See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2012

Open to Public Inspection

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

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
Rapid City Regional Hospital Inc

Doing Business As

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

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

D Employer identification number
46-0319070

E Telephone number
(605) 755-9130

G Gross receipts $ 490,836,789

F Name and address of principal officer
Charles E Hart MD M
353 Fairmont Blvd PO Box 6000
Rapid City, SD 57701

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ www regionalhealth com

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1973

M State of legal domicile SD

Part I Summary

1 Briefly describe the organization's mission or most significant activities
To provide and support health care excellence in partnership with the communities we serve

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	15
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2012 (Part V, line 2a)	**5**	3,973
6	Total number of volunteers (estimate if necessary)	**6**	410
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	4,994,983
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	824,758

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	4,749,192	5,089,909
9	Program service revenue (Part VIII, line 2g)	380,122,755	464,768,579
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	20,801,982	18,133,397
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	57,130,874	1,899,254
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	462,804,803	489,891,139
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	195,882,187	206,764,787
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶386,275		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	205,734,979	233,148,788
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	401,617,166	439,913,575
19	Revenue less expenses Subtract line 18 from line 12	61,187,637	49,977,564

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	862,197,416	923,907,347
21	Total liabilities (Part X, line 26)	268,087,313	246,708,870
22	Net assets or fund balances Subtract line 21 from line 20	594,110,103	677,198,477

Part II Signature Block

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

Sign Here

****** | 2014-05-08
Signature of officer | Date

Mark Thompson CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Kim Hunwardsen CPA		2014-05-08		P00484560

Firm's name ▶ Eide Bailly LLP | Firm's EIN ▶ 45-0250958

Firm's address ▶ 800 Nicollet Mall Ste 1300
Minneapolis, MN 554027033 | Phone no (612) 253-6500

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 21,776,494 including grants of $) (Revenue $ 103,122,499)

Pharmacy - provide pharmaceuticals in support of acute care hospital patients

4b (Code) (Expenses $ 20,540,680 including grants of $) (Revenue $ 92,309,580)

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

4c (Code) (Expenses $ 12,216,325 including grants of $) (Revenue $ 76,468,425)

Laboratory - provide laboratory testing in support of acute care patients

(Code) (Expenses $ 242,871,934 including grants of $) (Revenue $ 192,953,797)

Rapid City Regional Hospital, Inc (RCRH) is a tertiary hospital serving Western South Dakota The nearest larger hospital is in Sioux Falls, SD, more than 350 miles away As such, the services provided by RCRH are truly a healthcare safety net for Western South Dakota The Hospital provides comprehensive care, including Level II Trauma Care

4d Other program services (Describe in Schedule O)

(Expenses $ 242,871,934 including grants of $) (Revenue $ 192,953,797)

4e **Total program service expenses** ▶ 297,405,433

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**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 V*	10	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *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	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18	Yes	
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *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**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *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)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
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	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	455		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	3,973		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a		Yes	
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b		Yes	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a** 15		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**	Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**	Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	**8a**	Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**		No

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

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ NC , CA

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

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

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

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

▶ Mark Thompson 353 Fairmont Blvd PO Box 6000 Rapid City, SD (605) 755-9130

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation 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 for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** ▶										
c **Total from continuation sheets to Part VII, Section A** ▶										
d **Total (add lines 1b and 1c)** ▶								9,686,848	994,824	1,208,339

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 207

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Rapid City Emergency Serv 353 Fairmont Blvd Rapid City SD 57701	ER Physician Coverage	9,718,967
Weatherby Locums Inc PO Box 972633 Dallas TX 75397	Temp Physician Staff	2,947,316
Avera McKennan Hospital 800 East 21st ST Sioux Falls SD 571175045	EICU Services Fees	1,346,800
H&R Accounts Inc 61265 Johndeere Parkway Moline IL 61262	Patient Self-Pay Billing	1,207,634
Cassling Diagnostic Imaging 13808 F Street Omaha NE 681371102	Equip Serv Agmt, Labor/Travel Reimb	1,179,444

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 88

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d				
	e	Government grants (contributions)	1e	754,742			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	4,335,167			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		5,089,909			
Program Service Revenue			Business Code				
	2a	In Patient Pharmacy	446110	103,122,499	103,122,499		
	b	Surgical Services	622110	92,309,580	92,309,580		
	c	Laboratory	621500	80,307,753	76,468,425	3,839,328	
	d	Cath Lab	621500	37,521,351	37,521,351		
	e	Respiratory Therapy	622110	33,827,254	33,827,254		
	f	All other program service revenue		117,680,142	117,680,142		
	g	**Total.** Add lines 2a–2f		464,768,579			
	3	Investment income (including dividends, interest, and other similar amounts)		17,823,329		34,494	17,788,835
	4	Income from investment of tax-exempt bond proceeds		76,229			76,229
	5	Royalties					
			(i) Real / (ii) Personal				
	6a	Gross rents	898,214				
	b	Less rental expenses	416,592				
	c	Rental income or (loss)	481,622				
	d	Net rental income or (loss)		481,622			481,622
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	403,024				
	b	Less cost or other basis and sales expenses	169,185 / 0				
	c	Gain or (loss)	-169,185 / 403,024				
	d	Net gain or (loss)		233,839			233,839
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a 379,849				
	b	Less direct expenses	b 169,100				
	c	Net income or (loss) from fundraising events		210,749			210,749
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities					
	10a	Gross sales of inventory, less returns and allowances	a 276,495				
	b	Less cost of goods sold	b 190,773				
	c	Net income or (loss) from sales of inventory		85,722	85,722		
		Miscellaneous Revenue	Business Code				
	11a	Other UBI	900099	1,121,161		1,121,161	
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		1,121,161			
	12	**Total revenue.** See Instructions		489,891,139	461,014,973	4,994,983	18,791,274

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	9,373,138	3,777,997	5,595,141	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	112,745	112,745		
7 Other salaries and wages	175,689,065	136,395,677	39,078,076	215,312
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,413,573	3,343,672	1,064,769	5,132
9 Other employee benefits	4,958,214	3,762,817	1,189,663	5,734
10 Payroll taxes	12,218,052	9,183,346	3,019,302	15,404
11 Fees for services (non-employees)				
a Management				
b Legal	798,561		798,561	
c Accounting	233,000		233,000	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	39,427,384	20,817,874	18,609,510	
12 Advertising and promotion	293,256	15,346	249,717	28,193
13 Office expenses	1,661,343	711,382	940,532	9,429
14 Information technology	9,342,841	2,000,450	7,342,391	
15 Royalties . .				
16 Occupancy	6,359,522	484,730	5,874,792	
17 Travel	538,072	357,057	179,748	1,267
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	1,338,061	773,934	559,808	4,319
20 Interest	4,405,958	146,415	4,259,543	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	21,311,912	9,437,128	11,872,940	1,844
23 Insurance	1,619,887	331,898	1,287,989	
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	72,988,011	72,988,011		
b Intercompany Services &	31,294,102	785,005	30,509,097	
c Bad Debt Expense	23,248,559	23,248,559		
d				
e All other expenses	18,288,319	8,731,390	9,457,288	99,641
25 **Total functional expenses.** Add lines 1 through 24e	439,913,575	297,405,433	142,121,867	386,275
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		7,035,183	1	4,417,092
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		64,327,994	4	70,513,535
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		9,182,870	8	10,096,684
	9	Prepaid expenses and deferred charges		8,004,963	9	7,994,310
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 470,112,211			
	b	Less accumulated depreciation	10b 301,823,969	150,599,711	10c	168,288,242
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		472,387,635	12	487,785,884
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	2,126,511
	15	Other assets See Part IV, line 11		150,659,060	15	172,685,089
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		862,197,416	16	923,907,347
Liabilities	17	Accounts payable and accrued expenses		45,365,022	17	42,663,804
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		174,011,840	20	166,608,616
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		48,710,451	25	37,436,450
	26	**Total liabilities.** Add lines 17 through 25		268,087,313	26	246,708,870
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		582,558,987	27	663,117,309
	28	Temporarily restricted net assets		9,803,137	28	12,418,239
	29	Permanently restricted net assets		1,747,979	29	1,662,929
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		594,110,103	33	677,198,477
	34	Total liabilities and net assets/fund balances		862,197,416	34	923,907,347

