? es," enter the amount of any tax incurred under section 4912 es," enter the amount of any tax incurred by organization managers under section 4912 es filing organization incurred a section 4912 tax, did it file Form 4720 for this year? A Complete if the organization is exempt under section 501(c)(4), section 501(c)(6). substantially all (90% or more) dues received nondeductible by members? the organization make only in-house lobbying expenditures of \$2,000 or less? the organization agree to carry over lobbying and political expenditures from the prior year? B Complete if the organization is exempt under section 501(c)(4), section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered line 3, is answered "Yes." The assessments and similar amounts from members to 162(e) nondeductible lobbying and political expenditures (do not include amounts of political noises for which the section 527(f) tax was paid).	Yes	No	/	A mour	nt
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					
а	Volunteers?		Νo			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		Νo	╛		
C	Media advertisements?		Νo			
d	Mailings to members, legislators, or the public?		Νo			
е	Publications, or published or broadcast statements?		Νo			
f	Grants to other organizations for lobbying purposes?		Νo			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		Νo			
i	O ther activities?	Yes				601
j	Total Add lines 1c through 1i					601
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		Νo			
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?					
Pa		501(c)(5),	or s		n
					Yes	No
1			_	1		
2				2		
3				3		
	501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "line 3, is answered "Yes."	No" C				
	·	1				
1						
1 2	expenses for which the section 527(f) tax was paid).	1 _				
	Current year	2a				
2 a b	Current year Carryover from last year	2b				
2 a b	Current year Carryover from last year Total	2b 2c				
2 a b c	Current year Carryover from last year Total Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	2b				
2 a b c	Current year Carryover from last year Total	2b 2c				

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

I dentifier	Return Reference	Explanation
Schedule C, Part 11-B		ESSENTIA HEALTH ST MARY'S-DETROIT LAKES PAYS DUES TO CERTAIN ORGANIZATIONS RELATED TO THE INDUSTRY WHICH HAVE LOBBYING EXPENSES THE AMOUNT LISTED IS THE PERCENTAGE OF THE DUES PAID THAT WERE USED FOR LOBBYING

DLN: 93493119014004

OMB No 1545-0047

Supplemental Financial Statements

Department of the Treasury Internal Revenue Service

SCHEDULE D (Form 990)

> ► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b ► Attach to Form 990. ► See separate instructions.

Open to Public

	me of the organization Mary's Regional Health Center	Employer identification number					
יו זכ	rary's Regional Health Center		41-1620386				
Pa	rt I Organizations Maintaining Donor Adv						
	organization answered "Yes" to Form 990	(a) Donor advised funds	(b) Funds and other accounts				
1	Total number at end of year	(a) Bollot advised fallas	(b) Funds and other decounts				
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 advisor		L ar advected				
	funds are the organization's property, subject to the or	ganization's exclusive legal control?	☐ Yes ☐ No				
5	Did the organization inform all grantees, donors, and dused only for charitable purposes and not for the beneficonferring impermissible private benefit?						
Pai	rt III Conservation Easements. Complete if	the organization answered "Yes" to	Form 990, Part IV, line 7.				
1 2	Purpose(s) of conservation easements held by the org Preservation of land for public use (e g , recreation Protection of natural habitat Preservation of open space Complete lines 2a through 2d if the organization held a	or education) Preservation of an Preservation of a c	historically important land area ertified historic structure				
_	easement on the last day of the tax year	. ,					
			Held at the End of the Year				
а	Total number of conservation easements		2a				
b	Total acreage restricted by conservation easements		2b				
C	Number of conservation easements on a certified history	oric structure included in (a)	2c				
d	Number of conservation easements included in (c) acc historic structure listed in the National Register	juired after 8/17/06, and not on a	2d				
3	Number of conservation easements modified, transferr	red, released, extinguished, or terminate	d by the organization during				
	the tax year 🗠						
4	Number of states where property subject to conservat	ion easement is located 🛌					
5	Does the organization have a written policy regarding tenforcement of the conservation easements it holds?	the periodic monitoring, inspection, hand	ling of violations, and				
6	Staff and volunteer hours devoted to monitoring, inspe	cting, and enforcing conservation easem	ents during the year				
	>						
7	A mount of expenses incurred in monitoring, inspecting \$\blue{\mathbf{F}}\$\$, and enforcing conservation easements	during the year				
8	Does each conservation easement reported on line 2(d) above catisfy the requirements of sec	tion 170/h)/4)/R)/i)				
	and section 170(h)(4)(B)(II)?		☐ Yes ☐ No				
9	In Part XIII, describe how the organization reports colbalance sheet, and include, if applicable, the text of the organization's accounting for conservation easeme	e footnote to the organization's financial					
ar	Complete if the organization answered "Y		or Other Similar Assets.				
1a	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar asseservice, provide, in Part XIII, the text of the footnote to	.16 (ASC 958), not to report in its reven its held for public exhibition, education, o	or research in furtherance of public				
b	If the organization elected, as permitted under SFAS 1 works of art, historical treasures, or other similar asseservice, provide the following amounts relating to thes	ts held for public exhibition, education, o					
	(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, histor following amounts required to be reported under SFAS		r financial gain, provide the				
а	Revenues included in Form 990, Part VIII, line 1		▶ \$				

b Assets included in Form 990, Part X

Part	•••• Organizations Maintaining Co	<u>llections of Art</u>	t, His	<u>stori</u>	<u>cal Tı</u>	<u>easures,</u>	or Oth	<u>er Similar</u>	<u>Assets</u>	(cor	ntınued)
3	Using the organization's acquisition, access collection items (check all that apply)	on, and other recor	ds, c	heck	any of	the following	that are	a significant i	use of its	3	
а	Public exhibition		d	\vdash	Loan	or exchange	program	S			
ь	Scholarly research		e	Г	Othe	r					
c	Preservation for future generations										
4	Provide a description of the organization's co	ollections and expla	ıın ho	w the	y furthe	er the organı	zatıon's e	exempt purpo:	se in		
5	During the year, did the organization solicit of	or receive donations	sofa	rt, hıs	torıcal	treasures o	r other sı	mılar			
	assets to be sold to raise funds rather than t								┌ Ye	:s 	│ No
Par	Escrow and Custodial Arrang Part IV, line 9, or reported an an						wered "	Yes" to Forr	n 990, 		
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?	ıan or other ınterme	ediary	y for c	ontribu	itions or oth	er assets	not	Г Ye	s	┌ No
b	If "Yes," explain the arrangement in Part XII	I and complete the	follo	wing	able						
							-		Amount		
с	Beginning balance						1c				
d	Additions during the year						1d	+			
e	Distributions during the year						1e				
f	Ending balance						1f				
2a	Did the organization include an amount on Fo	orm 990, Part X, lin	e 217	?					┌ Ye	:S	┌ No
ь	If "Yes," explain the arrangement in Part XII										<u> </u>
Pa	rt V Endowment Funds. Complete	f the organizatio (a)Current year		swer)Prior				art IV, line 1 I)Three years ba		ur vo	are back
1a	Beginning of year balance	(a)Curient year	(1)	PHOL	усаі	b (c) two year	is back (u	ijiillee years ba	CK (E)IO	ui ye	als back
b	Contributions								_		
c	Net investment earnings, gains, and losses										
									-		
d	Grants or scholarships										
е	Other expenditures for facilities and programs										
f	Administrative expenses										
g	End of year balance										
2	Provide the estimated percentage of the curi	ent year end balan	ce (lır	ne 1g	, colum	ın (a)) held a	ıs				
а	Board designated or quasi-endowment 🕨										
ь	Permanent endowment ►										
c	Temporarily restricted endowment ►										
	The percentages in lines 2a, 2b, and 2c show	uld equal 100%									
3a	Are there endowment funds not in the posses organization by	ssion of the organiz	atıon	that	are hel	d and admin	ıstered fo	r the	[7	res	No
	(i) unrelated organizations							<u> </u>	3a(i)		
_	(ii) related organizations							[3a(ii)	_	
ь 4	If "Yes" to 3a(II), are the related organization Describe in Part XIII the intended uses of the	•						[3b		
	t VI Land, Buildings, and Equipme					10					
I GI	Description of property	Jilli See Form 33	, 0, 1 ((a)	Cost or	other (b)Co	ost or other			i) Boo	k value
				bas	s (invest	ment) bas	ıs (other)	depreciatio	n		
1a	Land						4,373,91	5		4	,373,915
Ь	Buildings						70,396,917		3,500		,433,417
c	Leasehold improvements										
d I	Equipment						19,713,947	7 12,180),626	7	,533,321
_е	Other	<u> </u>	•				1,150,60	1 404	1,460		746,141
Tota	I. Add lines 1a through 1e <i>(Column (d) must e</i>	qual Form 990, Part	X, colu	umn (B), line	10(c).)				59	,086,794

Part VIII Investments—Other Securities. See	<u>: Form 990, Part X, line 12.</u>	
(a) Description of security or category	(b)Book value	(c) Method of valuation
(including name of security)	+	Cost or end-of-year market value
(1)Financial derivatives	+	
(2)Closely-held equity interests	+	
(3)Other (A)POOLED INVESTMENT FUND	20,887,888	F
() ,		
	+	
	+	
	+	
Total. (Column (b) must equal Form 990, Part X, col (B) line 12)	▶ 20,887,888	
Part VIII Investments—Program Related. Se	- ·	3
(a) Description of investment type	(b) Book value	(c) Method of valuation
	(2, 200). (2, 200)	Cost or end-of-year market value
	+	
	+	
	+	
Total. (Column (b) must equal Form 990, Part X, col (B) line 13)	F	
Part IX Other Assets. See Form 990, Part X, I	ine 15.	
(a) Descr	iption	(b) Book value
Total. (Column (b) must equal Form 990, Part X, col.(B) line 1	5.)	
Part X Other Liabilities. See Form 990, Part	X, line 25.	
1 (a) Description of liability	(b) Book value	
Federal Income taxes	0	
NON CURRENT SWAP LIABILITY	716,184	
ASSET RETIREMENT OBILIGATION	286,774	
PAYABLES TO RELATED TAX-EXEMPT ORGS	538,613	
THE EAST OF RELEASE IN EXEMPT OF THE		
	+	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25)	1 544 574	
	-11	Zation's financial statements that was the
2. Fin 48 (ASC 740) Footnote In Part XIII, provide the te	.xt of the loothote to the organi	zation 5 illiancial Statements that reports the

j Par	Reconciliation of Revenue per Audited Financial Statements with Revenue per Retur	<u>n</u>
1	Total revenue, gains, and other support per audited financial statements	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
а	Net unrealized gains on investments	
b	Donated services and use of facilities	
c	Recoveries of prior year grants	
d	Other (Describe in Part XIII)	
e	Add lines 2a through 2d	
3	Subtract line 2e from line 1	
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1	
а	Investment expenses not included on Form 990, Part VIII, line 7b . 4a	
b	Other (Describe in Part XIII)	
C	Add lines 4a and 4b	
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	
Part	t XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Ret	urn
1	Total expenses and losses per audited financial statements	
2	A mounts included on line 1 but not on Form 990, Part IX, line 25	
а	Donated services and use of facilities	
b	Prior year adjustments	
C	Other losses	
d	Other (Describe in Part XIII)	
e	Add lines 2a through 2d	
3	Subtract line 2e from line 1	
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a	
b	Other (Describe in Part XIII)	
C	Add lines 4a and 4b	
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	
Part	t XIII Supplemental Information	
Com	nplete 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

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization St Mary's Regional Health Center

Employer identification number

41-1620386

Pa	rt I Financial Assi	istance an	d Certain	Other Community	Benefits at Cost				
								Yes	No
1a	Did the organization have	a financial as	ssistance po	licy during the tax year?	? If "No," skip to questi	on 6a	1a	Yes	
b	If "Yes," was it a written p	policy?					1b	Yes	
2	If the organization had mufinancial assistance police					oplication of the			
	Applied uniformly to a Generally tailored to i				mly to most hospital fac	cilities			
3	Answer the following base organization's patients du			nce eligibility criteria th	at applied to the larges	t number of the			
а	Did the organization use f If "Yes," indicate which o					providing <i>fre</i> e care?	3a	Yes	
	┌ 100% ┌ 150% ┌	200%	ther		%				
b	Did the organization use is which of the following was				=	•	3b	Yes	
	200% 250% ✓ 300% ✓ 350% ✓ 400% ✓ 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. Did the organization's financial assistance policy that applied to the largest number of its nations during the tax years.								
4									
5a	provide for free or discounted care to the "medically indigent"?								
b	If "Yes," did the organiza			expenses exceed the b	oudgeted amount?		5a 5b	Yes	No
							30		INO
_	c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?						5c		
6a	Did the organization prep	are a commur	nity benefit re	eport during the tax yea	r?		6a	Yes	
b	If "Yes," did the organiza	tion make it a	vailable to th	ne public?			6b	Yes	
	Complete the following ta worksheets with the Sche	_	worksheets ¡	provided in the Schedule	e H instructions Do not	t submit these			
7	Financial Assistance	and Certain	Other Com	munity Benefits at Co	ost			•	
	ancial Assistance and Means-Tested overnment Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community ben expense		(f) Perce otal exp	
a	Financial Assistance at cost (from Worksheet 1)		0	693,444	0	693,	444	0.9	30 %
b	Medicaid (from Worksheet 3, column a)		0	14,059,598	10,573,051	3,486,			50 %
С	Costs of other means-tested government programs (from Worksheet 3, column b)		0	0	0		0		0 %
d	Total Financial Assistance and Means-Tested Government Programs .		0	14,753,042	10,573,051	4,179,	991	5 5	80 %
	Other Benefits			, ,	. ,	, ,			
е	Community health improvement services and community benefit operations	13	2 906	25.047	0	25	047	0.0	FO 0/
f	(from Worksheet 4) Health professions education	13	3,806	35,847	0		847		50 %
g	(from Worksheet 5) Subsidized health services	8	484	244,744	0	244,	744	0 3	30 %
h	(from Worksheet 6) Research (from Worksheet 7)		0	0	0		0		0 %
 	Cash and in-kind		0	0	<u> </u>		<u> </u>		0 70
	contributions for community benefit (from Worksheet 8)	4	20	416,670	0	416,	902	0 5	60 %
J	Total. Other Benefits	25	4,310	697,261	0	697,	493		40 %
k	Total. Add lines 7d and 7j .	25	4,310	15,450,303	10,573,051	4,877,	484	6 5	20 %

	edule H (Form 990) 2012										Page
Pa	rt II Community Building activities during the										
	of the communities i	t serves.				•		·			
		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense		rect offs revenue	etting	(e) Net communit building expense		(f) Perco	
1	Physical improvements and housing		0	()		0		0		0 %
2	Economic development		0	(0		0		0 %
3	Community support	,	70	378			0		378		
	• •	1									0 %
<u>4</u> 5	Environmental improvements Leadership development and training		0	(0		0		0 %
	for community members		0	()		0		0		0 %
	Coalition building		0	(0		0		0 %
7	Community health improvement advocacy	1	0	2,098	3		0	2,	.098		0 %
8	Workforce development	2	35	184,519)		0	184,	519	0	250 %
9	Other Total		0				0		0		0 %
	rt IIII Bad Debt, Medicar	e & Collec	ion Practice	186,99			0	186,	995	0	250 %
	ion A. Bad Debt Expense	c, a conce	tion i i detic							Yes	No
1	Did the organization report bac Statement No 15?					anager	nent As	sociation • • •	1	Yes	
2	Enter the amount of the organi methodology used by the orga	nızatıon to est	imate this amo	unt		2		2,429,683			
3	Enter the estimated amount of patients eligible under the org the methodology used by the	anızatıon's fina organızatıon to	ancial assistand estimate this a	ce policy Explain in amount and the ratio	Part VI						
4	any, for including this portion of Provide in Part VI the text of t	the footnote to	the organizatio	n's financial statem			ıbes ba	d debt expense			
ect	or the page number on which t ion B. Medicare	his footnote is	contained in th	e attached financia	l stateme	ents					
5	Enter total revenue received f	rom Medicare ((ıncludıng DSH	and IME)		5		18,536,320			
6	Enter Medicare allowable cost					6		17,997,472			
7	Subtract line 6 from line 5 Th	•				7		538,848			
8	Describe in Part VI the extent Also describe in Part VI the c Check the box that describes	osting method	ology or source	used to determine	the amo						
	Cost accounting system	Гсο	st to charge rat	IIO 🔽	Other						
Sect	ion C. Collection Practices										
9a b	Did the organization have a wr If "Yes," did the organization's contain provisions on the colle assistance? Describe in Part	collection polection processites considered to the contraction practice contractions contractions are contractions as a contraction processite contraction processite contractions are contractions as a contraction processite contraction processite contraction processite contractions are contract	licy that applied s to be followed	to the largest num for patients who ar	e known	to qua	lify for fi	nancial	9a 9b	Yes	
Pa	rt IV Management Comp	anies and J	loint Ventur	es (owned 10% or more by	officers, dire	ectors, tru	stees, key	employees, and physici	ans—se	e instruct	ions)
	(a) Name of entity	(b	 Description of pr activity of entity 		(c) Organiz profit % o ownersh	r stock	en	Officers, directors, trustees, or key nployees' profit % stock ownership %	pro	e) Physic ofit % or ownership	stock
1					_						
2 3											
1											
5											
5 											
7 8									1		
- 9											
10											
11											
12									_		