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	489,891,139
2	Total expenses (must equal Part IX, column (A), line 25)	2	439,913,575
3	Revenue less expenses Subtract line 2 from line 1	3	49,977,564
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	594,110,103
5	Net unrealized gains (losses) on investments	5	24,172,486
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	8,938,324
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	677,198,477

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:
Software Version:
EIN: 46-0319070
Name: Rapid City Regional Hospital Inc

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Sharon I Lee Chairman	1 70 0 00	X		X				0	0	0
Dennis Popp Vice Chairman	1 90 0 00	X		X				0	0	0
Tamara Riddle-Schumacher Secretary	2 00 0 00	X		X				0	0	0
Jim Sorensen Treasurer	1 70 0 00	X		X				0	0	0
Roy Dishman Directors	3 00 60	X						0	0	0
Gene Farrens Directors	1 00 0 00	X						0	0	0
Timothy Frost MD Directors	90 0 00	X						0	0	0
Stephen Kovarik MD Directors	1 60 0 00	X						0	0	0
Jack Lynass Directors	1 50 0 00	X						0	0	0
Tom Morrison Directors	3 00 60	X						0	0	0
Lisa Seaman Directors	2 10 40	X						0	0	0
Gregory Smith MD Ex-Officio Directors	41 10 0 00	X						262,722	0	41,631
Kyle D White Directors	1 50 0 00	X						0	0	0
Charles E Hart MD President & CEO	43 50 16 50	X		X				0	994,824	55,181
Timothy H Sughrue CEO RCRH & RHN/COO RHI	46 10 8 90	X		X				742,560	0	57,208
Joseph C Sluka Jr Executive VP/CAO	39 80 15 20			X				546,963	0	62,576
Mark A Thompson VP CFO	39 80 15 20			X				489,624	0	72,816
James M Keegan MD CMO RH & CEO RHP	46 20 8 80			X				539,101	0	22,573
Robert G Allen Jr MD VP Medical Affairs	55 00 0 00				X			358,939	0	27,572
Allan L Berreth VP Ancillary Services	55 00 0 00				X			240,772	0	40,784
Mark F Brodin VP Decision Support	39 80 15 20				X			244,240	0	51,837
Paul W Clemments VP Professional Services	55 00 0 00				X			168,702	0	28,933
Shawn Y DeGroot VP Corp Responsibilty	39 80 15 20				X			191,663	0	30,995
Jeanne A Galbraith VP Quality Safety Risk Mgmt	55 00 0 00				X			204,928	0	33,003
Dale E Gisi VP Human Resources	39 80 15 20				X			155,380	0	21,543

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Rita K Haxton VP Patient Care	55 00 0 00				X			282,684	0	65,111
Jennifer D Horton VP PR Marketing	39 80 15 20				X			197,112	0	35,622
Suzanne P Koehler VP Operations	55 00 0 00				X			181,352	0	43,238
Richard S Latuchie VP Info Technology, CIO	39 80 15 20				X			333,183	0	45,241
Mary E Masten VP Legal Services	39 80 15 20				X			420,927	0	57,426
Robert O McGlone VP Human Resources	39 80 15 20				X			295,324	0	51,386
Michael P D'Urso MD Cardiology	40 00 0 00					X		615,849	0	75,659
John K Heilman III MD Cardiac Device Implant, Cardiology, Nuclear Cardio	40 00 0 00					X		740,406	0	79,170
Jose M Teixeira MD Cardiology, Electrophysiology	40 00 0 00					X		931,483	0	36,784
Joseph L Tuma MD Cardiology, Inverventional Cardiology	40 00 0 00					X		868,670	0	79,891
Amad Zineldine MD Cardiology	40 00 0 00					X		674,264	0	92,159

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

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

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

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

		Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	**11g(i)**		
(ii) A family member of a person described in (i) above?	**11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	**11g(iii)**		

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2011 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2012.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2011.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III **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 in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2011 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2012** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2011** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2012.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2011.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

OMB No 1545-0047

2012

Open to Public Inspection

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

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

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

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

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

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

Name of the organization	**Employer identification number**
Rapid City Regional Hospital Inc	46-0319070

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ **Yes** ☐ **No**

4a Was a correction made? ☐ **Yes** ☐ **No**

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ **Yes** ☐ **No**

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

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

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		262,813
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		19,134
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		30,850
j	Total Add lines 1c through 1i			312,797
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

Identifier	Return Reference	Explanation
Explanation of Lobbying Activities	Part II-B, Line 1	During fiscal year 2013, Rapid City Regional Hospital paid $262,813 to the South Dakota Association of Healthcare Organizations to further the efforts related to the healthy communities ballot question "Moving South Dakota Forward" Schedule C, Part II-B, Line 1g & 1i Annual dues are paid to the South Dakota Association of Healthcare Organizations A portion of the dues are applicable to lobbying activities For calendar year 2012 dues, which were paid in fiscal year 2013, in the amount of $323,358, 4 98% was used for lobbying purposes In addition, annual dues were paid to the American Hospital Association, a portion of which is applicable to lobbying activities For calendar year 2012 dues, which were paid in fiscal year 2013, in the amount of $61,497, 23 98% was used for lobbying purposes Expenditures of $19,134 were incurred related to lobbying efforts with the South Dakota Legislature on matters pertaining to healthcare

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ 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.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

		Amount
c	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 Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

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

		(a) Current year	(b) Prior year	b (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance	1,747,979	1,747,979	1,747,979	1,747,979	1,747,979
b	Contributions	10,000				
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs	95,050				
f	Administrative expenses					
g	End of year balance	1,662,929	1,747,979	1,747,979	1,747,979	1,747,979

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Temporarily restricted endowment ▶

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

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

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		2,443,047		2,443,047
b Buildings		225,778,394	119,302,152	106,476,242
c Leasehold improvements				
d Equipment		218,048,720	175,341,817	42,706,903
e Other		23,842,050	7,180,000	16,662,050
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				168,288,242

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) Current Funds Bond Indenture	23,253,517	F
(B) Designated By Board	444,139,218	F
(C) Designated By Donor	20,393,149	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	487,785,884	

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Intercompany Receivables	114,242,659
(2) Other Receivables	4,298,349
(3) Bond Issue Costs, Net	1,837,235
(4) Other Long Term Assets	52,306,846
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	172,685,089

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

1 (a) Description of liability	(b) Book value
Federal income taxes	
Payable Under Interest Rate Swap	10,294,715
Other Long Term Liabilities	13,408,210
Accrued Pension Liability	13,733,525
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	37,436,450

2. Fin 48 (ASC 740) Footnote In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

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

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

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

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

Part XIII Supplemental Information

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

Identifier	Return Reference	Explanation
Description of Intended Use of Endowment Funds	Part V, Line 4	Endowed funds are held in an interest bearing account subject to the terms as specified by the donor and Board of Directors The earnings on the endowment funds become temporarily restricted funds and therefore are not part of the endowment balance Of the $1,662,929 endowment funds, $692,332 are restricted to be used for grants/scholarships to students in a healthcare program, $512,197 is restricted for use in the pediatrics unit, $100,000 for promotion of a healthy community, $197,400 for cardiac services, $100,000 for hospice patients, $36,000 for plants in public areas and $25,000 for cancer care During the year, $95,050 of Board designated permanently restricted funds were released from their restrictions in support of radiology student tuition assistance This assistance will be provided for those individuals currently enrolled in the radiology program
Description of Uncertain Tax Positions Under FIN 48	Part X, Line 2	Rapid City Regional Hospital is organized as a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code Rapid City Regional Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS) In addition, Rapid City Regional Hospital may be subject to income tax on income that is derived from business activities that are unrelated to its tax exempt purpose Rapid City Regional Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements Rapid City Regional Hospital would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred Rapid City Regional Hospital's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2009

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

SCHEDULE G (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information Regarding Fundraising or Gaming Activities

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than $15,000 on Form 990-EZ, line 6a. Form 990-EZ filers are not required to complete this part.

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

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

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

a ☐ Mail solicitations
b ☐ Internet and email solicitations
c ☐ Phone solicitations
d ☐ In-person solicitations
e ☐ Solicitation of non-government grants
f ☐ Solicitation of government grants
g ☐ Special fundraising events

2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services? ☐ **Yes** ☐ **No**

b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least $5,000 by the organization

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

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

Part II **Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than $15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than $5,000.

		(a) Event #1 Duck Race (event type)	(b) Event #2 Tough Enough to Wear Pink (event type)	(c) Other events 12 (total number)	(d) Total events (add col (a) through col (c))
Revenue	1 Gross receipts	103,504	147,689	128,656	379,849
	2 Less Contributions				
	3 Gross income (line 1 minus line 2)	103,504	147,689	128,656	379,849
Direct Expenses	4 Cash prizes				
	5 Noncash prizes				
	6 Rent/facility costs				
	7 Food and beverages				
	8 Entertainment				
	9 Other direct expenses	34,203	80,170	54,727	169,100
	10 Direct expense summary Add lines 4 through 9 in column (d) ▶				(169,100)
	11 Net income summary Combine line 3, column (d), and line 10 ▶				210,749

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

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

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

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

b If "No," explain _____

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

b If "Yes," explain _____

Does the organization operate gaming activities with nonmembers? . . . . . ☐ Yes ☐ No

12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming? . . . . . ☐ Yes ☐ No

13 Indicate the percentage of gaming activity operated in

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

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

Name ▶ .....

Address ▶ .....

15a Does the organization have a contract with a third party from whom the organization receives gaming revenue? . . . . . ☐ Yes ☐ No

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

c If "Yes," enter name and address of the third party

Name ▶ .....

Address ▶ .....

16 Gaming manager information

Name ▶ .....

Gaming manager compensation ▶ $ .....

Description of services provided ▶ .....

☐ Director/officer ☐ Employee ☐ Independent contractor

17 Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license? . . . . . ☐ Yes ☐ No

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

Part IV Supplemental Information. Complete this part to provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			11,835,099		11,835,099	2 840 %
b Medicaid (from Worksheet 3, column a)			42,976,100	32,144,143	10,831,957	2 600 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			54,811,199	32,144,143	22,667,056	5 440 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	11	5,948	235,346		235,346	0 060 %
f Health professions education (from Worksheet 5)	5	238	5,507,463	3,851,169	1,656,294	0 400 %
g Subsidized health services (from Worksheet 6)			1,982,900	1,904,752	78,148	0 020 %
h Research (from Worksheet 7)			2,299,413	1,976,439	322,974	0 080 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	6	90	532,918		532,918	0 130 %
j **Total.** Other Benefits	22	6,276	10,558,040	7,732,360	2,825,680	0 690 %
k **Total.** Add lines 7d and 7j	22	6,276	65,369,239	39,876,503	25,492,736	6 130 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing	3		7,473		7,473	0 %
2	Economic development	2		2,116		2,116	0 %
3	Community support	2		4,039		4,039	0 %
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy	2	35	2,897		2,897	0 %
8	Workforce development	1	276	151		151	0 %
9	Other						
10	**Total**	10	311	16,676		16,676	

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	23,248,559		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	1,710,818		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	119,950,345
6	Enter Medicare allowable costs of care relating to payments on line 5	6	124,081,576
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-4,131,231
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	1 Black Hills Medical Office BD LLC	Office Building	67 930 %		32 070 %
2	2 Medical & Dental Building	Office Building	71 450 %		28 500 %
3	3 The Imaging Center	Medical Imaging	50 000 %		50 000 %
4	4 The MRI Center	Medical Imaging	33 330 %		66 670 %
5	5 Same Day Surgery Center	Specialty and Ambulatory Srvcs	40 000 %		60 000 %
6	6 Western Providers Inc	PHO	50 000 %		50 000 %
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
2

	Name, address, and primary website address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	Rapid City Regional Hospital 353 Fairmont Blvd Rapid City, SD 57701	X	X		X			X			
2	Same Day Surgery Center 651 Cathedral Drive Rapid City, SD 57701	X									

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)

Name of hospital facility or facility reporting group Rapid City Regional Hospital Inc

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet 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	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ 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	☐ Adoption 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**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
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 *free* care?	**10**		No
If "Yes," indicate the FPG family income limit for eligibility for free care __% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
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)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Other (describe in Part VI)			
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)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
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			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ 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			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ 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**	Yes	
If "Yes," explain in Part VI			

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)

Name of hospital facility or facility reporting group Same Day Surgery Center

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 2

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet 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	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website			
b	☑ Available upon request from the hospital facility			
c	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)			
a	☑ 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	☐ Adoption 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**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
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 *free* care?	**10**		No
If "Yes," indicate the FPG family income limit for eligibility for free care __% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**		No
If "Yes," indicate the FPG family income limit for eligibility for discounted care __% If "No," explain in Part VI the criteria the hospital facility used			
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)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☑ Other (describe in Part VI)			
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)			
a ☐ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☑ Other (describe in Part VI)			
Billing and Collections			
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			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ 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			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			