Part V	Facility Information										
Section	n A. Hospital Facilities	Licensed	Gener	Children's	Teaching	Ortical	Resea	ER-24 houre	ER-other		
smalles How ma organiza 1	order of size from largest to t—see instructions) any hospital facilities did the ation operate during the tax year? ———	sed hospital	General medical & surgical	en's hospital	ing hospital	access hospital	Research facility	hours	her		
Name, a	address, and primary website address		2							Other (Describe)	Facility reporting group
1	ESSENTIA HEALTH STMARY'S- DETROIT LAKES 1027 WASHINGTON AVE DETROIT LAKES,MN 56501 www.essentiahealth.org	х	х					х			
-											

Schedule H (Form 990) 2012

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 MARY'S REGIONAL HEALTH CENTER

		reporting	

			Yes	No
on	munity Health Needs Assessment (Lines 1 through 8c are optional for tax years begining 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	1	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
а	A definition of the community served by the hospital facility			
b	▼ Demographics of the community			
c	Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	▼ How data was obtained			
e	The health needs of the community			
f	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	The process for consulting with persons representing the community's interests			
i	▼ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
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		Yes	
ı	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital		163	H
	facilities in Part VI	4	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	5	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
а	▼ Hospital facility's website			
b	A vailable upon request from the hospital facility			
c	Other (describe in Part VI)			
	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
	Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	Execution of the implementation strategy			
C	Participation in the development of a community-wide plan			
d	Participation in the execution of a community-wide plan			
e	✓ Inclusion of a community benefit section in operational plans			
f	A doption of a budget for provision of services that address the needs identified in the CHNA			
g	▼ Prioritization of health needs in its community			
h	Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7		N
la	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		N
	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		L
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? $$0$			

P	art V Facility Information (continued)			
	nancial Assistance Policy		Yes	No
9	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?	9	Yes	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing $\textit{free} \text{care}^{2} \dots \dots \dots \dots \dots$	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for free care 150 %			
11	If "No," explain in Part VI the criteria the hospital facility used		\ ,	
	Used FPG to determine eligibility for providing <i>discounted</i> care?	11	Yes	
	If "No," explain in Part VI the criteria the hospital facility used			
12	Explained the basis for calculating amounts charged to patients?	12	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
а	▼ Income level			
b	Asset level			
c	Medical indigency			
d	▼ Insurance status			
е	Uninsured discount			
f	Medicaid/Medicare			
g	State regulation			
h	Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?	13	Yes	
14	Included measures to publicize the policy within the community served by the hospital facility?	14	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
а	The policy was posted on the hospital facility's website			
b	The policy was attached to billing invoices			
C				
d	The policy was posted in the hospital facility's admissions offices			
е	The policy was provided, in writing, to patients on admission to the hospital facility			
f	The policy was available upon request			
<u>g</u>				
	ling and Collections		1	<u> </u>
15	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?	15	Yes	
16	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			
	Reporting to credit agency			
b	Lawsuits			
C	Liens on residences			
d	Body attachments			
е	Other similar actions (describe in Part VI)			
17	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?	17		No
	If "Yes," check all actions in which the hospital facility or a third party engaged			
а	Reporting to credit agency			
b	<u>-</u>			
C	Liens on residences			
d	Body attachments			
_	C Other similar actions (describe in Part VI)	ı	ı	i

chedule H	(Form 990)	2012

Page

1	art V Facility Information (continued)			
8	Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)			
а	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			
	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)			
90	licy Relating to Emergency Medical Care			
			Yes	No
L 9	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?	19	Yes	
	If "No," indicate why			
а	The hospital facility did not provide care for any emergency medical conditions			
b	The hospital facility's policy was not in writing			
C	The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d	Other (describe in Part VI)			
Cha	arges 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			
а	The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b	The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d	Other (describe in Part VI)			
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?	21		No
	If "Yes," explain in Part VI			
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?	22		No
	If "Yes," explain in Part VI			

schedule H (Form 990) 2012

Ρ	а	a	e

tinı	1	ıe	<i>je</i>	<i>iec</i>	<i>iea</i>	ied	ıed	ıed	ıed
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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 th	e organization operate	during the tax year?
11			

Name a	and address	Type of Facility (describe)
1	See Additional Data Table	
2		
3		
4		
5		
6		
7		
8		
9		
10		

Schedule H (Form 990) 2012

Schedule H (Form 990) 2012

Page

Part VI Supplemental Information

Complete this part to provide the following information

board, use of surplus funds, etc)

- 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,
- 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
 Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may

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

- 3 Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who 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
- constituents it serves
 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)

Community information. Describe the community the organization serves, taking into account the geographic area and demographic

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

Affiliated health care system. If the organization is part of an affiliated health care system, describe the respective roles of the

Identifier CHEDULE H, PART VI, LINE	ReturnReference	Explanation Provide the description required for Part I, lines 3c, 6a, 7g, 7,
SHEDULE H, PAKI VI, LINE		column (f), 7 , Part II , Part III , lines 4 , 8 , 9b , Part V , lines 1 j , 3 , 4 , 5 c , 6 i , 7 , 11 h , 13g , 15 e , 16 e , 18 c , 18 d , 19 d , 20 , 21 Part I ,
		Line 3c For patients that meet the federal poverty guidelines thresholds, they will receive the appropriate charity care discount. For those that do not meet the federal poverty guideline
		thresholds, but have an excessive and catastrophic medical liability, the Catastrophic Community Benefit Financial Assistance Program will be applied The Catastrophic Community
		Benefit Financial Assistance Program is designed for patients whose household income and assets may exceed the established traditional financial assistance guidelines, but have an excessive
		and catastrophic medical liability Excessive and catastrophic medical liability is defined as a financial responsibility exceeding 30% of a family's gross income Expense Qualification A
		Multiply gross household family income by 30% B Determine allowable medical expenses C If (B) is greater than (A), than the
		expense qualification is met Proceed to resource qualification D If (A) is greater than (B), patient is not eligible for Catastrophic Community Benefit Financial Assistance Resource Qualification
		A Subtract 30% of gross household family income from allowable medical expenses to determine excess medical expenses B Calculate available family assets by excluding from the asset
		values the following 1 Primary residence 2 One motor vehicle 3 Retirement accounts 4 Other Assets - 1st \$4000 family of one, \$6000 for family of two, and \$1500 for each additional
		family member C Compare the available family assets to the excess medical expense 1 If assets are greater, the applicant is not eligible 2 If assets are less, the applicant is eligible Part I,
		line 6a Essentia Health St Mary's Detroit Lake's community benefit information is consolidated into the Essentia Health community benefit information which is included in the Essentia
		Health annual report The annual report is made available to the public at www essentiahealth org Essentia Health, headquartered
		in Duluth, Minn , is an integrated health system serving patients in Minnesota, Wisconsin, North Dakota and Idaho and is Essentia Health St Mary's Detroit Lake's parent corporation Part 1, line
		7g Not Applicable Part I, line 7, column (f) Bad debt expense that was subtracted from total expense to obtain the % of community benefit to total expense amounted to \$2,429,683
		Part I, line 7 The cost to charge ratio derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges was used to calculate the costs for the following community benefits Charity Care and
		Unreimbursed Medicaid Actual costs were used for the remainder of the community benefits reported Part II The majority of the community building activities reported are physician recruitment
		expenses The hospital facility is located in a federally- designated medically underserved area and as such includes
		physician recruitment as a community building activity per the recommendation of the Catholic Health Association Community Benefit Guide PART III, LINE 2 Discounts, charity care, and bad
		debt expense are accounted for as reductions to revenue Bad debt expense on patient accounts would be identified as any balance on the account, less any previous payments and
		discounts, that has aged and is absent of any payments If, during the collection process, it becomes known that the patient qualifies for charity care, the amounts included within bad debt
		expense would be reclassified to charity care PART III , LINE 3 Essentia Health St Mary's Detroit LakeS engaged 3rd party to analyze the organization's bad debt for the year and identify
		patient accounts that would qualify for charity care. Once identified, those patient accounts were reclassified to the charity
		care allowance out of bad debt. Moving into the next fiscal year, Essentia Health St. Mary's Detroit LakeS will be using a tool that identifies accounts that would qualify for charity care
		automatically and reclasses those accounts to charity care allowance As a result, we estimate \$0 of patient accounts written off to bad debt would qualify for charity care PART III, LINE 3
		Essentia Health St Mary's Detroit LakeS is a part of a larger organization, Essentia Health Essentia Health and its member organizations incorporate the cost of bad debt as a community
		benefit As a tax exempt hospital, we must provide the necessary services regardless of the patient's ability to pay for that care. In doing so, Essentia Health makes quality patient care available to
		all in our community, regardless of their economic means Part III, line 4 The page number of the audit that contains the footnote describing the organization's bad debt expense is page 12 Part
		III, line 8 The methodology used in determining the reported Medicare Allowable Costs begins with the hospital's general ledger system. The costs are obtained from the general ledger.
		and then adjusted and reported in accordance with Centers for Medicare Services (CMS) "cost finding" guidelines as published
		In their Provider Reimbursement Manual Once the Medicare allowable costs are determined from the hospital's cost report, any costs attributed to subsidized health services, and Medical
		Education, are removed Part III, line 8 Essentia Health St Mary's Detroit Lakes is a part of a larger organization, Essentia Health Essentia Health and its member organizations incorporate
		the full value of the Medicare shortfall as a community benefit The rationale for the organization's opinion is providing care for the elderly and serving Medicare patients is an essential part of
		the community benefit standard Medicare, like Medicaid, does not pay the full cost of care and it is likely to get worse Many Medicare beneficiaries are poor and are eligible for Medicaid in
		addition to Medicare Medicare underpayment must be shouldered by the hospital in order to continue treating the community's elderly and poor These underpayments represent a real cost of
		serving the community Part III, line 8 Each Essentia Health hospital is required to file a Medicare cost report 5 months after
		the close of their fiscal year The cost report provides Medicare with information that is used to determine utilization and spending trends but also is used to set future payment rates for most
		Medicare services If the interim payments paid to a hospital are higher or lower than the filed cost report allowable reimbursement there will be a settlement for that fiscal year This can be due to
		changes in utilization or cost of providing services for Critical Access Hospitals (CAH) or differences between interim and final payment factors for Disproportionate Share, Bad Debts, or
		Indirect Medical Education for non-CAH hospitals An estimate for these settlements is recorded at the close of the fiscal year If
		the estimate varies from the final settlement received 6-7 months after the fiscal year ends then these amounts are recorded as prior year Medicare revenue Part III, line 9b At any
		stage of the patient experience, including collections, a determination may be made that the patient qualifies for Financial Assistance All collection efforts must be suspended while a
		patient's Financial Assistance application is being considered and until the patient is notified regarding the determination of eligibility Once eligibility (or lack of eligibility) is determined,
HEDULE H, PART VI, LINE		amounts still owed by patients will be collected in the same manner as all other patient bills PART V, LINE 1J The Community Health Needs Assessment
cont		also includes a Community Health Profile. The profile is based on data from the Behavioral Risk Factors Surveillance System and the University of Wisconsin Population Health Institute County.
		Health Rankings PART V, LINE 3 A Community/Patient Focus Group was held for community members to identify and prioritize
		their community health needs. In addition, persons were consulted at Town Hall Meetings, which are the first step in addressing each prioritized health need. During the Town Hall
		Meeting, intervention options for meeting the health need were presented, and participants selected the option best suited to their community. Individuals from the following organizations
		attended the Town Hall Meeting (names and titles available upon request) Becker County Human Services, Chamber of Commerce, City of Frazee, Community/Patient Focus Group,
		Detroit Lakes Community and Cultural Center, Detroit Lakes School District, Frazee-Vergas Community Education, Kiwanis, Lakes Crisis Center, Mahube-Otwa Community Action
		Partnership, Midwest Bank, PartnerSHIP 4 Health, ProSystems, and Rotary See the CHNA posted on the website listed in Part V, Line 5a for a list of organizations that were invited to, but did not
		attend the town hall meetings An employee of Becker County Human Services (name and title available upon request) attended the Community/Patient Focus Group and the Town Hall Meeting
		and provided input on the community's Priority health needs and intervention options for addressing the highest priority health
		need Employees of PartnerSHIP 4 Health (names and titles available upon request), attended the Town Hall Meeting and provided input on the intervention options for addressing the
		highest priority health need Individuals from PartnerSHIP 4 Health also attended the Intervention Planning Meeting Their special knowledge of or expertise in public health derives from
		their affiliation with a regional Statewide Health Improvement Program Employees of Becker County Community Health (names and titles available upon request) attended the Intervention
		Planning Meeting The majority of Essentia Health St Mary's- Detroit Lakes' service area is rural Given the known health disparities of rural populations, all attendees of the
		Community/Patient Focus Group and Town Hall Meetings are representatives and/or members of medically-underserved and
		low income populations, as well as populations with chronic disease needs Community/Patient Focus Group participants were specifically instructed to consider themselves as
		representatives of the community-at-large Participants at the Town Hall and Intervention Planning Meetings serve more formal leadership or representative roles An elected official of the City
		of Frazee attended the Town Hall Meeting, as well as the Community/Patient Focus Group Individuals affiliated with Mahube-Otwa Community Action Partnership attended the
		Community/Patient Focus Group, Town Hall Meeting, and Intervention Planning Meeting The Mahube-Otwa Community
		Action Partnership is a Community Action Agency that assists low income individuals and families to acquire useful skills and knowledge, gain access to new opportunities and achieve
		economic self-sufficiency In Becker, Hubbard, and Otter Tail Counties, 87 5% or more of the residents are Caucasian However, as attendees at the Community/Patient Focus Group
		were instructed to act as representatives of the entire community, and data stratified by race/ethnicity were presented, health needs of minority populations were considered. As city
		elected officials represent the entire electorate, including minorities, minority populations were represented by the elected
•		official of the City of Frazee as well PART V. LINE 4 Essentia

minorities, minority populations were represented by the elected official of the City of Frazee as well PART V, LINE 4 Essentia Health St Mary's Detroit Lakes is affiliated with Essentia Health In the interest of efficiency, cost effectiveness, and alignment with Essentia Health population health strategies, the hospital facility's CHNA was conducted in a coordinated process with fourteen other Essentia Health hospital facilities While still allowing for tailoring to each particular hospital facility, procedures were standardized across hospital facilities. The hospital facilities included in this coordinated process are

Essentia Health Ada in Ada, MN, Clearwater Valley Hospital and Clinics, Inc in Orofino, ID, Essentia Health Deer River in Deer River, MN, Essentia Health Virginia in Virginia, MN, Essentia

Health Holy Trinity Hospital in Graceville, MN, Essentia Health West in Fargo, ND, Minnesota Valley Health Center, Inc. in Le Sueur, MN, Essentia Health Northern Pines in Aurora, MN, Essentia Health Sandstone in Sandstone, MN, Essentia Health Duluth in Duluth, MN, Essentia Health St. Joseph's Medical Center in Brainerd, MN, Essentia Health St. Mary's Hospital-Superior in Superior, WI, St. Mary's Hospital, Inc. in Cottonwood, ID, Essentia Health St. Mary's Medical Center in Duluth, MN, and Essentia Health St. Mary's Detroit Lakes in Detroit Lakes, MN Since Essentia Health West joined the collaborative effort on February 1, 2013, not all aspects of the Essentia Health West CHNA are coordinated with those of the other hospital facilities The hospital facility did not collaborate with any other hospital facility outside of the Essentia Health System PART V, LINE 5A The CHNA is posted under the "Community Benefit/CHNA" tab

http://www.essentiahealth.org/StMarysDetroitLakes/FindaClinic/Essentia

-Hea lth-St-MarysDetroit-Lakes-81 aspx PART V, LINE 5C Links to the report were emailed to the Minnesota Hospital Association (MHA) to catalog the assessments and make them

requirements for wide dissemination of reports The MHA will also analyze the assessments to identify common themes, issues and needs on a statewide and regional basis Finally, the MHA will use the catalog as a vehicle for connecting hospitals with similar

implementation strategies, information sharing, or resources for making their community benefit activities as influential as possible PART V, LINE 6I This box was not checked, so not applicable PART V, LINE 7 Seven health needs were identified through the CHNA Of those health needs, three were selected as the highest priority health needs that have/will be addressed over

implementation strategies. The hospital facility will not directly meet the four unprioritized health needs due to resource constraints Rather than inadequately addressing all health needs, the hospital facility will focus resources, financial and otherwise, on their community's three prioritized health needs in order to foster success in meeting those health needs Despite not directly meeting the unprioritized needs, interventions addressing the three prioritized health needs may partially address the unprioritized health needs that overlap with the prioritized health needs If the unprioritized health needs remain in the next CHNA cycle, they may be directly addressed at that time The four unprioritized health needs are as follows -Reduction of excessive/binge drinking -Immunizations -Preventative care -Secondary prevention/screening Part V, Line 10 Checked "Yes", so not applicable Part V, line 11 Checked "Yes", so not applicable Part V, line 12H This box was not checked, so not applicable PART V, LINE 14G This box was not checked, so not applicable Part V, line 16e This box was not checked, so not applicable Part V, line 17e This box was not checked, so not applicable Part V, line 18E This box was not checked, so not applicable Part V, line 19C This box was not checked, so not applicable Part V, line 19d This box was not checked, so not applicable Part V, line 20D For patients known to qualify for the financial assistance program, they are charged the same as their most common insurance payor Part V, line 21 not applicable AS "NO" WAS CHECKED PART V, LINE 22 Not

available on their website to help members meet IRS

community needs with one another to explore joint

the next three years as a part of the hospital facility's

applicable as "No" was checked

on the hospital facility's homepage at

Identifier	ReturnReference	Explanation
Part VI, line 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 Essentia Health St Mary's Detroit Lakes assesses community needs through a variety of methods. One way is through an outside patient satisfaction vendor, PRO FESSIONAL RESOURCE CONSULTANTS. Comments made through these telephone surveys will occasionally indicate an unmet community health need. Additionally, we encounter feedback from the patients we serve through the normal course of business that informs us of the need for new services or unmet community health needs. We also hold focus groups with community members to assess the care they (or a family member) received while in our facility. From the comments received, we develop action plans to address their concerns. We have a very active community relations committee whose purpose is to develop educational programs for our community members. In FY 13, we hosted 11 community programs with a total of 351 people attending. We routinely survey those in attendance to learn what other health care issues they are interested in learning about. From those comments, we plan our following ways of adjusting apportunities. In addition, we had
		following year of educational opportunities. In addition, we had
Part VI, line 3		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 Essentia Health St Mary's Detroit Lakes has brochures which include charity care information as well as the Financial Assistance application located in all emergency room, urgent care, clinic, and surgery waiting areas. They are also located in the financial counseling offices. During the patient intake process, a patient screening is completed. If it is determined that the patient would be in need of assistance, information about charity care as well as governmental financial assistance programs would be provided. Essentia Health St. Mary's Detroit Lakes has financial counselors on staff who have had training through local county agencies and the state (both MN and ND) to assist patients in Medicaid, Medicare and other assistance programs (including the charity care program) that may be available to them. Annual visits to divisional locations are made by the supervisor of the financial counseling staff to educate staff. All hospital staff has been trained to refer patients to the financial counselor. The financial counselors often assist patients with the application process, mailing and follow up. The financial assistance information will be provided to patients upon discharge if a financial counselor was used during the patient's stay. Finally, the billing statements indicate that financial assistance is available and lists the financial counselor's contact information. Essentia Health St. Mary's Detroit Lakes has Financial Counselors who are available to patients with questions regarding payment of their medical bills. All staff have been trained to refer patients to the Financial. Counselors and we have literature throughout the hospital and
		medical office buildings in regards to our Community Benefit Programs Financial Counselors educate patients on different options of government programs and charity care as well as referrals to public health for additional services that St Mary's Regional Health Center may not be able to provide

Identifier	ReturnReference	Explanation
Part VI, line 5	ReturnReference	Community information. Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves. Essentia Health St Mary's Detroit Lakes is located in Detroit Lakes, MN Essentia Health St Mary's Detroit Lakes is a part of the larger Essentia Health St Mary's Detroit Lakes is a part of the larger Essentia Health St Mary's Detroit Lakes, a part of the larger Essentia Health St Mary's Detroit Lakes, a part of the larger Essentia Health St Mary's Detroit Lakes, a lake Park, Mahnomen, Frazee and Park Rapids. The overall community is classified as Rural Essentia Health St Mary's Detroit Lakes, along the communities of Detroit Lakes, along with Essentia Health St Mary's Detroit Lakes is part of a larger system, Essentia Health St Mary's Detroit Lakes is part of a larger system, Essentia Health St Mary's Detroit Lakes is part of a larger system, Essentia Health St Mary's Detroit Lakes is part of a larger system, Essentia Health St Mary's Detroit Lakes is part of a larger system, Essentia Health St Mary's Detroit Lakes is part of a larger system, Essentia Health St Mary's Detroit Lakes is part of a larger system of the community is serviced and other information important to describing how the organization of the comm
		development of Essentia Health's Accountable Care Organization and its accreditation by the National Committee for Quality Assurance (NCQA) A cornerstone of federal healthcare reform, ACOs are designed to improve care while

Identifier	ReturnReference	Explanation
Identifier Part VI, line 6	ReturnReference	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 Essentia Health St. Mary's Detroit Lakes is part of Essentia Health, an integrated health system of 16 hospitals, 65 clinics, eight long-term care facilities, two assisted living facilities, four independent living facilities in four states. Minnesota, Wisconsin, North Dakota and Idaho. The health system serves a predominantly rural population whose median incomes generally fall below averages of the states where they live. The presence of our clinics and hospitals ensures that people with few economic resources don't have to drive an hour or more to receive basic (and in some cases life-saving) medical care. In addition to staffing hospitals and clinics in federally-recognized underserved areas, we support the health of our communities through an active outreach program that brings specialists like oncologists, cardiologists, neurologists and others into our smaller communities. This eliminates barriers to care for many patients, particularly those who are elderly, living on low incomes, or are faced with other challenges that make it difficult to travel long distances for care. Our size and integrated structure allow us to offer patients services often found only in larger urban settings. Services ranging from chemotherapy to congestive heart failure management and hospice are available to patients in many of the rural communities we serve. Essentia Health also supports the health of our rural communities through active research and clinical trials by the Essentia. Institute of Rural Health. The Institute conducts clinical, translational and health services research with a primary focus on the needs of rural Americans. Essentia Health is also serving patients through the use of the Epic electronic health record (EHR). The vast majority of Essentia's hospitals and clinics are using a fully-integrated EHR for patient care. Technol
		records - an important consideration in a region where patients must often be transferred to a larger Essentia facility for complex surgeries or medical care. Essentia is also actively working with government agencies and insurers to develop innovative, cost-effective approaches to care that will improve health outcomes while reducing overall costs to patients and insurers. This innovation can be found in our use of remote.
		home monitors for patients with congestive heart failure to a focus on using a team-based approach to helping patients manage chronic diseases. Essentia Health is committed to helping patients and their families lead active and fulfilling lives in the small and large communities where they live. We hope to become a model of health care delivery, particularly in rural areas, in the years to come.
Part VI, Line 7		IF APPLICABLE, IDENTIFY ALL STATES WITH THE ORGANIZATION, OR A RELATED ORGANIZATION FILES A COMMUNITY BENEFIT REPORT Essentia Health St Mary's Detroit Lakes files a community benefit report in Minnesota

Identifier	ReturnReference	Explanation
PART VI, LINE 8		IF APPLICABLE, FOR EACH HOSPITAL FACILITY IN A FACILITY REPORTING GROUP PROVIDE THE DESCRIPTION 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 NOT APPLICABLE

Software ID: Software Version:

EIN: 41-1620386

Name: St Mary's Regional Health Center

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

Section C. Other 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?

11

Name and address	Type of Facility (describe)	
ESSENTIA HEALTH STMARY'S-DETROIT LAKES CLINIC 1027 Washington Ave DETROIT LAKES,MN 56501	MULTI-SPECIALTY CLINIC	
ESSENTIA Health STMARY'S-PELICAN RAPIDS CLINIC 301 NORTH BROADWAY PELICAN RAPIDS,MN 56572	MULTI-SPECIALTY CLINIC	
ESSENTIA HEALTH STMARY'S-FRAZEE CLINIC 300 MAIN AVENUE EAST FRAZEE,MN 56544	MULTI-SPECIALTY CLINIC	
ESSENTIA Health STMARY'S-LAKE PARK CLINIC 1005 FIRST STREET LAKE PARK, MN 56554	MULTI-SPECIALTY CLINIC	
ESSENTIA HEALTH STMARY'S-MAHNOMEN CLINIC 117 NORTH MAIN STREET MAHNOMEN,MN 56557	MULTI-SPECIALTY CLINIC	
ESSENTIA HEALTH STMARY'S THERAPY CENTER 112 LINCOLN AVENUE DETROIT LAKES,MN 56501	MULTI-SPECIALTY CLINIC	
ESSENTIA HEALTH OAK CROSSING 1040 LINCOLN AVENUE DETROIT LAKES,MN 56501	MULTI-SPECIALTY CLINIC	
ESSENTIA Health LINCOLN PARK ASSISTED LIVING 208 OAK STREET DETROIT LAKES, MN 56501	MULTI-SPECIALTY CLINIC	
ESSENTIA Health LINCOLN PARK SENIOR APARTMENTS 207 PARK STREET DETROIT LAKES, MN 56501	MULTI-SPECIALTY CLINIC	
Essentia Health WINCHESTOR 1051 WASHINGTON AVENUE DETROIT LAKES, MN 56501	MULTI-SPECIALTY CLINIC	
ESSENTIA HEALTH STMARY'S-DETROIT LAKES HOME HEALTH 1027 WASHINGTON AVENUE DETROIT LAKES, MN 56501	MULTI-SPECIALTY CLINIC	

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Schedule I (Form 990)

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

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

► Attach to Form 990

OMB No 1545-0047

DLN: 93493119014004

Inspection

Department of the Treasury Internal Revenue Service

Name of the organization St Mary's Regional Health Center Employer identification number

Part I General Inform	nation on Grants	and Assistance				•	
1 Does the organization ma the selection criteria used	d to award the grants	orassistance?					✓ Yes
2 Describe in Part IV the or					. Complete if the are	and a security	L "Vac" to
		Governments and received					res to
(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) A mount 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) United Way of Becker County 803 Roosevelt Ave Detroit Lakes, MN 56501	23-7225418	501(c)(3)	8,000				Program Support
(2) DETROIT LAKES COMMUNITY & CULTURAL CENTER 826 SUMMIT AVENUE DETROIT LAKES, MN 56501	41-1970351	501(c)(3)	14,295				Program Support
(3) ESSENTIA HEALTH FOUNDATION 502 E 2ND STREET DULUTH,MN 55805	27-1984704	501(c)(3)	139,098				PROGRAM SERVICE
2 Enter total number of sec3 Enter total number of other						.	3 0

1001	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) A mount of cash grant	(d) A mount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance

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
Schedule I, Part I, Line 2		Procedures for monitoring use of grant funds Essentia Health St Mary's-Detroit Lakes management reviews the grant activity by reviewing and documenting each expenditure request and approving the expense

Schedule I (Form 990) 2012

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DLN: 93493119014004

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury

Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest **Compensated Employees** ► Complete if the organization answered "Yes" to Form 990,

Part IV, question 23.

Compensation Information

► Attach to Form 990. ► See separate instructions.

Open to Public Inspection

Name of the organization St Mary's Regional Health Center **Employer identification number**

Pai	t I Questions Regarding Compensation			
			Yes	No
1 a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	First-class or charter travel Housing allowance or residence for personal use			
	Tax idemnification and gross-up payments Health or social club dues or initiation fees			
	Discretionary spending account Personal services (e.g., maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all 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			
	▼ Compensation committee ▼ Written employment contract			
	Form 990 of other organizations Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	4a	Yes	<u> </u>
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			
а	The organization?	6a		No
b	Any related organization?	6b		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	7		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was			
	subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe			
	ın 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)(1)-(111) 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	(D) Nontaxable	(E) Total of	(F) Compensation
	(i) Base compensation	(ii) Bonus & ıncentıve compensatıon	(iii) Other reportable compensation	other deferred compensation	benefits	columns (B)(ı)-(D)	reported as deferred in prior Form 990
See Additional Data Table							

Schedule J (Form 990) 2012

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
Schedule J, Part I, Line 3		Methods used to establish President's compensation Essentia Health St Mary's-Detroit Lakes relied on Essentia Health'S, RELATED organization of Essentia Health St Mary's-Detroit Lakes, methods for establishing Essentia Health St Mary's-Detroit Lakes President's compensation a compensation committee, independent compensation consultant, written employment contract, compensation survey or study, and approval by the board or compensation committee
Schedule J, Part I, Line 4a		Severance payment Former officer, Thomas Thompson, received payment totaling \$294,590 in tax year 2012 related to his termination. The termination term is from July 1,2011 to June 21,2013. Mr. Thompson will receive pay totaling \$539,308 & benefits totaling \$24,160 related to his termination. Current highest compensated employee, Diana Johnson, received payment totaling \$15,213 in tax year 2012 related to her termination. The termination terms are from November 6,2012 until February 3,2013. Ms. Johnson will receive pay totaling \$32,961 & benefits totaling \$2,522 related to her termination. All other individuals listed as Formers in Form 990, Part VII, Section A, Line 1a remain employed within Essentia Health and its subsidiaries and are not receiving a termination payment.
SCHEDULE J, PART I, LINE 4B		Supplemental nonqualified retirement plan Essentia Health's nonqualified retirement plan is offered to designated Essentia Health executives. There is a minimum two year vesting date or automatically upon reaching retirement age, death, disability or involuntary termination without cause. Benefits are subject to income taxes upon vesting and payable from Essentia Health's general assets. Reported as Other Reportable Compensation in Schedule J, Part II, Column B (III), the following individual listed in Form 990, Part VII, Section A, Line 1a received payment of the vested benefit from the supplemental nonqualified retirement plan during the year. PETER JACOBSON \$18,403 Reported as Retirement and Other Deferred Compensation in Schedule J, Part II, Column C, Essentia Health made contributions, subject to the vesting terms, during the year into the supplemental nonqualified retirement plan on behalf of the following individual listed in Form 990, Part VII, Section A, Line 1a PETER JACOBSON \$20,701

Schedule J (Form 990) 2012

Software ID: Software Version:

EIN: 41-1620386

Name: St Mary's Regional Health Center

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-MIS	C compensation	(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation reported in prior Form	
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) O ther compensation	compensation	benefits	(B)(ı)-(D)	990 or Form 990-EZ	
	(ı) (ıı)	148,970 0	7,851 0	498 0	7,713 0	1,430 0	166,462 0	0	
	(ı) (ıı)	0 208,135	0	0 160	0 18,482	0 18,714	0 245,491	0	
	(ı) (ıı)	0 0	0	0 294,590	0	0	0 294,590	0	
	(ı) (ıı)	165,806 34,362	11,254 0	136 0	9,5 4 5 0	28,080 0	214,821 34,362	0	
Bradley Refsland MD	(I) (II)	0 116,955	0	0 1,006	0 11,448	0 18,366	0 1 4 7,775	0	
	(I) (II)	0 258,503	0 42,525	0 24,183	0 43,201	0 25,447	0 393,859	0 18,403	
	(ı) (ıı)	0 395,358	0 12,600	0 704	0 45,000	0 26,439	0 480,101	0 0	
Robert Koshnick MD	(ı) (ıı)	0 211,259	0	0 602	0 19,030	0 17,963	0 248,854	0	
	(I) (II)	125,157 0	6,922 0	15,810 0	6,863 0	14,149 0	168,901 0	0	
ANITA JONASON MD	(ı) (ıı)	0 181,440	0	0 1,144	0 15,296	0 4,942	0 202,822	0	
	(ı) (ıı)	0 165,320	0	0 154	0 15,866	0 22,339	0 203,679	0	
	(ı) (ıı)	0 324,868	0	0 1,393	0 22,467	0 15,988	0 364,716	0 0	
RICHARD MARTIN MD	(I) (II)	0 274,880	0	0 1,282	0 9,393	0 20,304	0 305,859	0	

41-6007162

6049202P2

DLN: 93493119014004

Open to Public

Inspection

Χ

Χ

OMB No 1545-0047

Schedule K (Form 990)

Supplemental Information on Tax Exempt Bonds ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions,

explanations, and any additional information in Part VI. ► Attach to Form 990. ► See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization St Mary's Regional Health Center

MN Agricultural and Economic

Development Board

Employer identification number

41-1620386

Χ

Р	Part I Bond Issues												
(a) Issuer name		(b) Issuer EIN (c) CUSIP # (d)		(d) Date issued (e) Issue pri	(e) Issue price	(f) Description of purpose	(g) De	(g) Defeased b		(h) On behalf of Issuer		(i) Pool financing	
l							Yes	No	Yes	No	Yes	No	
A	Cass County North Dakota	45-6002205	148047AU7	02-25-2010		Srs 2008 A Reoffered (See PART VI)		Х		Х		X	
В	WI Health and Education Facilities Authority	39-1337855	97710BSD5	02-25-2010	12,854,722	Srs 2008 B Reoffered (See PART VI)		X		Х		Х	
С	MN Agricultural and Economic Development Board	41-6007162	6049202H0	02-25-2010		Srs 2008 C Reoffered (See PART VI)		X		х		Х	

Pa	Part II Proceeds									
		Α	В	С	D					
1	A mount of bonds retired	0	0	454,823	0					
2	Amount of bonds legally defeased	0	0	0	0					
3	Total proceeds of issue	4,438,197	957,677	12,345,946	12,104,361					
4	Gross proceeds in reserve funds	0	0	0	0					
5	Capitalized interest from proceeds	0	0	0	0					
6	Proceeds in refunding escrows	0	0	0	0					
7	Issuance costs from proceeds	0	0	141,497	169,314					

03-29-2011

6	Proceeds in retunding escrows		0		0		0	3 (
7	Issuance costs from proceeds		0		0		141,497 169,31		169,314
8	Credit enhancement from proceeds		0		0		0		0
9	Working capital expenditures from proceeds		0		0		0		0
10	Capital expenditures from proceeds		0		0	0		0 11,735,	
11	O ther spent proceeds		4,438,197		957,677	12,204,449		04,449	
12	O ther unspent proceeds		0		0	0		0 199,3	
13	Year of substantial completion	20	10	20	2010		2010		13
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	Х		Χ		Х			Х
15	Were the bonds issued as part of an advance refunding issue?		V		v		V	-	V

16	Has the final allocation of proceeds been made?	Х		Х		X			Х
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	Х		X		Х		Х	
Par	t IIII Private Business Use								
		/	4		В		С	ı	D
		Yes	A No	Yes	B No	Yes	C No	Yes	No No

Are there any lease arrangements that may result in private business use of bond-

financed property?