Part V Facility Information *(continued)*

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

- **a** ☑ Notified individuals of the financial assistance policy on admission
- **b** ☐ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the patients regarding the patients' bills
- **d** ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Part VI)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**		No
If "No," indicate why			
a ☑ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ 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**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

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

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

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

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

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

Identifier	ReturnReference	Explanation
		References to "Regional Health" apply to all entities controlled or leased by Regional Health, Inc This includes the reporting entity
		Part I, Line 3c Regional Health uses low income housing guidelines from Housing and Urban Development for determining financial assistance eligibility The income guidelines, along with the number of dependents within the household, are used in a matrix to determine the percent discount applied to the outstanding balance Discounts range from 100% to 10% of the balance The financial assistance policy (i e charity policy) also has a catastrophic provision which limits a patient/guarantor's exposure to the lesser of the financial assistance reductions or 20% of the family's annual gross income

Identifier	ReturnReference	Explanation
		Part I, Line 6a A community benefit report is completed by Regional Health, the parent organization, for all related organizations and made available to the public on its website at the following url http //www regionalhealth com/About-Us/Community-Report aspx
		Part I, Line 7 Ratio of patient care cost to charges is used for the calculation of cost of services provided for lines 7a, 7b and 7g Actual costs are used for the calculation of costs of services provided for lines 7e, 7f, 7h and 7i

Identifier	ReturnReference	Explanation
		Part I, L7 Col(f) The bad debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column, is $23,248,559
		Part II Regional Health provides numerous community benefit health events and screenings throughout the Black Hills Region Regional Health also provides financial support to other nonprofit organizations to help support community health outreach Additionally, Regional Health provides in-kind support and employee volunteers to help support community health events and activities

Identifier	ReturnReference	Explanation
		Part III, Line 4 The bad debt reported on line 2 is at charges The estimated amount of bad debt attributable to patients eligible under the financial assistance policy is determined through a review of the bad debt records to identify patient accounts that would be eligible for a discount under the financial assistance policy The organization follows HFMA Statement 15, however the amount reported on Part III, Line 3 reflects amounts not previously determined to be charity care in prior years, however were determined in the current year to be charity care amounts The footnote to the Organization's financial statements can be found on pages seven and eight of the attached audited financial statements
		Part III, Line 8 The Medicare shortfall is derived from the actual payments received from the Medicare program for services provided to patients with Medicare coverage The payments are compared to the actual cost of providing the service as arrived at through the Medicare cost reports The result is a shortfall with costs exceeding the reimbursement Medical services are provided to patients with Medicare coverage regardless of whether or not a surplus or deficit is realized Providing Medicare services promotes access to healthcare services which are vitally needed by our community

Identifier	ReturnReference	Explanation
		Part III, Line 9b The collection policy requires invoking of the financial assistance policy at any time a patient expressed financial difficulty in meeting their debt obligation Upon invoking the FAP, all collection activity is suspended If the patient is approved for charity, then the account is closed out of the collection process and classified as charity If a patient expresses financial concern but fails to complete the application process, additional notification is sent to the patient prior to re-instituting collection activity We are following the 501(r) Proposed Regulations timelines for notifications and collections
Rapid City Regional Hospital, Inc		Part V, Section B, Line 3 As part of the community health needs assessment, one focus group was held on September 24, 2012 The focus group participants were comprised of 13 key informants, including representatives from public health, Indian Health Services, other health professionals, social service providers, and other community leaders Participants were chosen because of their ability to identify primary concerns of the populations with whom they work, as well as of the community overall Participants included a representative of public health, as well as several individuals who work with low-income, minority or other medically underserved populations, and those who work with persons with chronic disease conditions

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 3 As part of the community health needs assessment, one focus group was held on September 24, 2012 The focus group participants were comprised of 13 key informants, including representatives from public health, Indian Health Services, other health professionals, social service providers, and other community leaders Participants were chosen because of their ability to identify primary concerns of the populations with whom they work, as well as of the community overall Participants included a representative of public health, as well as several individuals who work with low-income, minority or other medically underserved populations, and those who work with persons with chronic disease conditions
Rapid City Regional Hospital, Inc		Part V, Section B, Line 4 The Community Health Needs Assessment was undertaken by Regional Health, including Rapid City Regional Hospital, Same Day Surgery Center, Spearfish Regional Hospital, Spearfish Regional Surgery Center, Sturgis Regional Hospital, Lead-Deadwood Regional Hospital and Custer Regional Hospital Under a management contract with Regional Health, Hans P Peterson Memorial Hospital in Philip, SD, also collaborated on the project Hans P Peterson Memorial Hospital provided funding for their portion of the assessment

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 4 The Community Health Needs Assessment was undertaken by Regional Health, including Rapid City Regional Hospital, Same Day Surgery Center, Spearfish Regional Hospital, Spearfish Regional Surgery Center, Sturgis Regional Hospital, Lead-Deadwood Regional Hospital and Custer Regional Hospital Under a management contract with Regional Health, Hans P Peterson Memorial Hospital in Philip, SD, also collaborated on the project Hans P Peterson Memorial Hospital provided funding for their portion of the assessment
Rapid City Regional Hospital, Inc		Part V, Section B, Line 5c The Community Health Needs Assessment is made widely available to the public at the following url www regionalhealth com/chna

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 5c The Community Health Needs Assessment is made widely available to the public at the following url www regionalhealth com/chna or http //www samedaysurgerycenter org/community-health-needs-assessment/
Rapid City Regional Hospital, Inc		Part V, Section B, Line 6i Due to the timing of the adoption of the implementation strategy, Rapid City Regional Hospital has not had the time to execute the implementation strategy The implementation strategy was made available upon request

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 6i Due to the timing of the adoption of the implementation strategy, Same Day Surgery Center has not had the time to execute the implementation strategy The implementation strategy was made available upon request
Rapid City Regional Hospital, Inc		Part V, Section B, Line 7 In review of the needs identified in the CHNA, Rapid City Regional Hospital has identified the areas below that will not be addressed due to prioritization of health needs 1) Cancer Rapid City Regional Hospital partners with All Women Count program promoting early detection for women who might have financial barriers to breast cancer screening Awareness activities through the American Cancer Society currently exist in the community and surrounding area 2) Conditions of Aging In the area of Alzheimer's deaths, there are local licensed skilled nursing facilities providing services to the elderly of the community, including those with Alzheimer's Disease Other organizations provide in-home services and case management to elders in the community with conditions of aging, such as difficulty seeing and hearing, assisting in obtaining adaptive equipment and transportation 3) Maternal, Infant, Child Health As a provider of maternal, infant and child hospital care in the community, Rapid City Regional Hospital believes it fulfills its role in this area It was therefore given a lower priority that excluded this as an area chosen for action Rapid City Regional Hospital supports programs that address these issues, such as the Cribs for Kids program through the South Dakota Department of Health 4) Oral Health Rapid City Regional Hospital has limited expertise available to address oral health and access to oral health insurance Other community organizations have infrastructure and programs in place to better meet this need Limited expertise excluded this as an area chosen for action 5) Respiratory Diseases Rapid City Regional Hospital believes this priority area falls within the purview of other available community resources, including outpatient clinical settings 6) Substance Abuse Rapid City Regional Hospital believes efforts outlined in its plan for mental health and mental health resources will also have a positive impact on substance abuse A separate set of specific initiatives in this area is not justified at this time 7) Tobacco Use Rapid City Regional Hospital is a tobacco-free facility The facility provides smoking cessation screening to our patients and refers patients and employees to the South Dakota Quit Line for ongoing support Lower priority excluded this as an area chosen for action Due to the timing of the adoption of the implementation strategy, Rapid City Regional Hospital has not had the time to execute the implementation strategy during fiscal year 2013 to address the needs of the community that the Hospital has determined it will address The needs that will be addressed in the future are as follows 1) access to health services, 2) diabetes, 3) injury and violence prevention, 4) mental health and mental disorders, and 5) nutrition, physical activity and weight status