Χ

Χ

25,491,071 Srs 2011 (See PART VI)

Χ

Χ

Part Private Business Use (Continued) В C D Α Yes No Yes No Yes No Yes No Are there any management or service contracts that may result in private business use За Χ Х Χ Х of bond-financed property? If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? Are there any research agreements that may result in private business use of bond-Х Χ Х Χ financed property? If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside d counsel to review any research agreements relating to the financed property? Enter the percentage of financed property used in a private business use by entities 4 0 00000% 0 00000% 0 00000% 0 00000% other than a section 501(c)(3) organization or a state or local government Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 0 00000% 0 00000% 0 00000% 0 00000% 501(c)(3) organization, or a state or local government Total of lines 4 and 5 0 00000% 0 00000% 0 00000% 0 00000% Does the bond issue meet the private security or payment test? 7 Х Х Χ Χ Has there been a sale or disposition of any of the bond financed property to a 8a nongovernmental person other than a 501(c)(3) organization since the bonds were Χ Χ Χ Х issued? If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of 0 00000% 0 00000% 0.00000% 0 00000% If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections Х Χ Χ Χ 1 141-12 and 1 145-2? Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Χ Χ Х Χ Regulations sections 1 141-12 and 1 145-2? Part IV Arbitrage В С D Α Yes Yes No No Yes No Yes No Has the issuer filed Form 8038-T? 1 Χ Χ Χ Х If "No" to line 1, did the following apply? 2 Rebate not due vet? а Χ Χ Х Χ Exception to rebate? b Χ Х Χ Х No rebate due? c Χ Χ Χ Χ If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed Is the bond issue a variable rate issue? 3 Χ Χ Χ Χ Has the organization or the governmental issuer entered 4a Χ Χ Χ Χ into a qualified hedge with respect to the bond issue? Name of provider Term of hedge C Was the hedge superintegrated? d Was a hedge terminated?

Par	t IV Arbitrage (Continued)								
		A B		С	С				
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider	0		0)		0		
С	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		х		Х		X		Х
7	Has the organization established written procedures to monitor the requirements of section 148?	Х		X		x		x	
	Ducandana Ta Hadautaka Canaatina Astian								

Part V Procedures To Undertake Corrective Action

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

Α		В		С		D	
Yes	No	Yes	No	Yes	No	Yes	No
х		х		х		х	

Schedule K Part II Lines 3 through 12 represent Essentia Health ST MARY'S-DETROIT LAKEs' allocated portion of the proceeds PART IV, LINE 1C, Column D DATE REBATE COMPUTATION WAS PERFORMED 3/20/2013

Part VI Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions) **Identifier Return Reference Explanation** SCHEDULE K Additional information/comments relating to the reporting of liabilities by related organizations Essentia Health has an Obligated Group created under the Master Indenture which is composed of the following Members Essentia Health, Critical Access Group, Essentia Health East, Essentia Health St. Joseph's Medical Center, Essentia Health St Mary's-Detroit Lakes, Essentia Health St Mary's Medical Center, Essentia Health Duluth, Essentia Health Polinsky Medical Rehabilitation Center, Essentia Health St Mary's Hospital-Superior, Essentia Health Brainerd Specialty Clinic, Essentia Health Central, St. Mary's Innovis Health, The Duluth Clinic, Ltd. and Essentia Health West (the "Obligated Group Members" or the "Members of the Obligated Group") The Members of the Obligated Group are jointly and severally obligated on all indebtedness evidenced or secured by Notes issued under the Master Indenture The Series 2008A reoffered bonds are secured by Notes issued under the Master Indenture Essentia Health is the conduit borrower of the Series 2008A reoffered bonds and has recorded a portion of the bond liability on its balance sheet. The Obligated Group Members, Essentia Health West, The Duluth Clinic, Ltd., and Essentia Health St Mary's-Detroit Lakes, are indirect beneficiaries of the Series 2008A reoffered borrowing and have recorded the bond liability on their balance sheets which are consolidated with Essentia Health The Series 2008B reoffered bonds are secured by Notes issued under the Master Indenture The Obligated Group Members The Duluth Clinic, Ltd , Essentia Health and Essentia Health St Mary's Hospital-Superior are the conduit borrowers of the Series 2008B reoffered bonds The conduit borrowers, The Duluth Clinic, Ltd and Essentia Health, have recorded a portion of the bond liability on their balance sheets which are consolidated with Essentia Health The Obligated Group Members, Essentia Health West and Essentia Health St Mary's-Detroit Lakes, are indirect beneficiaries of a portion of the Series 2008B reoffered borrowing and have recorded a portion of the bond liability on their balance sheets which are consolidated with Essentia Health The Series 2008C reoffered bonds are secured by Notes issued under the Master Indenture The Obligated Group Members Essentia Health East, Essentia Health St Joseph's Medical Center, Essentia Health St Mary's-Detroit Lakes, The Duluth Clinic, Ltd , Essentia Health, and Essentia Health St Mary's Medical Center, Inc are the conduit borrowers of the Series 2008C reoffered bonds The conduit borrowers, Essentia Health St $\,$ Mary's-Detroit Lakes, Essentia Health, and The Duluth Clinic, Ltd , have recorded a portion of the bond liability on their balance sheets which are consolidated with Essentia Health The Obligated Group Member, Essentia Health West is an indirect beneficiary of a portion of the Series 2008C reoffered borrowing and has recorded a portion of the bond liability on its balance sheet which is consolidated with Essentia Health The Series 2011 bonds are secured by Notes issued under the Master Indenture The Obligated Group Members Essentia Health, Essentia Health Central and Essentia Health St Mary's-Detroit Lakes are the conduit borrowers of the Series 2011 bonds The conduit borrower Essentia Health St Mary's-Detroit Lakes has recorded a portion of the bond liability on its balance sheet which is consolidated with Essentia Health The Obligated Group Member, Essentia Health St Joseph's Medical Center, is an indirect beneficiary of a portion of the Series 2011 borrowing and has recorded a portion of the bond liability on its balance sheet which is consolidated with Essentia Health Part 1, Column (f) Description of purpose Series 2008A Reoffered Reoffer Series 2008 A-1 and A-2 bonds issued March 4, 2008 to refinance a portion of the acquisition of certain assets of Essentia Health West in connection with the affiliation of Essentia Health with Essentia Health West Series 2008B Reoffered Reoffer Series 2008 B-1 bonds issued March 4, 2008 to refund Series 1999B bonds issued May 18, 1999 for construction projects and equipment purchases in Superior, WI and various Duluth Clinic locations in northwestern Wisconsin Series 2008C Reoffered Reoffer Series 2008 C-5 and 2008 C-4A bonds issued March 4, 2008 to refund Series 2004 bonds issued March 19, 2004 for various acquisitions, construction projects, capital improvements and equipment purchases in Duluth, Brainerd, and Detroit Lakes, MN and refund Series 1999A bonds issued May 18, 1999 for various acquisitions, construction projects, capital improvements and equipment purchases in Brainerd, Detroit Lakes and Duluth, MN and various Duluth Clinic sites in northern Minnesota SERIES 2011 Refinance prior note used for capital improvements to skilled nursing facility located at 1027 Washington Ave and finance various construction projects and equipment purchases in Baxter, Frazee, and Pelican Rapids, MN Part II, line 3 total proceeds not identical to Part I, Column (e) SERIES 2008A REOFFERED, SERIES 2008B REOFFERED, SERIES 2008C REOFFERED, AND SERIES 2011 were issued by the Essentia Health Obligated Group. The issue price listed in ST MARY'S REGIONAL HEALTH'S Schedule K Part I Column (e) represents the Essentia Health Obligated Group's total borrowing In addition, the Series 2011 total proceeds are not identical to the issue price listed in Part I, column (e) due to investment earnings Part II, Lines 3 through 12 Proceeds Series 2008A Reoffered, Series 2008B Reoffered, Series 2008C Reoffered, AND SERIES 2011 were issued by the Essentia Health Obligated Group A portion of the Series 2008A Reoffered, Series 2008B Reoffered, Series 2008C Reoffered, AND SERIES 2011 borrowing were allocated to Essentia Health ST MARY'S-DETROIT LAKES, an Essentia Health Obligated Group Member The proceeds listed in Essentia Health ST MARY'S-DETROIT LAKEs'

PART IV, LINE 1C

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493119014004

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.

2012
Open to Public Inspection

Name of the organization	
St Mary's Regional Health Center	

Employer identification number

Identifier	Return Reference	Explanation
FORM 990, PART C		DOING BUSINESS AS ESSENTIA HEALTH ST MARY'S-DETROIT LAKES

Identifier	Return Reference	Explanation
FORM 990, PART I, LINE 1		ORGANIZATION'S MISSION OR MOST SIGNIFICANT ACTIVITIES Throughout Essentia Health, we are called to make a healthy difference in people's lives. As a member of the Essentia Health family, St. Mary's Regional Health Center's mission as a Catholic, Benedictine sponsored facility is to promote Christ's ministry of holistic healing for all human life with special concern for the poor and powerless

ldentifier	Return Reference	Explanation
FORM 990, PART III LINE 1		ORGANIZATION'S MISSION Throughout Essentia Health, we are called to make a healthy difference in people's lives. As a member of the Essentia Health family, St. Mary's Regional Health Center's mission as a Catholic, Benedictine sponsored facility is to promote Christ's ministry of holistic healing for all human life with special concern for the poor and powerless.

ldentifier	Return Reference	Explanation
FORM 990, PART III, LINE 4		PROGRAM SERVICE ACCOMPLISHMENTS St Mary's Regional Health Center dba Essentia Health St Mary's-Detroit Lakes is created & organized exclusively for charitable, religious, educational & scientific purposes Essentia Health St Mary's-Detroit Lakes is created & organized to own, maintain, operate & conduct, directly or indirectly, & to assist & coordinate activities of facilities for health care, education, care for the aged & social services in accordance with the charitable works tradition of the Roman Catholic Church. In keeping with this specific purpose, all works shall be carried out in accordance with the charism of the Benedictine Sisters Benevolent Association, a Minnesota nonprofit corporation. Essentia Health St Mary's-Detroit Lakes employs over 420 full time equivalents. Essentia Health St Mary's-Detroit Lakes provided over \$693,000 in charity care and over \$3,486,000 of costs incurred in excess of Medicaid payments received during the fiscal year ended June 30, 2013. Further community benefits provided during the fiscal year include community services of over \$35,000, education and workforce development of over \$244,000, and cash & in-kind donations of over \$416,000. FORM 990, PART III, LINE 4A. Essentia Health St Mary's-Detroit Lakes hospital is a modern facility licensed for 87 beds. The hospital features a 12-bed women's unit with four birthing rooms, three operating rooms, 24 hour CRNA services, x-ray, CT, mobile MRI, & lab. The hospital provided for nearly 6,000 hospital patient days during the fiscal year ended June 30, 2013. Essentia Health St Mary's-Detroit Lakes is certified as a Level III Trauma Hospital meeting the high standards of clinical equipment & staff training Essentia Health St Mary's-Detroit Lakes, NN Clinic services include Primary Care, Obstetrics, Orthopedics, Podiatry, General Surgery, Geriatrics, and Psychology. The clinic had over 71,500 encounters during the fiscal year ended June 30, 2013. The Best Mary's Nursing Center provides a loving atmosphere where all residents are t

ldentifier	Return Reference	Explanation
FORM 990, PART V, LINE 1A		1099 Reporting Vendor payments and Form 1099's were processed through Essentia Health on behalf of certain legal entities comprising Essentia Health system

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 6		Members of Organization ESSENTIA HEALTH WEST is the sole member of ESSENTIA HEALTH ST MARY'S-DETROIT LAKES Member, ESSENTIA HEALTH WEST, may elect one or more members of the governing body as described in Schedule O Part VI Line 7a Members, ESSENTIA HEALTH, BENEDICTINE SISTERS BENEVOLENT ASSOCIATION, AND ESSENTIA HEALTH WEST have reserved powers with respect to ESSENTIA HEALTH ST MARY'S-DETROIT LAKES as described in Schedule O Part VI Line 7b

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 7A		Members with right to elect governing body ESSENTIA HEALTH WEST appoints and removes ESSENTIA HEALTH ST MARY'S-DETROIT LAKES's governing body

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 7B		Member with right to approve governing body decision ESSENTIA HEALTH ST MARY'S-DETROTT L AKES is a subsidiary of Essentia Health, whose Board of Directors has reserved powers with respect to this corporation and its subsidiaries of Essentia Health (collectively, the "System") Essentia Health board of directors Debt Approval of the incurrence of debt by, and the creation of all imortgages, liens, security interests, or other encumbrances on the assets of, all entities in the Systemin excess of the single or an nual aggregate dollar limits prescribed in writing by the Essentia Health board of directors, and the authority to cause all entities in the Systemin excess of the single or an nual aggregate dollar limits prescribed in writing by the Essentia Health board of directors, and the authority to cause all entities in the System to participate in Systemborrowing Governing Instruments. Authority to cause, and to approve, all mergers, consolidations, and dissolutions of all entities in the System Morgers and Acquisitions Authority to cause, and to approve, all mergers, consolidations, and dissolutions of all entities in the System Authority to transfer assets, including cash, between and among entities within the System provided, how ever, that Essentia Health shall not have authority to require any entity in the System' transfer of Assets Within the System Authority to transfer assets (a) that would cause such entity to be in default of its covenants or obligations under any bond or other financing documents, (b) from the Catholic entities to be in wickation of the Ethical and Religious Directives for Catholic Health Care Services (EPOs) in the judgment of the local ordinary, or (c) such that money generated by services at secular facilities within the System by procedures that are contrary to the EPOs would be used at the Catholic enti

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 7B		rity to request the listing of qualified entities and facilities within the System in The Official Catholic Directory, subject to the approval of applicable Catholic authorities. C atholic Health Association. Authority to require Catholic facilities and entities within the System to join the membership of the Catholic Health Association of the United States. Alienation of Stable Patrimony or Ecclesiastical Goods. Authority to approve alienation of either stable patrimony or other ecclesiastical goods in the System if such goods involved in a specific transaction approved by Essentia. Health pursuant to Section 2.8(g) or 2.8(h) of the Affiliation Agreement have a dollar value equal to or greater than 70% of the amount established from time to time that requires approval from the Holy See, provided, how ever, that it is the intent of the parties that this provision not be applied to restrict or to impede Essentia from acting and making decisions on behalf of the system in the ordinary course of business but be applied to prevent the transfer of substantial assets of Ca tholic entities within the system to support the secular entities within the system without the prior approval of BSBA. Amendments. Authority to approve any amendments to the Articles of Incorporation or Bylaws of this corporation that would alter the number of Benedictine Sisters of St. Scholastica Monastery of Duluth or BSBA board of director members serving as members of such entity's identity as a Catholic institution, including without limitation any amendment that would alter the number of Benedictine Sisters of St. Scholastica Monastery of Duluth or BSBA board of director members serving as members of such entity's board of directors, and authority to cause Essentia Health to make amendments to the Articles of Incorporation or Bylaws of Essentia's Catholic Subsidiaries, which amendments BSBA in good faith are necessary to preserve such entity's identity as a Catholic institution Mission Effectiveness Authority to approve annual plans and eva

	Return ference	Explanation
FORM 990, PART VI, LINE 7B cont		Essentia Health West shall have the following reserved powers over the West Region entities. Quality, Safety, and Service Authority to recommend quality and safety initiatives and to review and execute approved quality and safety plans for the West Region Mission, Vision and Values. Authority to create a mission and a vision that support the mission and vision of Essentia Health, responsibility to oversee the mission performance, including charity care, of all facilities within the West Region, responsibility to adopt the value of Essentia Health. Operating and Financial Performance Responsibility to oversee the operating and financial performance of the West Region. Development of Budgets, Strategic Plans and Strategy Map Authority to develop and recommend, based on Essentia Health targets, capital and operating budgets for the West Region and its facilities, authority to develop West Region Development of Health context, regional and local strategic plans for the West Region, authority to develop West Region governance strategy map and balanced scorecard within Essentia Health's system strategy to meet system goals. Execution of Approved Budgets and Strategic Plans. Responsibility to execute the approved capital and operating budgets and strategic and business plans for the West Region fon-budgeted Expenditures. Authority to approve non-budgeted capital purchases and leases for West Region facilities within dollar limits defined by Essentia Health. Accreditation and Licensure. Responsibility to oversee accreditation and licensure compliance for the facilities of the West Region. Affiliations and Joint Ventures authority to recommend proposed affiliations, joint ventures and other alliances, responsibility to oversee negotiation and implementation of approved acquisitions and operation of all approved affiliations, joint ventures and other alliances with hind parties within the West Region Appointment of Directors. Authority to appoint or elect directors of the Direct Subsidiaries, and to remove such directors

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 11A		FORM 990 REVIEW PROCESS The 2012 Form 990 including all schedules was reviewed by ESSENTIA HEALTH ST MARY'S-DETROIT LAKE's management and governing body on March 10, 2014 prior to filing with the Internal Revenue Service Each current director of the governing body received a copy of the 2012 Form 990 ESSENTIA HEALTH ST MARY'S-DETROIT LAKE's Chief Financial Officer led the review of the form and schedules and any questions were discussed

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 12C		Monitoring and enforcing Conflict of Interest policy Essentia Health's comprehensive conflict of interest program prevents, detects and resolves actual conflicts of interests or the actual or potential appearance of such Fiduciaries, defined as an Essentia Health board member/trustee, officer, board committee member, senior management employee, or any others considered to be in a position of influence, are covered under Essentia's conflict of interest program Upon initial appointment, each fiduciary must complete an initial conflict of interest statement and disclosure questionnaire. At the conclusion of each fiscal year, each fiduciary must complete an annual conflict of interest statement and disclosure questionnaire. As needed, a fiduciary will update his/her most recently completed questionnaire each time the fiduciary becomes aware of a financial interest, a potential conflict, or change to any information that the fiduciary previously reported. Essentia Health's Chief Compliance Officer will collect the questionnaires and evaluate the disclosures. If a fiduciary has a potential conflict of interest, the Chief Compliance Officer or designee may request additional information from the fiduciary, the management team, and others During the evaluation process, the Chief Compliance Officer may also consult with Essentia Health's Board and Audit Committee Chairs, senior management, legal department, or appropriate representatives from Essentia Health Board of Directors any actual or potential conflicts of interest disclosed by the fiduciary, along with recommended actions. The Essentia Health Board of Directors (or designee) will then determine whether to approve the situation or to implement special controls to manage the potential conflict of interest. The Chief Compliance Officer will then officially notify the fiduciary in writing of the board's decision. The decision of whether or not the disclosure constitutes a conflict or not will be at the Essentia Health Board of Director's (or designee) sole discretio

ldentifier	Return Reference	Explanation
Form 990, Part VI, Line 15 A & B		Process for determining compensation. The Executive Compensation Committee of Essentia Health's board of directors is authorized to fulfill the board's responsibilities regarding executive compensation consistent with Essentia's mission, values and tax-exempt status, and the Executive Compensation Committee's Charter. The Executive Compensation Committee meets at least twice annually to carry out its responsibilities, which include, but are not limited to, establishing, reviewing and modifying, as appropriate, reasonable compensation and benefits for designated Essentia executives who are officers or key employees of Essentia or any of its affiliates which may be paid by related organizations. The Executive Compensation Committee engages qualified independent compensation advisors to provide objective and impartial comparative data and to express opinions on total compensation reasonableness. The Executive Compensation Committee may request its independent advisors to monitor comparability data and marketplace trends, make appropriate recommendations regarding salary ranges, and periodically review the market competitiveness of Essentia executive compensation packages. Prior to establishing or adjusting executive compensation, the Executive Compensation Committee will obtain and rely upon appropriate data as to comparability of the proposed compensation or adjustments. The Executive Compensation Committee will adequately document the basis for its determination concurrently with making those determinations. The Executive Compensation Committee minutes will include the terms of the approved compensation and the date approved, the Executive Compensation Committee members present during the review, discussion and approval of the proposed compensation and those who voted on the proposed compensation, identification of the comparability data obtained and relied upon by the Executive Compensation Committee having a conflict of interest, and documentation of the basis for the determination. The year this process was l

ldentifier	Return Reference	Explanation
FORM 990, PART VI, LINE 19		Availability of governing documents, conflict of interest policy, & financial statements to the public ESSENTIA HEALTH ST MARY'S-DETROIT LAKES makes its governing documents, conflict of interest policy, and financial statements available to the public upon request ESSENTIA HEALTH ST MARY'S-DETROIT LAKES is part of Essentia Health's consolidated financial statements which are included in Essentia Health's annual report posted on Essentia Health's web site

ldentifier	Return Reference	Explanation
FORM 990, Part XI Line 9		Other Changes in Net Assets The total amount of other changes in net assets includes. Net Asset transfers with related organizations, reallocated Balance Sheet items transferred to align with organizational structure \$455,606 Net Asset transfers with related organizations, reallocated income Statement items transferred to align with organizational structure (\$570,834) Total (\$115,228)

SCHEDULE R Related Orga

(Form 990)

Department of the Treasury

Internal Revenue Service

Name of the organization

Related Organizations and Unrelated Partnerships

► Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.

► Attach to Form 990. ► See separate instructions.

OMB No 1545-0047

DLN: 93493119014004

en to Publi

Open to Public Inspection

Employer identification number

St Mary's Regional Health Center	41-1620	386						
Part I Identification of Disregarded Entities (Comp	lete ıf the organızatıo	n answered "Yes" t	o Form 990, P					
(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	D	(f) Irect controlling entity		
Part II Identification of Related Tax-Exempt Organi or more related tax-exempt organizations during to	izations (Complete i the tax year.)	f the organization a	I answered "Yes	<u> </u> " to Form 990,	Part IV,	line 34 because i	t had o	ne
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code sec	tion (e) Public charit (if section 50	y status	(f) Direct controlling entity	Section (13) co en	g) n 512(b) ontrolled tity?
See Additional Data Table							Yes	No
							+-	
							+-	-
For Pananuark Paduction Act Notice coathe Instructions for Form 000	<u> </u>	Cat No 501	35V	1		Schodulo D (For	m 990\ 1	012

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.)		

because it had one of more related organizations are	itea as a pai	thersh	ip daring th									
(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 Disprop allocat	rtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana	ral or	(k) Percentage ownership
				'			Yes	No		Yes	No	1
(1) PMC-Gateway Imaging LLC 109 Court Ave S Sandstone, MN 55072 26-1634764	Imaging ServiCES	MN	NA	N/A	0	0			0			0 %

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 (b)(1 contro entit	n 512 13) olled ty?
								Yes	No
(1) Essentia Health Insurance Services SPC	Insurance	CJ	NA	Foreign Corp	0	0	0 %	Yes	
94 Solaris Ave PO Box 69 Grand Cayman, CAYMAN ISLANDS KY1-1102 CJ 000000000									
	Clinics	+	NA	C CORP	0	0	0 %	Yes	$\overline{}$
(2) East Range Clinics LTD	Clinics		INA	CCORP	· ·		0 %	165	1
910 6th Ave N Virginia, MN 55792 41-0909915		MN							

	Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule					Yes	No
1 D	ring the tax year, did the orgranization engage in any of the following transactions with one or more rel	ated organizations li	sted in Parts II-IV?				
а	Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity				1a		No
b	Gift, grant, or capital contribution to related organization(s)				1b	Yes	
C	Gift, grant, or capital contribution from related organization(s)				1c	Yes	
d	Loans or loan guarantees to or for related organization(s)				1d		No
е	Loans or loan guarantees by related organization(s)				1e		No
f	Dividends from related organization(s)				1f		No
g	Sale of assets to related organization(s)				1g		No
h	Purchase of assets from related organization(s)				1h		No
i	Exchange of assets with related organization(s)				1 i	Yes	
i	Lease of facilities, equipment, or other assets to related organization(s)				1j	Yes	
-							
k	Lease of facilities, equipment, or other assets from related organization(s)				1k	Yes	
	Performance of services or membership or fundraising solicitations for related organization(s)				11	Yes	
	Performance of services or membership or fundraising solicitations by related organization(s)				1m	Yes	
	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)				1n		No
	Sharing of paid employees with related organization(s)				10	Yes	
р	Reimbursement paid to related organization(s) for expenses				1 p	Yes	
q	Reimbursement paid by related organization(s) for expenses				1q	Yes	
r	Other transfer of cash or property to related organization(s)				1r	Yes	
	Other transfer of cash or property from related organization(s)				1s	Yes	
					ш		
2	If the answer to any of the above is "Yes," see the instructions for information on who must complete	this line, including co	vered relationships	and transaction thresholds			
	(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amo	ount II	nvolved	
ee A	litional Data Table						

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

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

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross)

revenue) that was not a related organization See instructions re	garding exclu	sion for ce		nent	partnerships				•	,		Ī	
(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512- 514)	org	(e) all partners section 501(c)(3) anizations?	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtiona allocations?	,	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?	_	(k) Percentage ownership
			514)	Yes	No			Yes	No		Yes	No	
												1	

Software ID: Software Version:

EIN: 41-1620386

Name: St Mary's Regional Health Center

Schedule R (Form 990) 2012

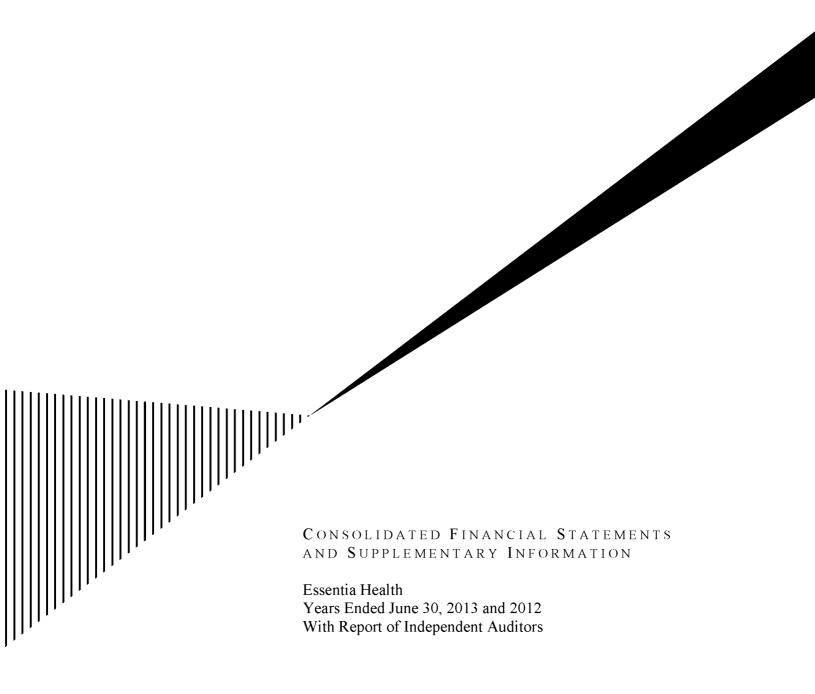
Page **5**

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

Ident if ier	Return	Explanation
	Reference	
Form 990,		The following Essentia Health entities have a doing business as name Legal Name, Doing Business As Name Brainerd Lakes Integrated Health System, Essentia
Schedule R,		Health Central Brainerd Medical Center, Inc , Essentia Health Brainerd Specialty Clinic Bridges Medical Center, Essentia Health Ada Deer River Healthcare
Part II,		Center, Inc., Essentia Health Deer River First Care Medical Services, Essentia Health Fosston Graceville Health Center, Essentia Health Holy Trinity Hospital
Column a		Innovis Health, LLC, Essentia Health West Midwest Medical Equipment & Supply Inc., Essentia Health Medical Equipment and Supplies Northern Pines Medical
		Center, Essentia Health Northern Pines Pine Medical Center, Essentia Health Sandstone Polinsky Medical Rehabilitation Center, Essentia Health Polinsky
		Medical Rehabilitation Center SMDC Medical Center, Essentia Health Duluth St Joseph's Medical Center, Essentia Health St Joseph's Medical Center St
		Mary's Duluth Clinic Health System, Essentia Health East St. Mary's Hospital of Superior, Essentia Health St. Mary's Hospital-Superior St. Mary's Medical
		Center, Essentia Health St Mary's Medical Center St Mary's Regional Health Center, Essentia Health St Mary's-Detroit Lakes

> Form 990, Schedule R, Part V - Transactions With Related Organizations							
(a) Name of other organization	(b) Transaction type(a-s)	(c) A mount Involved	(d) Method of determining amount involved				
ESSENTIA HEALTH FOUNDATION	В	139,098	Actual costs				
ESSENTIA HEALTH FOUNDATION	С	74,017	Actual costs				
INNOVIS HEALTH LLC	I	235,490	Actual costs				
INNOVIS HEALTH LLC	J	100,400	Actual costs				
ESSENTIA HEALTH	М	3,480,743	A ctual costs				
BRIDGES MEDICAL CENTER	0	118,784	A ctual costs				
CRITICAL ACCESS GROUP	Р	1,937,506	A ctual costs				
ESSENTIA HEALTH	Р	1,743,035	A ctual costs				
Innovis Health LLC	Р	19,629,830	A ctual costs				
SMDC MEDICAL CENTER	Р	782,323	A ctual costs				
ST MARY'S MEDICAL CENTER	Р	111,805	A ctual costs				
ESSENTIA HEALTH	Q	538,481	Actual costs				
ST MARY'S EMS	Q	222,171	Actual costs				
INNOVIS HEALTH LLC	Q	306,935	Actual costs				
ST MARY'S INNOVIS HEALTH	Q	84,114	Actual costs				
St Mary's Innovis Health	R	172,418	Actual costs				
CRITICAL ACCESS GROUP	S	107,819	Actual costs				
ESSENTIA HEALTH	S	58,482	Actual costs				
ST MARY'S INNOVIS HEALTH	S	102,041	Actual costs				
ST MARY'S INNOVIS HEALTH	J	120,000	Actual costs				



Ernst & Young LLP



Essentia Health

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2013 and 2012

Contents

Report of Independent Auditors	1
Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Supplementary Information	
Report of Independent Auditors on Supplementary Information	41
Schedule of Community Service and Charity Care Provided (Unaudited)	42



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Report of Independent Auditors

The Board of Directors Essentia Health

We have audited the accompanying consolidated financial statements of Essentia Health, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years 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 financial statements in conformity with US generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Essentia Health at June 30, 2013 and 2012, and the consolidated results of its operations and changes in net assets and its cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Ernst + Young LLP

October 2, 2013

Essentia Health

Consolidated Balance Sheets

(Dollars in Thousands)

	June 30			
		2013		2012
Assets				
Current assets				
Cash and cash equivalents	\$	99,387	\$	75,696
Short-term investments		17,821		11,231
Current portion of assets whose use is limited		16,249		26,142
Patient accounts receivable, less allowances for uncollectible accounts of \$62,026 and \$50,702 at June 30, 2013				
and 2012, respectively (Note 4)		216,140		225,979
Prepaid expenses and other receivables		34,523		30,262
Inventories		34,825		28,354
Total current assets		418,945		397,664
Assets whose use is limited, less current portion (Note 5)				
Funds designated by Board		550,880		422,695
Funds held by trustee		3,951		3,566
Funds held under self-insurance program		35,655		36,508
Other		64,119		51,523
		654,605		514,292
Property and equipment, net (Note 7)		619,867		591,094
Investments and other non-current assets, net (Note 8)		121,942		126,735
Total assets	\$ 1	,815,359	\$	1,629,785

	June 30		
	2013	2012	
Liabilities and net assets			
Current liabilities			
Accounts payable	\$ 39,466	\$ 39,559	
Payable to third-party payors	12,823	12,822	
Accrued liabilities			
Salaries, wages, and benefits	143,721	123,336	
Interest	9,118	3 7,265	
Current portion of long-term debt (Note 9)	16,410	17,052	
Other	13,654	14,424	
Total current liabilities	235,192	214,458	
Long-term debt (Note 9)	562,535	5 502,072	
Professional, pension, and other non-current liabilities			
(Notes 11 and 12)	216,290	215,056	
Total liabilities	1,014,017	931,586	
Net assets			
Unrestricted	788,171	681,818	
Temporarily restricted	11,694	15,505	
Permanently restricted	1,477	876	
Total net assets	801,342	698,199	
Total liabilities and net assets	\$ 1,815,359	\$ 1,629,785	

See accompanying notes.