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 7 In review of the needs identified in the CHNA, Same Day Surgery Center has identified the areas below that will not be addressed due to prioritization of health needs 1) Access to Health Services Same Day Surgery Center felt that more pressing health needs existed Lower priority excluded this as an area chosen for action 2) Conditions of Aging Limited resources and population served excluded this as an area chosen for action 3) Maternal, Infant, Child Health Same Day Surgery Center does not have an obstetrics program Limited resources and lower priority excluded this as an area chosen for action 4) Mental Health & Mental Disorders The community currently has several programs and services in place to assist in addressing mental health issues Mental health issues are best addressed as a community as a whole and deemed out of the scope for a surgical hospital 5) Nutrition, Physical Activity & Weight Status Same Day Surgery Center contracts dietary and physical therapy services through Rapid City Regional Hospital Limited resources excluded this as an area chosen for action 6) Oral Health Same Day Surgery Center provides general anesthesia dental service, however limited resources and lower priority excluded this as an area chosen for action 7) Respiratory Diseases Same Day Surgery Center contracts respiratory therapy services through Rapid City Regional Hospital Limited resources and lower priority excluded this as an area chosen for action 8) Substance Abuse Same Day Surgery Center believes this priority area falls more within the purview of the county health department and other community organizations Limited resources and lower priority excluded this as an area chosen for action 9) Tobacco Use Same Day Surgery Center is a tobacco-free facility The facility provides smoking cessation screening to our patients and provides reference to the South Dakota Quit Line as applicable Limited resources and lower priority excluded this as an area chosen for action Due to the timing of the adoption of the implementation strategy, Same Day Surgery Center has not had the time to execute the implementation strategy during fiscal year 2013 to address the needs of the community that the Same Day Surgery Center has determined it will address The needs that will be addressed in the future are as follows 1) cancer, and 2) injury and violence prevention
Rapid City Regional Hospital, Inc		Part V, Section B, Line 10 Housing and Urban Development (HUD) income limits as designated for the State of South Dakota are used to determine eligibility for providing free or discounted care

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 10 Housing and Urban Development (HUD) income limits as designated for the State of South Dakota are used to determine eligibility for providing free or discounted care
Rapid City Regional Hospital, Inc		Part V, Section B, Line 11 Housing and Urban Development (HUD) income limits as designated for the State of South Dakota are used to determine eligibility for providing free or discounted care

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 11 Housing and Urban Development (HUD) income limits as designated for the State of South Dakota are used to determine eligibility for providing free or discounted care
Rapid City Regional Hospital, Inc		Part V, Section B, Line 12h Means testing of net assets in excess of 200% of household income will be considered income for the purpose of the financial assistance program

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 12h Means testing of net assets in excess of 200% of household income will be considered income for the purpose of the financial assistance program
Rapid City Regional Hospital, Inc		Part V, Section B, Line 14g A summary of the Hospital's financial assistance policy is posted for all patients at various points of entry, on the facility website, emergency and waiting rooms, and admissions office The policy in its entirety is also available upon request

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 14g The policy in its entirety is available upon request
Rapid City Regional Hospital, Inc		Part V, Section B, Line 22 All individuals eligible under the hospital financial assistance policy are provided a discount for emergency and other medically necessary care The financial assistance policy does not apply to elective procedures Therefore, FAP-eligible patients without insurance may be charged gross charges on elective procedures

Identifier	ReturnReference	Explanation
Same Day Surgery Center		Part V, Section B, Line 22 All individuals eligible under the hospital financial assistance policy are provided a discount for emergency and other medically necessary care The financial assistance policy does not apply to elective procedures Therefore, FAP-eligible patients without insurance may be charged gross charges on elective procedures
		Part VI, Line 2 The Community Health Needs Assessment was conducted in FY2013 by Regional Health, including Rapid City Regional Hospital, Same Day Surgery Center, Spearfish Regional Hospital, Spearfish Regional Surgery Center, Sturgis Regional Hospital, Lead-Deadwood Regional Hospital, Custer Regional Hospital, and Hans P Peterson Memorial Hospital In July 2012, we contracted with Professional Research Consultants, Inc (PRC) to conduct the needs assessment PRC is a nationally recognized health care consulting firm with extensive experience conducting Community Health Needs Assessments in hundreds of communities across the United States since 1994 The assessment incorporated data from both quantitative and qualitative sources Quantitative data input included primary research (the PRC Community Health Survey, November 2012) and secondary research (vital statistics and other existing health-related data), these quantitative components allowed for trending and comparison to benchmark data at the state and national levels Qualitative data input included primary research gathered through a Key Informant Focus Group A variety of existing (secondary) data sources was consulted to complement the research quality of the Community Health Needs Assessment Data for the service area were obtained from the following sources * Centers for Disease Control & Prevention* National Center for Health Statistics* South Dakota Department of Public Health* US Census Bureau* US Department of Health and Human Services* US Department of Justice, Federal Bureau of InvestigationAs part of the needs assessment, one focus group was held on September 24, 2012 The focus group participants were comprised of 13 key informants, including representatives from public health, Indian Health Services, other health professionals, social service providers, and other community leaders Potential participants were chosen because of their ability to identify primary concerns of the populations with whom they work, as well as of the community overall Participants included a representative of public health, as well as several individuals who work with low-income, minority or other medically underserved populations, and those who work with persons with chronic disease conditions The needs assessment report was completed in February 2013 After reviewing the findings, the Community Health Needs Assessment Steering Committee met regularly during the month of March, to determine the health needs to be prioritized for action in FY2014-FY2016 Following a detailed presentation of the Community Health Needs Assessment findings by PRC, steering committee members were led through a process of understanding key local data findings (Areas of Opportunity) and ranked identified health issues against the following established, uniform criteria * Magnitude The number of persons affected, also taking into account variance from benchmark data and Healthy People targets * Impact/Seriousness The degree to which the issue affects or exacerbates other quality of life and health-related issues * Feasibility The ability to reasonably impact the issue, given available resources * Consequences of Inaction The risk of not addressing the problem at the earliest opportunity A proposed Implementation Strategy was then written to address the community's health needs In the months of May and June, 2013, the organization's Board as well as the Board of Regional Health reviewed, discussed and approved the implementation strategies for addressing the community health priorities identified through the Community Health Needs Assessment