Consolidated Statements of Operations and Changes in Net Assets (Dollars in Thousands)

	Year Ended June 3 2013 2012		
Unrestricted revenue			
Patient service revenue (Note 4)	\$ 1,658,319	\$ 1,543,349	
Provision for bad debts (Note 4)	(81,546)	(72,192)	
Net patient service revenue	1,576,773	1,471,157	
Other operating revenue	71,678	75,082	
Total unrestricted revenue	1,648,451	1,546,239	
Expenses (Note 14)			
Salaries, wages, and related benefits	1,015,296	952,962	
Professional fees	31,580	25,504	
Supplies	244,086	235,273	
Purchased services	63,067	64,927	
Professional liability and general insurance	16,656	8,545	
Utilities	19,304	17,518	
Repairs and maintenance	35,070	30,057	
Depreciation and amortization	75,520	67,571	
Interest	22,731	21,341	
Other	94,393	89,662	
Total expenses	1,617,703	1,513,360	
Income from operations before nonrecurring costs	30,748	32,879	
Nonrecurring costs	1,338		
Income from operations	29,410	32,879	
Non-operating gains (losses), net			
Investment income on funds designated by Board	6,962	5,931	
Net realized gains	23,436	8	
Net change in unrealized gains and losses on trading securities	14,114	(18,534)	
Gain (loss) on disposal of property, net	133	(520)	
Gain (loss) on swap agreements	3,949	(11,770)	
Gain on affiliation	10,767	_	
Other, net	4,510	6,272	
Total non-operating gains (losses), net	63,871	(18,613)	
Excess of revenue and gains over expenses and losses	93,281	14,266	

	Year Ended J 2013			June 30 2012	
Unrestricted net assets					
Excess of revenue and gains over expenses and losses	\$	93,281	\$	14,266	
Net change in unrealized gains and losses on other-than-	~	>0,201	Ψ	1 1,200	
trading securities		(1)		(46)	
Pension and other postretirement liability adjustments		9,167		(46,350)	
Other, net		3,906		2,068	
		106,353		(30,062)	
Discontinued operations		100,000		(50,002)	
Decrease in net assets of discontinued operations		_		(1,400)	
Loss on disposal of discontinued operations		_		(4,439)	
Doss on disposal of discontinued operations				(5,839)	
Increase (decrease) in unrestricted net assets		106,353		(35,901)	
Temporarily restricted net assets					
Contributions		1,892		2,515	
		(5,703)		·	
Net assets released from restrictions and other changes, net				(2,846)	
Decrease in temporarily restricted net assets		(3,811)		(331)	
Permanently restricted net assets					
Contributions and other changes, net		601		167	
Total increase (decrease) in net assets		103,143		(36,065)	
Net assets at beginning of year		698,199		734,264	
Net assets at end of year	<u> </u>	801,342	\$	698,199	
Their assers are ond of year	-	001,572	Ψ	070,177	

See accompanying notes.

Consolidated Statements of Cash Flows

(Dollars in Thousands)

	Year Ended 2013	June 30 2012
Operating activities		
Increase (decrease) in net assets	\$ 103,143 \$	(36.065)
Adjustments to reconcile increase (decrease) in net assets to net cash		
provided by operating activities		
Depreciation and amortization	75,520	67,571
Provision for uncollectible accounts	81,546	72,192
(Gain) loss on swap agreements	(3,949)	11,770
Share of joint ventures and related organizations' net income, net	(5,674)	(5,501)
Net change in unrealized gains and losses on other-than-trading securities	1	46
Net change in unrealized gains and losses on trading securities	(14,114)	18,534
Pension and other postretirement liability adjustments	(9,167)	46,350
Restricted contributions and investment income	(1,892)	(2.515)
Gain on affiliation	(5,144)	_
Loss on disposal of discontinued operations Changes in assets and liabilities	_	4.478
Patient accounts receivable	(62,202)	(61,056)
Accounts payable and accrued liabilities	13,975	(12,336)
Professional, pension, and other non-current liabilities	10,175	5,882
Other		(8,391)
	 (10,618) 171,600	100,959
Net cash provided by operating activities	1/1,000	100,939
Investing activities		
Purchase of property and equipment, net	(86,987)	(77,291)
Change in investments in joint ventures and related organizations, net	4,461	4.417
Purchase of trading securities, net	(117,253)	(12,159)
Purchase of securities and assets whose use is limited classified as		
other-than-trading, net	(480)	(5,242)
Net cash used in investing activities	(200,259)	(90,275)
Financing activities		
Proceeds from issuance and borrowings of long-term debt	173,265	10,010
Principal payments on long-term debt	(122,422)	(22.179)
(Decrease) increase in funds held by trustee	(385)	188
Restricted contributions and investment income	1,892	2,515
Net cash provided by (used in) financing activities	52,350	(9,466)
Net increase in cash and cash equivalents	23,691	1,218
Cash and cash equivalents at beginning of year	75,696	74,478
Cash and cash equivalents at end of year	\$ 99,387 \$	
Supplemental disclosure of cash flow information		
Interest paid, net of capitalized interest	 21,298 \$	22,523

See accompanying notes

Notes to Consolidated Financial Statements (Dollars in Thousands)

June 30, 2013

1. Organization

Essentia Health (Essentia), a Minnesota nonprofit corporation headquartered in Duluth, Minnesota, is an integrated health system serving patients in Minnesota, Wisconsin, North Dakota, and Idaho

Essentia is the parent company of the following tax-exempt entities

- St Mary's Duluth Clinic Health System (operating as Essentia Health East (EH East)) in Duluth, Minnesota
- Brainerd Lakes Integrated Health System (operating as Essentia Health Central (EH Central)) in Brainerd, Minnesota
- Innovis Health LLC (operating as Essentia Health West (EH West)) in Fargo, North Dakota
- Critical Access Group (CAG), formerly known as Essentia Community Hospitals & Clinics (ECHC)
- Essentia Institute of Rural Health (EIRH)
- Essentia Health Insurance Services (EHIS), a Cayman-based captive insurance company
- Essentia Health Foundation (EHF), a merger of Innovis Health Foundation, SMDC Foundation, and ECHC Foundation, effective July 1, 2011

Many Essentia entities have adopted an operating name as part of a system-wide rebranding strategy using the Essentia brand

Essentia is a regional leader in the development and advancement of business, clinical, and financial models for the delivery of high-quality and cost-effective health care Essentia provides integrated health care delivery through its physician group practices, ambulatory and out-patient centers, acute care hospitals (including tertiary referral centers), and community, rural, and critical access hospitals

Essentia has been determined to qualify as a tax-exempt charitable, educational, and scientific organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and also has been determined to be exempt from state income tax under Minnesota Statute 290 05, Subdivision 2

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

1. Organization (continued)

EH East directly or indirectly controls the following tax-exempt entities

Legal Entity	Operating Name, If Applicable	Location
St Mary's Medical Center	Essentia Health St Mary 's Medical Center	Duluth, Minnesota
The Duluth Clinic, Ltd	N/A	Duluth, Minnesota
SMDC Medical Center	Essentia Health Duluth	Duluth, Minnesota
Nat G Polinsky Memorial Rehabilitation Center, Inc	Essentia Health Polinsky Medical Rehabilitation Center	Duluth, Minnesota
Midwest Medical Equipment and Supplies, Inc	Essentia Health Medical Equipment & Supplies	Duluth, Minnesota
Northern Pines Medical Center	Essentia Health Northern Pines	Aurora, Minnesota
Pine Medical Center	Essentia Health Sandstone	Sandstone, Minnesota
St Mary's Hospital of Superior	Essentia Health St Mary`s Hospital – Superior	Superior, Wisconsin
Deer River Healthcare Center, Inc (since September 2012)	Essentia Health – Deer River	Deer River, Minnesota
Essentia Health Virginia, LLC (since January 2013)	Essentia Health – Virginia	Virginia, Minnesota

EH Central is the sole corporate member of the following tax-exempt entities

Legal Entity	Operating Name	Location
St Joseph's Medical Center	Essentia Health St Joseph's Medical Center	Brainerd, Minnesota
Brainerd Medical Center, Inc	Essentia Health Brainerd Specialty Clinic	Brainerd, Minnesota

EH West is the sole member of the following tax-exempt entities

Legal Entity	Operating Name, If Applicable	Location
St Mary 's Regional Health Center	Essentia Health St Mary 's – Detroit Lakes	Detroit Lakes, Minnesota
St Mary's Innovis Health	N/A	Detroit Lakes, Minnesota
Bridges Medical Center	Essentia Health Ada	Ada, Minnesota
First Care Medical Services	Essentia Health Fosston	Fosston, Minnesota
Graceville Health Center	Essentia Health Holy Trinity Hospital	Graceville, Minnesota

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

1. Organization (continued)

CAG is the sole corporate member of the following tax-exempt entities

Operating Name	Location
Minnesota Valley Health Center	Le Sueur, Minnesota
Clearwater Valley Hospital and Clinics	Orofino, Idaho
St Mary's Hospital	Cottonwood, Idaho
St Benedict's Family Medical Center (through October 1, 2011)	Jerome, Idaho

In September 2012, Essentia affiliated with Deer River Healthcare Center, Inc (Deer River), a nonprofit health care system located in Deer River, Minnesota Included in Essentia's 2013 consolidated statement of operations and changes in net assets is the gain on affiliation (reported as a non-operating gain) and Deer River's results of operations subsequent to the date of affiliation Deer River's assets and liabilities are included at fair value as of the date of affiliation in Essentia's consolidated balance sheet

Effective October 1, 2011, Essentia Health agreed to transfer ownership of St Benedict's Family Medical Center (SBFMC) to St Luke's Health System, an unrelated entity For the year ended June 30, 2012, the loss on disposal of SBFMC of \$4,439 and SBFMC's loss prior to its transfer of \$1,400 are included in discontinued operations

In addition to their membership rights, Essentia and Benedictine Sisters Benevolent Association (BSBA), a sponsor of Essentia's Catholic hospitals, have retained various reserved powers over Essentia's hospitals

Essentia's investments in joint ventures and related organizations are accounted for under the equity method and recorded in investments and other non-current assets in the consolidated balance sheets as follows

	June 30			
		2013	2012	
Benedictine Health System	\$	58,533 \$	58,533	
St Francis Regional Medical Center		32,044	30,203	
Rainy Lake Medical Center		832	1,166	
Brainerd Lakes Surgery Center		1,225	1,143	
Other joint ventures		893	905	
	\$	93,527 \$	91,950	

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

1. Organization (continued)

Essentia's share of net income (loss) on its investments in joint ventures and related organizations is included in excess of revenue and gains over expenses and losses in the accompanying consolidated statements of operations and changes in net assets as follows

	Year Ended June 30				
		2013		2012	
Other operating revenue	\$	1,084	\$	1,153	
Non-operating gains, net		4,590		4,348	
	\$	5,674	\$	5,501	

In accordance with a reorganization agreement between Benedictine Health System (BHS) and Essentia effective December 31, 2007, upon any subsequent dissolution or sale of BHS or any of BHS' subsidiaries, Essentia would be entitled to receive the net proceeds of the dissolved or sold entity up to BHS' net asset value as of December 31, 2007 As a result, Essentia has recorded a \$58,533 investment in BHS at June 30, 2013 and 2012

The following is a summary of the combined operating results and balance sheet information of the joint ventures and related organizations as of and for the years ended June 30

	 2013	2012	
Total revenue	\$ 420,554	\$ 403,209	
Excess of revenue and gains over expenses	18,081	16,010	
Total assets	547,945	516,517	
Net assets	214,110	205,632	

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements represent the consolidated financial position, results of operations, and cash flows of Essentia All significant interaffiliate accounts and transactions have been eliminated in consolidation

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with U S generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes Estimates also affect the reported amounts of revenue and expenses during the reporting period Although estimates are considered to be fairly stated at the time that the estimates were made, actual results could differ from those estimates

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand, demand deposits with banks or other financial institutions, and short-term investments with maturities of 90 days or less from the date of purchase Cash deposits are federally insured in limited amounts

Short-Term Investments

Short-term investments are stated at fair value and include corporate bonds and notes with maturities of one year or less from the date of purchase, certificates of deposit, and certain mutual funds Short-term investments are available to meet Essentia's operating cash requirements

Accounts Receivable

Accounts receivable are stated at net realizable value. The allowance for uncollectible accounts is based upon management's ongoing assessment of historical and expected net collections for each major payor source considering historical business and economic conditions, trends in health care coverage, and other collection indicators. For receivables associated with services provided to patients who have third-party insurance coverage (including copayment and deductible amounts from patients), Essentia analyzes contractually due amounts and provides an allowance for contractual adjustments and a provision for uncollectible accounts. For receivables associated with private-pay patients, Essentia records a significant provision for uncollectible accounts in the period of service on the basis of its historical experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Essentia follows established guidelines for placing certain past-due patient balances with collection agencies, subject to certain restrictions on collection efforts as determined by Essentia Accounts are written off when all reasonable internal and external collection efforts have been performed. These adjustments are accrued on an estimated basis and are revised as needed in future periods. The allowance for uncollectible accounts as a percentage of accounts receivable has increased from 22% for the year ended June 30, 2012 to 29% for the year ended June 30, 2013, consistent with industry trends

Inventories

Inventories, including drugs and supplies, are stated at the lower of cost (principally on the first-in, first-out basis) or market

Assets Whose Use Is Limited

Assets whose use is limited are composed primarily of investments held for trading, which are stated at fair value, and include assets designated by the Board of Directors (over which the Board retains control and may, at its discretion, subsequently use for other purposes) for future capital improvements and retirement of debt, investments of EHIS, which was formed as a professional liability funding arrangement, assets held by trustees under indenture agreements for construction and debt service payments, and other assets, which consist of donor-restricted assets provided on behalf of certain members of Essentia

Investment income earned on funds held by the bond trustee is reported as other operating revenue since the interest expense on the related bonds is reported as an operating expense All other investment income (including realized gains and losses on investments, interest, dividends, declines in value determined to be other than temporary, and net change in unrealized gains and losses on trading securities) is reported as non-operating income, other than changes in unrealized gains and losses on other-than-trading securities that are determined to be temporary, which are reported as other changes in unrestricted net assets Realized gains and losses are determined using the specific identification method

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Essentia reviews its other-than-trading securities for impairment conditions, which could indicate that an other-than-temporary decline in market value has occurred In conducting this review, management considers numerous factors, which include specific information pertaining to an individual company or a particular industry, general market conditions that reflect prospects for the economy as a whole, and the ability and intent to hold the securities until recovery. The carrying value of investments is reduced to its estimated realizable value if a decline in fair value is considered to be other than temporary. The gross unrealized gains from other-than-trading securities at June 30, 2013, were \$122. There were no unrealized losses. At June 30, 2012, gross unrealized gains and losses from other-than-trading securities were \$4 and \$71, respectively. Based on management's analysis, no other-than-temporary loss was recognized during the years ended June 30, 2013 and 2012.

Net unrealized gains on trading securities held at June 30, 2013 and 2012, were \$31,829 and \$17,715, respectively

Derivative Financial Instruments

Essentia uses interest-rate, constant-maturity, fixed-payer, and basis-swap instruments (see Note 9) as part of a risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt Derivatives are used to hedge identified and approved exposures and are not used for speculative purposes

All derivatives are recognized as either assets or liabilities and are measured at fair value Essentia uses pricing models for various types of derivative instruments that take into account the present value of estimated future cash flows. None of the swaps has been designated as a hedge Accordingly, all changes in the fair values of the swaps and the net difference between interest received and paid are reported as non-operating gains or losses in the consolidated statements of operations and changes in net assets

Property and Equipment

Property and equipment are stated at cost, if purchased, or at fair market value on the date received, if donated, less accumulated depreciation and amortization Depreciation is provided on a straight-line basis over estimated useful lives but not for a term in excess of the associated ground leases, if any

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Maintenance and repairs are charged to expense as incurred Major improvements that extend the useful life of the related item are capitalized and depreciated. The cost and accumulated depreciation of property and equipment retired or disposed of are removed from the related accounts, and any residual value after considering proceeds is charged or credited to income

Intangible Assets

Identifiable intangible assets are amortized on a straight-line basis over a range of 15 to 40 years based on the expected useful lives Deferred financing costs, consisting primarily of underwriting fees and discounts, credit enhancement fees, and legal fees, are amortized using the interest method over the period that the obligation is outstanding

Asset Impairment

Essentia periodically evaluates whether events and circumstances have occurred that may affect the estimated useful life or recoverability of the net book value of property and equipment and the unamortized excess cost over net assets acquired. If such events or circumstances indicate that the carrying amounts may not be recoverable, an impairment loss is recorded based on an undiscounted cash flow analysis

Insurance

The provision for estimated self-insured general and professional liability claims includes estimates of the undiscounted ultimate costs for both reported claims and claims incurred but not reported (IBNR) Most of Essentia's members are self-insured for workers' compensation claims, and the estimated liability is discounted

Costs of Borrowing

Interest incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets For the years ended June 30, 2013 and 2012, capitalized interest totaled \$224 and \$1,060, respectively

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Charity and Uncompensated Care

Essentia provides health care services to patients who meet certain criteria under its charity care policies without charge or at amounts less than established rates Since Essentia does not pursue collection of these amounts, they are not reported as revenue

EHR Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in calendar year 2011 for eligible hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology Essentia adopted the gain contingency model to recognize Medicare and Medicaid EHR incentive payments as revenue EHR incentive payments are recognized as other operating revenue when attestation that the EHR meaningful use criteria for the required period of time has been completed and fully demonstrated

Essentia recognized EHR revenue of \$14,337 (consisting of Medicare revenue of \$10,036 and Medicaid revenue of \$4,301) and \$19,917 (consisting of Medicare revenue of \$15,466 and Medicaid revenue of \$4,451) during the years ended June 30, 2013 and 2012, respectively, of which \$1,076 and \$7,591 was receivable at June 30, 2013 and 2012, respectively

Essentia's attestation of compliance with the meaningful use criteria is subject to audit by the federal government or its designee. In addition, Medicare EHR incentive payments received are subject to retrospective adjustment upon final settlement of the applicable cost report from which payment amounts were determined.

Excess of Revenue and Gains Over Expenses and Losses

The consolidated statements of operations and changes in net assets include excess of revenue and gains over expenses and losses Changes in unrestricted net assets, which are excluded from excess of revenue and gains over expenses and losses, include unrealized gains and losses on other-than-trading securities that are determined to be temporary, and pension and other postretirement liability adjustments

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to Essentia 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

Gifts are reported as temporarily restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is fulfilled, temporarily restricted net assets are reclassified to other operating income or to an increase in unrestricted net assets in the consolidated statements of operations and changes in net assets depending on whether the donor's restriction was for the purchase of property and equipment or for research and education, respectively. Donor-restricted contributions whose restrictions are met within the same year as received are included directly in operating income or in increase in unrestricted net assets in the accompanying consolidated financial statements

Permanently restricted net assets are held in perpetuity

Deferred Taxes

Essentia records a valuation allowance for deferred tax assets when it is more likely than not that some portion of the deferred tax assets will not be realized. The ultimate realization of these deferred tax assets depends on the ability of the taxable affiliates to generate sufficient taxable income in the future.

Reclassifications

Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the 2013 presentation. These reclassifications had no effect on the change in net assets or net assets as previously reported.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standard

Effective July 1, 2012, Essentia adopted Accounting Standards Updated (ASU) 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, which was issued by the Financial Accounting Standards Board in May 2011 The amendments in ASU 2011-04 result in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards (IFRSs) The guidance also changes the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements The adoption of this guidance did not have a material impact on the consolidated financial statements

3. Service to the Community

In the furtherance of its charitable purpose, Essentia provides a wide variety of benefits to the communities it serves, including offering various community-based social service programs, such as free clinics, health screenings, in-home caregiver services, social service and support counseling for patients and families, pastoral care, crisis intervention, transportation to and from the health care campuses, and the donation of space for use by community groups

In addition, a large number of health-related educational programs are provided for the benefit of the community, including health enhancements and wellness, classes on specific medical conditions, unreimbursed costs of medical education, telephone information services, and costs related to programs designed to improve the general health status of the community

Essentia also provides medical care without charge or at a reduced cost primarily through (a) services provided at no charge to the uninsured and (b) services provided to patients expressing a willingness to pay but who are determined to be unable to pay because of socioeconomic factors. The cost of providing charity care is measured by applying an overall cost to charge ratio to the charges incurred. Total cost includes salaries, wages and related benefits, professional fees, supplies, purchased services, repairs and maintenance, and general and administrative expenses. Charity care provided was approximately \$13,400 and \$10,600 for the years ended June 30, 2013 and 2012, respectively

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

4. Net Patient Revenue

Patient service revenue, net of contractual allowances and discounts (but before bad debt), is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations Differences between amounts originally recorded and finally settled are included in operations in the year in which the differences become known Certain reimbursement arrangements are subject to retroactive audits and adjustments

Essentia derives patient revenue primarily from patients covered under the Medicare and Medicaid programs and agreements with commercial insurers and managed care organizations as well as from private-pay patients. The basis for payment under agreements with commercial insurers and managed care organizations includes prospectively determined rates, discounts from established charges, and allowable cost

Essentia provides care to patients under the Medicare and Medicaid programs and contractual arrangements with other third-party payors. The Medicare and Medicaid programs pay for inpatient and most outpatient services at predetermined rates under a prospective payment system.

Essentia has contracted with Blue Cross and Blue Shield of Minnesota, Wisconsin, and North Dakota (collectively, BCBS) to provide patient care to its members and is reimbursed based on negotiated rates

Essentia has negotiated "total cost-of-care" payor contracts with various health plan payors Under these agreements, Essentia receives a portion of the savings achieved in providing care to enrollees who are attributed to Essentia Attribution to Essentia is based on receiving the majority of care from Essentia providers Some of the contracts also have incentives related to the quality of care delivered

Essentia utilizes a process to identify and appeal settlements by Medicare and other payors Additional reimbursement is recorded in the year the appeal is successful During the years ended June 30, 2013 and 2012, additional revenue due to successful appeals and cost report settlements amounted to approximately \$10,100 and \$8,300, respectively

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

4. Net Patient Revenue (continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. While management believes that Essentia is in material compliance with fraud and abuse laws and regulations, as well as other applicable government laws and regulations, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Changes in reimbursement from the Medicare program, including reduction of funding levels, could have an adverse effect on Essentia.

The mix of patient revenue from patients and third-party payors, net of contractual expense (but before bad debt), for the years ended June 30 is summarized below

		2013	%		2012	%
Medicare	\$	572,180	34%	\$	493,562	32%
	Þ	,		Ф	,	
Medicaid		194,016	12		162,371	11
BCBS		411,433	25		403,341	26
Private-pay, managed care, commercial						
insurance, and other payors		480,690	29		484,075	31
	\$ 1	,658,319	100%	\$]	1,543,349	100%

Net patient revenue is presented net of Medicare, Medicaid, managed care, and other third-party contractual adjustments of \$1,542,294 and \$1,457,687 for the years ended June 30, 2013 and 2012, respectively

Essentia grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30 consists of the following

	2013		2012	
Medicare	\$	59,744	\$	63,347
Medicaid		22,778		24,168
BCBS		42,277		49,171
Private-pay, managed care, commercial insurance,				
and other payors		91,341		89,293
	\$	216,140	\$	225,979
				-

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Investments and Assets Whose Use Is Limited

At June 30, assets whose use is limited consisted of and were limited for the following purposes

		2013		2012
Cash and cash equivalents	\$	34,550	\$	65,062
Domestic equity securities		131,772		105,421
International equity securities		32,609		41,676
Equity mutual funds		91,718		36,437
Debt security mutual funds		131,214		79,680
Corporate debt securities		15,352		19,726
Hedged funds		219,979		178,981
Other		13,660		13,451
	\$	670,854	\$	540,434
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Funds designated by Board	\$	551,253	\$	423,141
Funds held by trustee		7,010		9,630
Funds held under self-insurance program		42,918		42,207
Other		69,673		65,456
		670,854		540,434
Less current portion		16,249		26,142
Total non-current assets whose use is limited	\$	654,605	\$	514,292

Essentia invests in certain alternative investments, principally hedge funds and funds of hedge funds. These investments are accounted for using the equity method. At June 30, 2013 and 2012, Essentia's ownership percentage of alternative investments ranged from 0.03% to 9% and from 0.03% to 11%, respectively. Through these investments, Essentia may be indirectly involved in investment activities such as securities lending, short sales of securities, options, warrants, trading in futures and forward contracts, swap contracts, and other derivative products. Derivatives are used to maintain asset mix or adjust portfolio risk exposure. While these financial instruments may contain varying degrees of risk and have varying degrees of liquidity, mostly ranging from 60 days to 365 days, Essentia's risk is limited to its capital balance in each investment.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

5. Investments and Assets Whose Use Is Limited (continued)

Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements subsequent to year-end

Investment return for the years ended June 30 consists of and was reported in the consolidated statements of operations and changes in net assets as follows

	2013	2012
Dividends and interest	\$ 10,450	\$ 9,778
Net realized gains	23,454	8
Net change in unrealized gains and losses on trading investments	14,114	(18,534)
Net change in unrealized gains and losses on other-than- trading investments	(1)	(46)
	48,017	(8,794)
Less investment expenses related to investment return	3,292	3,677
·	\$ 44,725	\$ (12,471)
Other operating revenue	\$ 196	\$ 170
Non-operating gains (losses)	44,512	(12,595)
Other changes in unrestricted net assets	(1)	(46)
Other changes in temporarily restricted net assets	18	
	\$ 44,725	\$ (12,471)

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value of Financial Instruments

Financial instruments carried at fair value as of June 30, 2013, for each caption on the consolidated balance sheet, are analyzed by the fair value hierarchy as follows

	Level 1	Level 2	Level	3	Total ir Value
Assets					
Cash and cash equivalents	\$ 99,387	\$ _	\$	_	\$ 99,387
Short-term investments					
Cash and cash equivalents	17,103	_		_	17,103
Other	610	108		_	718
Current assets whose use is limited, excluding alternative investments (hedged funds), which are accounted for on the equity method					
Cash and cash equivalents	10,642	_		_	10,642
Other	1,511	_		_	1,511
Assets whose use is limited, excluding alternative investments (hedged funds), which are accounted for on the equity method					
Cash and cash equivalents	23,907	_		_	23,907
Domestic equity securities	130,945	_		_	130,945
International equity securities	32,194	_		_	32,194
Equity mutual funds	91,564	_		_	91,564
Debt security mutual funds	131,100	_		_	131,100
Corporate debt securities	_	15,352		_	15,352
Other	7,304	6,356		_	13,660
Total assets valued at fair value	\$ 546,267	\$ 21,816	\$	_	\$ 568,083
Liabilities					
Swap liabilities	 	\$ 	\$ 15	,828	\$ 15,828

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value of Financial Instruments (continued)

Financial instruments carried at fair value as of June 30, 2012, for each caption on the consolidated balance sheet, are analyzed by the fair value hierarchy as follows

	Level 1	Level 2	Level 3	F	Total air Value
Assets					
Cash and cash equivalents Short-term investments	\$ 75,696	\$ _	\$ -	\$	75,696
Cash and cash equivalents	10.501				10.501
Other	520	210	_		730
Current assets whose use is limited, excluding alternative investments (hedged funds), which are accounted for	320	210			750
on the equity method					
Cash and cash equivalents	21,194	_	_		21,194
Other	1,300	422	_		1,722
Assets whose use is limited, excluding alternative investments (hedged funds), which are accounted for on the equity method					
Cash and cash equivalents	43,868	_	_		43,868
Domestic equity securities	104,652	_	_		104,652
International equity securities	41,256	_	_		41,256
Equity mutual funds	36,437	_	_		36,437
Debt security mutual funds	79,569	_	_		79,569
Corporate debt securities	_	19,562	_		19,562
Other	5,638	7,555	_		13,193
Swap assets	 		3,278		3,278
Total assets valued at fair value	\$ 420,631	\$ 27,749	\$ 3,278	\$	451,658
Liabilities					
Swap liabilities	\$ 	\$ 	\$ 27,154	\$	27,154

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The disclosure framework consists of a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. 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.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value of Financial Instruments (continued)

Essentia's valuation methodologies for assets and liabilities measured at fair value is as follows

- Fair value for Level 1 is based upon quoted market prices
- Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets Inputs are obtained from various sources, including market participants, dealers, and brokers
- Fair value for Level 3 is based on unobservable market data, primarily credit valuation adjustments (CVAs) for derivative financial instruments. The fair value is determined by an independent third party utilizing a discounted cash flow methodology for valuing derivative financial instruments. The valuations reflect a credit spread adjustment to the London Interbank Offered Rate (LIBOR) swap curve in order to reflect CVAs for non-performance risk. The credit spread adjustment is derived from other comparably rated entities' bonds priced in the market. As of June 30, 2013 and 2012, Essentia's fair value of swaps included a CVA of \$1,703 and \$3,338, respectively

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

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

6. Fair Value of Financial Instruments (continued)

The following table is a rollforward of the consolidated balance sheet amounts for financial instruments classified by Essentia in Level 3 of the valuation hierarchy

	Swap Assets and Liabilities, Net
Fair value at June 30, 2011	\$ (13,083)
Realized and unrealized losses, net on swap agreements included	
in excess of revenue and gains over expenses and losses	(11,770)
Settlements	977
Fair value at June 30, 2012	(23,876)
Realized and unrealized losses, net on swap agreements included	
in excess of revenue and gains over expenses and losses	3,949
Settlements	4,099
Fair value at June 30, 2013	\$ (15,828)

Carrying amounts of cash and cash equivalents, patient accounts receivable, accounts payable, payable to third-party payors and accrued liabilities are reasonable estimates of fair value due to the short-term nature of these financial instruments

Fair value of fixed rate long-term debt (Level 2) is completed by a third party and based on quoted market prices for these issues or, where such prices are not available, the estimated present value of future cash flows, discounted at interest rates available at the reporting date to Essentia for new debt of similar type and remaining maturity. At June 30, 2013 and 2012, the fair value of Essentia's long-term debt was approximately \$605,800 and \$551,300, respectively, compared with its carrying value of \$578,945 and \$519,123. Fair value of variable rate long-term debt (Level 2) approximated its carrying value at both June 30, 2013 and 2012.

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

7. Property and Equipment

Property and equipment at June 30 are summarized as follows

	 2013	2012
Land and land improvements	\$ 38,384	35,388
Buildings and building improvements	724,444	694,309
Furniture and equipment	537,486	546,392
	1,300,314	1,276,089
Accumulated depreciation and amortization	(701,043)	(704,640)
	599,271	571,449
Construction-in-progress	 20,596	19,645
	\$ 619,867	591,094

In January 2009, Essentia incurred a financing obligation relating to a building completed and placed into service, resulting from agreements to lease a portion of a medical office building Since the transaction did not qualify for sale-leaseback treatment, the building is treated as a financing transaction The completed building cost of \$10,272 at June 30, 2013 and 2012, and the related other long-term liability of \$8,432 and \$8,849 at June 30, 2013 and 2012, respectively, are included in the accompanying consolidated balance sheets

8. Investments and Other Non-Current Assets

Investments and other non-current assets at June 30 are summarized as follows

	2013	2012
Notes receivable	\$ 6,454	\$ 8,672
Investment in joint ventures and related organizations	93,527	93,120
Deferred financing costs, less accumulated amortization of \$5,072 in 2013 and \$4,362 in 2012	10,274	10,787
Intangible assets, less accumulated amortization of		
\$654 in 2013 and \$550 in 2012	1,606	1,710
Fair value of swap asset (Note 9)	_	3,278
Other	10,081	9,168
	\$ 121,942	\$ 126,735

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Debt

Long-term debt at June 30 consists of the following

	Annual Interest Rate	2013	2012
Essentia Obligated Group Revenue			
Bonds			
Senior Secured Notes, due through			
2035	3 99%	5 159,525 \$	_
Series 2011, due through 2015	4 75%	25,296	25,383
Series 2010, due through 2035	Variable rate	_	103,855
Series 2008, due through 2037	3 00% to 5 50%	231,211	231,457
Series 2008, due through 2040	4 90% to 5 10%	105,605	105,559
Other revenue bonds	2 00% to 5 57%	7,410	19,632
Other, primarily mortgages payable with annual principal payments through			
2051	Various _	49,898	33,238
Total debt		578,945	519,124
Less current portion	_	16,410	17,052
		562,535 \$	502,072

Essentia's Obligated Group consists of Essentia, CAG, EH East, Essentia Health St Mary's Medical Center, Essentia Health Duluth, The Duluth Clinic, Ltd, Essentia Health Polinsky Medical Rehabilitation Center, Essentia Health St Mary's Hospital – Superior, EH Central, Essentia Health St Joseph's Medical Center, Essentia Health Brainerd Specialty Clinic, Essentia Health St Mary's – Detroit Lakes, St Mary's Innovis Health, and EH West

Certain indebtedness of members of the Obligated Group and related entities is secured by notes issued under the Amended and Restated Master Trust Indenture, dated as of April 1, 1999 (the Master Trust Indenture (MTI)), and related documents, which require Obligated Group members to be jointly and severally obligated for the debt service on all obligations issued thereunder

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Debt (continued)

All Obligated Group members have pledged certain unrestricted receivables and certain passthrough obligations for payment of long-term indebtedness issued under the MTI No passthrough obligations were subject to the pledge as of June 30, 2013 Most of the non-Obligated Group's debt is secured by certain assets of the entity that have borrowed the proceeds from the debt issue

In February 2013, Essentia issued non-rated, taxable Senior Secured Notes in the amount of \$159,525 The outstanding Variable Rate Revenue Bonds, Series 2010, in the amount of \$101,305 and certain other revenue bonds totaling \$7,087 were refinanced As a result of the refinancing, Essentia recorded a non-operating loss of \$454

In March 2011, Essentia issued Revenue Bonds, Series 2011, in the amount of \$25,155 The bonds are subject to semiannual interest-only payments until February 2015, at which time the outstanding principal balance becomes due

In February 2010, Essentia restructured a portion of the outstanding Variable Rate Demand Revenue Bonds, Series 2008, which included converting \$234,195 of Series 2008A, Series 2008B, and Series 2008C-1 Variable Rate Demand Bonds to fixed rate bonds with annual interest rates ranging from 3 00% to 5 50%

A portion of the proceeds of various bond issuances and funds available under prior bond indentures that are deemed to be legally defeased have been deposited into escrow accounts and invested in certain U S government obligations, which will be sufficient to pay the principal and interest on refunded bonds

In June 2011, Essentia entered into a long-term master revolving line of credit with a bank under which it may borrow up to an aggregate of \$60,000. The annual interest rate is based on LIBOR plus an applicable margin (1 15% at June 30, 2013). The line of credit terminates in June 2014, at the option of the bank. The line of credit is secured by a note issued under the MTI and is an obligation of the Essentia Obligated Group. As of June 30, 2013, and 2012, there were no amounts outstanding under the line of credit.