Identifier	ReturnReference	Explanation
		Part VI, Line 3 We provide information on all statements, on our website, we have information available at all admission areas, we contract with Midland Medical Group (an unrelated entity) to meet with all uninsured patients to assist them with finding a funding source or applying for financial assistance, and our self-pay outsource partner also communicates any funding and financial assistance opportunities with our patients
		Part VI, Line 4 Regional Health serves the people of the Black Hills Region The area is mostly rural in nature with only one city of over 50,000 people Regional Health is the primary medical services provider for the region

Identifier	ReturnReference	Explanation
		Part VI, Line 5 Regional Health is governed by a community board that provides leadership to the organization to meet the community needs Regional Health partners with the educational institutions to provide numerous clinical training programs, that if they were not provided by Regional Health would not exist in our region Regional Health provides numerous community health education events and screenings throughout the Black Hills Region Regional Health also provides financial support to other nonprofit organizations to help support community health outreach Additionally, Regional Health provides in-kind support and employee volunteers to help support community health events and activities and other charitable programs
		Part VI, Line 6 Regional Health is committed to partnering with the communities it serves to meet the needs of each respective community Regional Health, Inc is the parent organization of Rapid City Regional Hospital, Inc , Regional Health Network, Inc , and Regional Health Physicians, Inc These corporations work together to meet the health care needs of the region

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax indemnification 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		
	☐ Independent compensation consultant	☐ Compensation survey or study		
	☐ Form 990 of other organizations	☐ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		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 in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
	Part I, Line 3	The audit and compliance committee, which is a committee of the Regional Health (parent) Board, reviews and approves base salary and total compensation ranges for all executives within the Regional Health System Please see Form 990, Part VI, Lines 15a & 15b disclosure on Schedule O
	Part I, Line 4b	Regional Health provides a supplemental nonqualified retirement plan and a flexible benefit plan that can include deferred compensation for its executives The following individuals had amounts deferred into the account as reported in column c on Schedule J Joseph C Sluka Jr $7,073 Mark A Thompson $2,223 Rita K Haxton $1,042

Additional Data Return to Form

Software ID:
Software Version:
EIN: 46-0319070
Name: Rapid City Regional Hospital Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Gregory Smith MD	(I)	243,474	25	19,223	36,982	4,649	304,353	0
	(II)	0	0	0	0	0	0	0
Charles E Hart MD	(I)	0	0	0	0	0	0	0
	(II)	735,994	252,694	6,136	47,785	7,396	1,050,005	0
Timothy H Sughrue	(I)	574,517	165,514	2,529	49,690	7,518	799,768	0
	(II)	0	0	0	0	0	0	0
Joseph C Sluka Jr	(I)	396,322	140,393	10,248	54,920	7,656	609,539	0
	(II)	0	0	0	0	0	0	0
Mark A Thompson	(I)	370,699	118,925	0	65,653	7,163	562,440	0
	(II)	0	0	0	0	0	0	0
James M Keegan MD	(I)	408,704	130,397	0	16,417	6,156	561,674	0
	(II)	0	0	0	0	0	0	0
Robert G Allen Jr MD	(I)	299,848	59,091	0	22,676	4,896	386,511	0
	(II)	0	0	0	0	0	0	0
Allan L Berreth	(I)	191,624	49,148	0	39,223	1,561	281,556	0
	(II)	0	0	0	0	0	0	0
Mark F Brodin	(I)	205,381	38,859	0	45,606	6,231	296,077	0
	(II)	0	0	0	0	0	0	0
Paul W Clemments	(I)	154,610	14,092	0	23,368	5,565	197,635	0
	(II)	0	0	0	0	0	0	0
Shawn Y DeGroot	(I)	146,876	44,787	0	26,495	4,500	222,658	0
	(II)	0	0	0	0	0	0	0
Jeanne A Galbraith	(I)	171,899	33,029	0	28,368	4,635	237,931	0
	(II)	0	0	0	0	0	0	0
Dale E Gisi	(I)	135,184	20,196	0	14,296	7,247	176,923	0
	(II)	0	0	0	0	0	0	0
Rita K Haxton	(I)	224,434	58,250	0	58,130	6,981	347,795	0
	(II)	0	0	0	0	0	0	0
Jennifer D Horton	(I)	159,290	37,822	0	28,842	6,780	232,734	0
	(II)	0	0	0	0	0	0	0
Suzanne P Koehler	(I)	141,333	38,158	1,861	37,186	6,052	224,590	0
	(II)	0	0	0	0	0	0	0
Richard S Latuchie	(I)	272,900	60,283	0	39,735	5,506	378,424	0
	(II)	0	0	0	0	0	0	0
Mary E Masten	(I)	356,206	64,721	0	50,247	7,179	478,353	0
	(II)	0	0	0	0	0	0	0
Robert O McGlone	(I)	240,711	54,613	0	45,846	5,540	346,710	0
	(II)	0	0	0	0	0	0	0
Michael P D'Urso MD	(I)	566,671	49,178	0	67,222	8,437	691,508	0
	(II)	0	0	0	0	0	0	0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
John K Heilman III MD	(I)	691,228	49,178	0	72,714	6,456	819,576	0
	(II)	0	0	0	0	0	0	0
Jose M Teixeira MD	(I)	882,305	49,178	0	32,453	4,331	968,267	0
	(II)	0	0	0	0	0	0	0
Joseph L Tuma MD	(I)	817,979	49,178	1,513	74,342	5,549	948,561	0
	(II)	0	0	0	0	0	0	0
Amad Zineldine MD	(I)	625,086	49,178	0	86,222	5,937	766,423	0
	(II)	0	0	0	0	0	0	0

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	SD Health & Educational Facilities Authority	46-0315509	83755VNL4	08-14-2008	67,465,000	Hospital Buildings & Equipment & Refund Series 2003 Bonds		X		X		X
B	SD Health & Educational Facilities Authority	46-0315509	83755VQJ6	08-17-2010	54,390,000	Hospital Buildings & Equipment & Refund Series 1998 & 1999 Bonds		X		X		X
C	SD Health & Educational Facilities Authority	46-0315509	83755VSW5	11-22-2011	50,460,000	Hospital Buildings & Equipment & Refund Series 2001 Bonds		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	505,000	8,285,000	2,730,000	
2	Amount of bonds legally defeased				
3	Total proceeds of issue	67,538,801	57,311,279	54,585,040	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	790,000	785,667	709,782	
8	Credit enhancement from proceeds	45,000			
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	15,073,802	24,107,301	15,260,120	
11	Other spent proceeds	51,125,000	31,601,312	23,739,401	
12	Other unspent proceeds	817,000	817,000	14,875,736	
13	Year of substantial completion	2011	2013	2014	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X			
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X		X		X		
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X			
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?		X		X		X		
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 00000%		0%		0 00000%		%	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 00000%		0 00000%		0 00000%		%	
6	Total of lines 4 and 5	0 00000%		0%		0 00000%		%	
7	Does the bond issue meet the private security or payment test?		X		X		X		
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?	X			X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0%		%		%		%	
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?	X							
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X			