Essentia has a revolving line of credit with a bank under which it may borrow up to an aggregate of \$30,000 There were no outstanding borrowings at June 30, 2013 and 2012

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Debt (continued)

The aggregate annual maturities of long-term debt, excluding the line of credit, for each of the five years subsequent to June 30, 2013, are as follows

2014	\$ 16,410
2015	41,810
2016	8,800
2017	26,279
2018	15,016

The MTI contains various covenants, including the requirement for the Essentia Obligated Group to maintain certain financial ratios, limit the incurrence of significant additional indebtedness, and limit transfers to non-Obligated Group members

The proceeds of bonds, which were placed in various trust funds to be used in accordance with the applicable indenture provisions, are as follows at June 30

	 2013	2012
Bond interest, principal, and construction funds	\$ 3,108	\$ 6,426
Debt service reserve funds	 3,902	3,204
	7,010	9,630
Less current portion	 3,059	6,064
Total long-term portion	\$ 3,951	\$ 3,566

At June 30, 2013, the following is a summary of the outstanding positions under swap arrangements

Instrument Type	Notional Amount	Maturity Date	Rate Paid	Rate Received
Fixed-payer swaps Basis swaps		2032 to 2037 2030 to 2040	3 30% to 3 373% SIFMA	68% of 1-month LIBOR 68% of 1-month or 3-month LIBOR plus 0 105% to 0 605%

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

9. Long-Term Debt (continued)

Interest paid and received is based on swap rates, which are derived from LIBOR, the Securities Industry and Financial Markets Association (SIFMA), and the International Swaps and Derivatives Association (ISDA)

Swap assets are reported in investments and other non-current assets and swap liabilities in professional, pension, and other non-current liabilities in the consolidated financial statements, as follows

	Notional	A	sset	s		Liab	ilit	ies	Non-Operating Gain (Loss)			
	Amount	2013		2012	_	2013		2012	_	2013	2012	
Interest rate swaps	\$ -	s -	- \$	-	\$	-	\$	3,283	\$	(322)	\$ (1.317)	
Constant maturity swap	_	_	-	3,278		_		_		721	(811)	
Fixed-payer swaps	50,875	_	-	_		8,647		16,910		3,152	(11,113)	
Basis swaps	217,495	_	-	_		7,181		6,961		398	1,471	
Total swaps	\$ 268,370	S -	- \$	3,278	\$	15,828	\$	27,154	\$	3,949	\$ (11,770)	

Certain of Essentia's derivative instruments contain provisions that require Essentia to post collateral when the net liability of the derivative instruments is greater than predetermined thresholds ranging from \$10,000 to \$20,000 No collateral was required at June 30, 2013 or 2012

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, the counterparty with fair values due to Essentia had a Standard & Poor's credit quality rating of A-

10. Income Taxes

Deferred tax assets at June 30, 2013 and 2012, relate primarily to depreciation along with federal and state net operating loss (NOL) carryovers. As of June 30, 2013, Essentia had federal NOLs of \$4,332 and state NOLs of \$4,296, expiring in varying amounts through 2033. Due to the operating performance of Essentia's taxable subsidiaries, a full valuation allowance of \$1,894 and \$1,853 has been established at June 30, 2013 and 2012, respectively, since it is more likely than not that none of the deferred tax asset will be realized

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

10. Income Taxes (continued)

The statute of limitations for tax years ended June 30, 2010 through June 30, 2013, remains open to examination by the major U S taxing jurisdictions to which Essentia is subject In addition, for all tax years prior to June 30, 2010, generating an NOL, tax authorities have the right to adjust the amount of the NOL

11. Employee Benefit Plans

Essentia sponsors two defined benefit retirement plans (Defined Benefit Plans), which cover certain groups of Essentia's employees Although the Defined Benefit Plans are closed to new participants, certain plan participants continue to accrue benefits Essentia also provides other postemployment benefits to certain eligible participants, including a partial subsidy for health insurance coverage

A summary of the change in the benefit obligation, the change in plan assets and the resulting funded status, the amounts recognized in the consolidated balance sheets, and the components of net periodic benefit of the Defined Benefit Plans as of June 30 (measurement date) are as follows

	Year Ended	June 30
	 2013	2012
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 223,819 \$	186,234
Service cost	2,770	2,358
Interest cost	10,323	10,529
Actuarial (gain) loss	(160)	30,587
Benefits paid	 (6,747)	(5,889)
Benefit obligation at end of year	230,005	223,819
Change in plan assets		
Fair value of plan assets at beginning of year	123,066	129,391
Actual return (loss) on plan assets	15,336	(8,614)
Contributions	8,346	8,478
Benefits paid	(6,747)	(5,889)
Expenses paid	(300)	(300)
Fair value of plan assets at end of year	139,701	123,066
Net liability recognized (underfunded plan)	\$ (90,304) \$	(100,753)

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Employee Benefit Plans (continued)

Accumulated benefit obligation was \$193,825 and \$195,326 at June 30, 2013 and 2012, respectively

Effective July 1, 2012, Essentia elected to change the amortization period for unrecognized actuarial gains and losses from the average remaining working period to the average future lifetime of plan participants Since over 90% of plan participants are inactive, Essentia believes that the average future lifetime of plan participants provides a better estimate of the amortization expense The change in amortization period, which is considered to be a change in accounting method, has no impact on Essentia's consolidated balance sheet but results in a decrease in future pension expense (\$1,909 for the year ended June 30, 2013)

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

		2012		
Current year actuarial (gain) loss Amortization of actuarial loss	\$	(5,954) \$ (3,981)	49,237 (2,887)	
Total	\$	(9,935) \$	46,350	

Actuarial losses included in unrestricted net assets that have not been recognized in net periodic pension cost at June 30, 2013 and 2012, were \$83,493 and \$93,428, respectively It is expected that actuarial losses recognized in net periodic pension cost during the year ending June 30, 2014, will be \$3,300 Unrecognized actuarial losses are amortized on a straight-line basis

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

	 2013	2012
Service cost	\$ 2,770 \$	2,358
Interest cost	10,323	10,529
Expected return on plan assets	(9,542)	(10,036)
Amortization of unrecognized net actuarial loss	3,981	2,887
Expenses paid	 300	300
Benefit cost	\$ 7,832 \$	6,038

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Employee Benefit Plans (continued)

	2013	2012
Weighted average assumptions		_
Discount rate at end of year (used to determine		
benefit obligation)	4.54% to 4.76%	4 20% to 4 64%
Discount rate at beginning of year (used to		
determine net periodic benefit cost)	4.20% to 4.64%	5 29% to 5 80%
Expected annual return on plan assets	7.75%	7 75%
Rate of annual compensation increase	1.60% to 2.40%	2 00% to 2 60%
Health care cost annual trend rate	8.50%	8 50%

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

The Investment Committee of the Defined Benefit Plans, which consists of at least two members of the Board of Directors and a minimum of four staff members, annually reviews and approves the investment policy and asset allocation targets. The Investment Committee activities are supported by an independent investment consulting firm. The investment policy covers responsibilities of the investment managers, investment objectives, asset allocation targets and ranges, asset guidelines, and manager review criteria. The Investment Committee reviews asset allocation quarterly to determine if the current structure is appropriate and whether any changes are necessary. All assets are invested with outside managers.

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

Target	2012	
raiget	2013	2012
30%-90%	40%	38%
15%-50%	11	18
0%-55%	8	7
0%-40%	41	37
_	100%	100%
	15%–50% 0%–55%	15%-50% 11 0%-55% 8 0%-40% 41

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Employee Benefit Plans (continued)

The fair value of the Defined Benefit Plans' pension plan assets was determined using the fair value hierarchy, as defined in Note 6, at June 30, 2013

	Level 1		Le	vel 2	I	Level 3	Total	
Assets								
Cash and cash equivalents	\$	11,647	\$	_	\$	_	\$	11,647
Domestic equity securities		32,566		_		_		32,566
International equity securities		9,061		_		_		9,061
Equity mutual funds		14,461		_		_		14,461
Debt security mutual funds		13,843		_		_		13,843
Alternative investments		_		_		48,406		48,406
Immediate Participation Guarantee								
Contracts		_		_		8,464		8,464
Other		1,253		_		_		1,253
	\$	82,831	\$		\$	56,870	\$	139,701

The fair value of the Defined Benefit Plans' pension plan assets was determined using the fair value hierarchy, as defined in Note 6, at June 30, 2012

	Level 1		Le	vel 2	I	Level 3	<u> Total</u>	
Assets								
Cash and cash equivalents	\$	8,728	\$	_	\$	_	\$	8,728
Domestic equity securities		28,473		-		_		28,473
International equity securities		9,280		_		_		9,280
Equity mutual funds		8,586		_		_		8,586
Debt security mutual funds		13,472		_		_		13,472
Alternative investments		_		_		45,812		45,812
Immediate Participation Guarantee								
Contracts		_		_		8,715		8,715
	\$	68,539	\$	_	\$	54,527	\$	123,066

Fair value methodologies for Level 1 and Level 2 investments are consistent with the inputs described in Note 6 Fair value for Level 3 alternative investments is based on the fair value of the underlying assets as estimated in an unquoted market, which approximates the equity method of accounting Fair values of alternative investments are determined by the investment managers or general partners Fair values may be based on estimates that require varying degrees of judgment The fair value reflects net contributions to the investee and an ownership share of realized and unrealized investment income and expenses The financial statements of the investees are audited annually by independent auditors

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Employee Benefit Plans (continued)

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy defined above

	Alternative Investments	Immediate Participation Guarantee Contracts	Total
Fair value at June 30, 2011	\$ 39,439	\$ 8,856	\$ 48,295
Purchases, issuances, and settlements,	,	,	,
net	9,341	(449)	8,892
Actual return on plan assets	(2,968)	308	(2,660)
Fair value at June 30, 2012	45,812	8,715	54,527
Purchases, issuances, and settlements,			
net	(2,742)	(374)	(3,116)
Actual return on plan assets	5,336	123	5,459
Fair value at June 30, 2013	\$ 48,406	\$ 8,464	\$ 56,870
Change in unrealized gains on			
investments held at June 30, 2013	\$ 4,028	\$ (148)	\$ 3,880
	·	·	·

During 2014, Essentia expects to make pension contributions of \$7,997 to the Defined Benefit Plans

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

2014	\$ 8,572
2015	8,839
2016	9,341
2017	9,687
2018	11,463
2019–2022	67,882

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Employee Benefit Plans (continued)

Other Plans

Under a collective bargaining agreement, Essentia contributes to a union-sponsored multiemployer retirement plan The risks of participation in these multiemployer plans differ from those of single-employer plans in the following aspects a) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers, b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and c) if Essentia chooses to stop participating in its multiemployer plan and if the plan is underfunded, Essentia may be required to pay those plans an amount based on the underfunded status of the plan, referred to as the withdrawal liability

Essentia's participation in the multiemployer plan for the years ended June 30, 2013 and 2012, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act zone status available in 2013 and 2012 is for the plan's year-end at December 31, 2012 and 2011, respectively. The zone status is based on information that Essentia received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the range of expiration dates of various collective-bargaining agreements to which the plans are subject.

Pension	EIN/Pension	Protect	sion ion Act Status	FIP/ RP Status Pending/	Contrib Ess			Surcharge	Expiration Date of Collective- Bargaining
Fund	Plan Number	2013	2012	Implemented	2013 2012		Im posed	Agreement	
Steelworkers Pension Trust	23-6648508 499	Green	Green	NΑ	\$ 3,669	\$	3,638	No	June 30, 2013 to September 30, 2015

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

11. Employee Benefit Plans (continued)

The union-sponsored multiemployer plan was at least 80% funded at December 31, 2012 and 2011 Total amounts expensed under the union-sponsored multiemployer plan were \$3,682 and \$3,652 for the years ended December 31, 2012 and 2011, respectively Essentia is required to make contributions ranging from 3% to 5% of covered employees' gross earnings for the year ending December 31, 2013

At the date Essentia's consolidated financial statements were issued, Form 5500 was not available for the union-sponsored multiemployer plan's year ended December 31, 2012

Substantially all of Essentia's entities have individual defined contribution plans covering most of their employees Contributions are based on a percentage of eligible employees' salaries Total pension expense relating to the union-sponsored multiemployer retirement plan and defined contribution pension plans was \$44,726 and \$43,209 for the years ended June 30, 2013 and 2012, respectively

12. Insurance

EHIS provides insurance coverage to most of Essentia's members (except the critical access hospitals) on a claims-made basis with limits of \$5,000 per claim and \$12,000 in the aggregate per policy year for professional liabilities and \$3,000 per claim and \$6,000 in the aggregate for each policy year for general liabilities Premiums are based on claims experience Essentia's rural critical access hospitals are insured by a commercial insurance policy with a \$25 deductible and limits of \$2,000 per claim and \$6,000 in the aggregate per policy year on a claims-made basis for both professional liability and general liability risks

Essentia has self-funded the estimated value of professional and general liability claims, which amounted to \$26,461 and \$22,063 at June 30, 2013 and 2012, respectively, based on historical data, and includes IBNR claims Essentia has purchased excess professional and general liability insurances from the commercial insurance market with limits totaling \$35,000 per claim and in the aggregate per policy year

Essentia is self-insured for workers' compensation claims, employee health care claims, and unemployment compensation risks, with stop-loss coverage above certain limits. Essentia is required to post security under its self-insured workers' compensation program, which was \$14,120 and \$12,189 at June 30, 2013 and 2012, respectively. Essentia has entered into a surety bond agreement to comply with this requirement

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

13. Commitments and Contingencies

During 2013, Essentia began work on various remodeling projects, construction of a parking structure, and an overall EH West expansion and remodeling project The total cost of the projects is anticipated to be \$109,980, most of which will be debt-financed Construction-in-progress was approximately \$1,035 as of June 30, 2013

Essentia has leases for equipment and satellite office facilities, which are classified as operating leases Rental expense under these operating leases totaled \$21,578 and \$20,192 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 five subsequent years and thereafter are as follows

2014	\$ 14,644
2015	11,668
2016	10,586
2017	9,162
2018	7,368
Thereafter	 46,461
	\$ 99,889

In connection with a corporate reorganization of BSBA, assets and liabilities of certain facilities were transferred to Essentia in 1985 BSBA retains title to the land occupied by these facilities and has leased the land to the facilities through June 30, 2040 Minimum annual lease payments are \$31,658 over the remaining lease period, adjusted for inflation Lease payments were \$822 and \$798 for the years ended June 30, 2013 and 2012, respectively

Essentia has guaranteed amounts totaling \$7,825 and \$8,177 as of June 30, 2013 and 2012, respectively No liability is recorded related to these guarantees

Essentia is a defendant in legal proceedings arising in the ordinary course of business. Although the outcome of these proceedings cannot be determined, in the opinion of management, they will not have a material adverse effect on Essentia's financial position or its results of operations. However, there can be no assurance that this will be the case

At June 30, 2013, 39% of employees are represented by 38 collective bargaining agreements, of which 14 will expire within one year

Notes to Consolidated Financial Statements (continued) (Dollars in Thousands)

14. Functional Expenses

Essentia does not report expense information by functional classification because its resources and activities are directed primarily to providing health care services to residents in communities that it serves

15. Nonrecurring Costs

During 2013, Essentia restructured its operations and incurred nonrecurring costs of \$1,338 related to staff reductions, which were recorded as nonrecurring operating expenses

16. Subsequent Events

Essentia's management evaluated events and transactions occurring subsequent to June 30, 2013, through October 2, 2013, the date of issuance of the financial statements During this period, there were no subsequent events requiring recognition or disclosure in the consolidated financial statements

Supplementary Information



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Report of Independent Auditors on Supplementary Information

The Board of Directors Essentia Health

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The schedule of community service and charity care provided is presented for purposes of additional analysis 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 information has not been subjected to the auditing procedures applied in our audits of the consolidated financial statements, and accordingly, we express no opinion on it

October 2, 2013

Schedule of Community Service and Charity Care Provided (Unaudited) (Dollars in Thousands)

Essentia maintains records to identify and monitor the level of community service and charity care provided These records include management's estimate of the cost of services and supplies furnished for community service programs, the cost to provide charity care, and the cost in excess of reimbursement from public programs, which were estimated as follows for the years ended June 30, 2013 and 2012

		Year Ende 2013		2012	
Cost of providing charity care	\$	13,358	\$	10,664	
Costs in excess of Medicaid payments		68,346		51,960	
Medicaid surcharge and MinnesotaCare tax		21,084		19,756	
Community services		5,334		5,401	
Subsidized health services		· –		22	
Education and work force development		3,623		2,858	
Research		3,477		3,376	
Cash and in-kind donations		929		583	
Total cost of community benefits*		116,151		94,620	
Cost in excess of Medicare payments		123,337		121,921	
Other care provided without compensation (bad debt, at cost)		39,944		35,289	
Discounts offered to uninsured patients		5,663		5,246	
Taxes and fees		3,547		3,116	
Total value of community contributions	\$	288,642	\$	260,192	
Cost of community benefits as a percent of total					
operating expenses		7.2%		6 3%	
Value of community contributions as a percent of					
total operating expenses		17.8%		17 2%	

^{*}As defined in the Catholic Health Association/VHA Inc guidelines

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