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X		X		
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		
b	Exception to rebate?		X		X		X		
c	No rebate due?	X			X		X		
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X			X		X		
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X		X		
b	Name of provider	US Bank NA							
c	Term of hedge	16 200000000000							
d	Was the hedge superintegrated?		X						
e	Was a hedge terminated?		X						

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider								
c	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?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V Procedures To Undertake Corrective Action

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	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?	X		X		X			

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 Part IV, Arbitrage, Line 2c	Date Rebate Computation Performed	Issuer Name SD Health & Educational Facilities Authority Date the Rebate Computation was Performed 10/11/2011
Schedule K, Part II, Line 3, Bond A		Part I issue price and Part II, line 3 Bond Proceeds differ due to interest earned on the proceeds and a net premium earned Bond A Issue Price 67,465,000 Plus Interest Earnings 73,801 Total Part II, Line 3 67,538,801 Bond B Issue Price 54,390,000 Plus Interest Earnings 23,508 Net Premium 2,897,771 Total Part II, Line 3 57,311,279 Bond C Issue Price 50,460,000 Plus Interest Earnings 135,858 Net Premium 3,989,182 Total Part II, Line 3 54,585,040

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

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

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

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

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 46-0319070
Name: Rapid City Regional Hospital Inc

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
(1) West River Anesthesiology Associates Consultants PC (Steve Frost MD)	Brother of board member Timothy Frost, MD is a greater than 5% owner	309,643	Professional services agreement		No
(2) Geib Elston Frost Professional Assoc (James Frost MD)	Brother of board member Timothy Frost, MD is a greater than 5% owner	613,561	Pathology and laboratory medical directorship services		No
(3) Scott Eccarius MD	Brother-in-law of key employee, Mary Masten	98,794	Employed physician		No
(4) Lindsey Seaman	Daughter of board member, Lisa Seaman	13,950	Employed by RCRH		No
(5) Black Hills Power & Light	Board member Kyle White is an officer of Black Hills Power & Light	2,713,162	Purchase of utility services		No
(6) Premier Purchasing Partners LP	President/CEO Charles Hart, MD is a board member of organization	367,871	Operational benchmarking reporting services		No
(7) Northern Plains Premier Collaborative	President/CEO Charles Hart, MD is a board member of organization	151,155	Purchasing collaborative		No
(8) Black Hills Pediatrics & Neonatology	Board member Stephen Kovarik, MD is greater than 5% owner	142,995	Professional services agreement		No

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493134001164

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 1	The membership of the Executive Committee of the corporation shall consist of the following Chairman of the Board of Directors, Vice Chairman of the Board of Directors, Secretary, Treasurer, the Chief of the Medical Staff of Rapid City Regional Hospital, the most recent past Chairman of the Board of Directors unless such person is otherwise a member of the Committee (and only if the person continues to be a member of the Board of Directors), and the Corporation's CEO The Chairman of the Board of Directors shall serve as Chairman of the Executive Committee Directors on the Executive Committee shall serve during the term of office they hold which places them on the Executive Committee, or as otherwise provided by the Board of Directors The Executive Committee, when the Board of Directors is not in session, shall have and may exercise all of the authority of the Board of Directors, except to the extent, if any, that such authority shall be limited by a motion or resolution of the Board of Directors It is intended that the powers of the Executive Committee to act for the whole Board be confined to such urgent matters as reasonably should not be deferred until the next regularly-scheduled meeting of the full Board

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 6	Regional Health, Inc is the sole member of Rapid City Regional Hospital, Inc

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7a	The organization's sole member and supporting organization, Regional Health, Inc , appoints the members of Rapid City Regional Hospital's governing body The bylaws require that at least two members of Rapid City Regional Hospital's board also serve as voting members of the sole member's board to better assure the sole member's continued responsiveness to Rapid City Regional Hospital

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section A, line 7b	Regional Health, Inc provides compliance, governance, financial, and planning support to its Supported Organizations to best assure the functions and services of the Supported Organizations are coordinated and supported in a manner that furthers the shared charitable mission of the Supported Organizations and RHI, as a whole (the System) Regional Health, Inc has final authority in business decisions made by Supported Organizations

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 11	The 990 is prepared and reviewed by an independent accounting firm It is then reviewed internally by finance and legal management The Form 990 is further reviewed, prior to filing, by the organization's board of directors through a portal to the organization's internal information system, to which each board member has access Educational sessions have been provided to each board member on how to access the portal

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

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section B, line 15	The compliance and audit committee of the sole member's board, a committee that includes only board members deemed "independent", determines the appropriate base salary range of the CEO of the organization and its other executive staff The CEO of the member or his designee then determines the actual base salary of the other executives within the committee-approved ranges based on a performance evaluation conducted by the CEO or designee For determination of the base salary ranges, as well as incentive compensation, benefit plans and perquisites (total compensation), the compliance and audit committee retains an independent consultant, Sullivan and Cotter, to provide survey/comparability data for both base salary and total compensation at least every three years The survey/compatability data was provided in February 2013 and new market ranges were approved by the compliance and audit committee in October 2013 based on this information

Identifier	Return Reference	Explanation
	Form 990, Part VI, Section C, line 19	The Articles of Incorporation of the organization are filed in the office of the Secretary of State of South Dakota and are available to the public at the Secretary of State's website Other documents (Bylaws, conflict of interest policy and financial statements) are not posted for the public but are available or described in other public documents or sites such as offering statements in bond issues or municipal securities rulemaking board's electronic municipal market access (EMMA) data port

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balances	Form 990, Part XI, line 9	Adj to the Funded Status of the Pension Plan 6,537,185 Medical Staff Net Loss 25,677 Net Assets Released from Restriction 200,629 Gift Shop Net Income -85,721 Auxiliary Net Income -58,775 Amortized Bond Premium 463,224 Change in Interest Swap 1,562,816 Temporarily Restricted Net Asset Changes 378,339 Permanently Restricted Net Asset Changes -85,050

Identifier	Return Reference	Explanation
	Form 990, Part XII, Line 2c	Independent auditors are engaged by the compliance and audit committee of the Regional Health, Inc (the parent organization) board of trustees Final audit results, on a consolidated basis, are reported by the independent auditors directly to the compliance and audit committee

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134001164

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Rapid City Regional Hospital Inc

Employer identification number
46-0319070

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) Medical & Dental Building 2805 S 5th St Rapid City, SD 57701 46-0339629	Medical Office Bldg	SD	Rapid City Regional Hospital Inc	Investment	23,478	796,415		No			No	71 450 %
(2) Black Hills Medical Office BD LLC 353 Fairmont Blvd Rapid City, SD 57701 41-1992146	Medical Office Bldg	SD	Rapid City Regional Hospital Inc	Investment	-33,920	1,736,768		No			No	67 930 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No

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

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e 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)	1i		No
j 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	
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		No

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

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

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 regarding exclusion for certain investment partnerships

(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)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Software ID:
Software Version:
EIN: 46-0319070
Name: Rapid City Regional Hospital Inc

Part VII **Supplemental Information**

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

Identifier	Return Reference	Explanation

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
Regional Health Physicians Inc	J	1,056,705	Cost
Regional Health Network Inc	L	7,364,327	Cost
Regional Health Physicians Inc	L	2,587,889	Cost
Regional Health Network Inc	M	1,107,681	Cost
Regional Health Physicians Inc	M	275,684	Cost
Regional Health Network Inc	P	1,626,677	Cost
Regional Health Physicians Inc	P	1,573,224	Cost
Regional Health Network Inc	Q	123,871	Cost

Consolidated Financial Statements
June 30, 2013 and 2012

Regional Health, Inc.

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Regional Health, Inc (Regional Health), which comprise the consolidated statements of financial position 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 Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

4310 17th Ave S | P O Box 2545 | Fargo, ND 58108-2545 | T 701 239 8500 | F 701 239 8600 | EOE

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Regional Health, Inc as of June 30, 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 accordance with accounting principles generally accepted in the United States of America

Eide Bailly LLP

Minneapolis, Minnesota
October 9, 2013

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	$ 5,129	$ 8,633
Receivables		
Patient accounts	106,263	94,035
Allowance for doubtful accounts	(18,725)	(14,049)
	87,538	79,986
Other receivables	6,224	4,626
Investments limited as to use	23,254	33,500
Inventory	11,454	10,550
Prepaid expenses	8,494	8,636
Total current assets	142,093	145,931
Investments Limited as to Use, Less Current Portion	464,804	439,142
Property and Equipment		
Land and improvements	24,892	22,612
Buildings and fixed equipment	277,702	244,001
Leased buildings	4,064	4,064
Movable equipment	259,901	240,065
	566,559	510,742
Less accumulated depreciation and amortization	(359,226)	(333,994)
	207,333	176,748
Construction-in-process	11,373	19,518
Total property and equipment	218,706	196,266
Goodwill and Intangibles, Net	2,653	2,323
Bond Issue Costs, Net	1,837	1,977
Other Long-Term Assets	2,906	2,488
	$ 832,999	$ 788,127

See Notes to Consolidated Financial Statements

Regional Health, Inc.
Consolidated Statements of Financial Position
June 30, 2013 and 2012
(Amounts in Thousands)

	2013	2012
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 7,210	$ 6,940
Accounts payable	12,454	15,619
Estimated payables to third-party payors	5,128	5,318
Accrued expenses		
Interest	1,529	1,685
Salaries and wages	8,318	7,388
Compensated absences	13,753	13,596
Employee health insurance liability	4,402	4,565
Other	5,405	5,617
Total current liabilities	58,199	60,728
Other Liabilities		
Interest rate swap liability	10,295	14,045
Other long-term liabilities	13,408	15,600
Accrued pension liability	13,734	19,065
Long-term debt, less current maturities	159,399	167,072
Total liabilities	255,035	276,510
Net Assets		
Unrestricted	562,686	498,998
Temporarily restricted	13,515	10,771
Permanently restricted	1,763	1,848
Total net assets	577,964	511,617
	$ 832,999	$ 788,127

Regional Health, Inc.

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2013 and 2012
(Amounts in Thousands)

	2013	2012
Operating Revenue		
Net patient service revenue	$ 523,482	$ 518,586
Provision for uncollectible accounts	(27,764)	(22,330)
Net patient service revenue less provision for uncollectible accounts	495,718	496,256
Other	46,410	34,427
Total operating revenue	542,128	530,683
Operating Expenses		
Salaries and wages	266,761	249,721
Payroll taxes and benefits	40,337	38,037
Outside services	63,525	52,232
Medical supplies	84,467	81,666
Other supplies and expenses	42,153	43,774
Depreciation and amortization	27,266	25,104
Interest	4,453	4,132
Total operating expenses	528,962	494,666
Operating Income	13,166	36,017
Nonoperating Gains (Losses)		
Investment gain	42,224	15,476
Gain (loss) on interest rate swap	1,563	(7,504)
Loss on early extinguishment of debt	-	(650)
Revenues in Excess of Expenses	56,953	43,339
Unrestricted Net Assets		
Adjustment to the funded status of the pension plan	6,537	(7,475)
Other changes in unrestricted net assets	198	478
Increase in unrestricted net assets	63,688	36,342
Temporarily Restricted Net Assets		
Contributions	1,817	1,038
Investment gain (loss)	1,725	(34)
Other changes in temporarily restricted net assets	82	-
Net assets released from restrictions	(880)	(1,033)
Increase (decrease) in temporarily restricted net assets	2,744	(29)
Permanently Restricted Net Assets		
Other changes in permanently restricted net assets	(85)	-
Change in Net Assets	66,347	36,313
Net Assets, Beginning of Year	511,617	475,304
Net Assets, End of Year	$ 577,964	$ 511,617

Regional Health, Inc.
Consolidated Statements of Cash Flows
Years Ended June 30, 2013 and 2012
(Amounts in Thousands)

	2013	2012
Operating Activities		
Change in net assets	$ 66,347	$ 36,313
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Adjustment to the funded status of the pension plan	(6,537)	7,475
Provision for uncollectible accounts	27,764	22,330
Depreciation and amortization	27,266	25,104
(Gain) loss on interest rate swap	(1,563)	7,504
Restricted contributions and investment income	(3,542)	(1,004)
Amortization of bond discounts/premium	(463)	-
Realized gain on investments	(4,947)	(8,215)
Change in unrealized (gains) losses on investments	(24,172)	5,197
Loss on extinguishment of debt	-	650
Changes in assets and liabilities		
Patient accounts receivable	(35,315)	(37,839)
Inventory and other	(2,360)	(6,550)
Estimated payables to third-party payors	(190)	1,575
Accounts payable	(3,165)	9,448
Accrued expenses	556	(3,003)
Net Cash Provided by Operating Activities	39,679	58,985
Investing Activities		
Purchase of property and equipment, net	(49,569)	(60,450)
Proceeds from sales and maturities of investments	897,616	810,304
Purchases of investments	(883,912)	(837,422)
Interest rate swap settlements	(2,187)	(2,176)
(Increase) decrease in other long-term assets	(747)	1,574
Net Cash Used in Investing Activities	(38,799)	(88,170)
Financing Activities		
Proceeds from long-term debt	-	54,449
Repayment of long-term debt	(6,940)	(40,353)
Payment of bond issue costs	-	(661)
Restricted contributions and investment income	3,542	1,004
(Decrease) increase in other long-term liabilities	(986)	1,507
Net Cash (Used in) Provided by Financing Activities	(4,384)	15,946
Net Change in Cash and Cash Equivalents	(3,504)	(13,239)
Cash and Cash Equivalents, Beginning of Year	8,633	21,872
Cash and Cash Equivalents, End of Year	$ 5,129	$ 8,633

Note 1 - Organization

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

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

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

The Health Network owns the following facilities

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

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

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

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

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

Additionally, Regional Health Network operates the *Custer Regional Hospital*, an acute care hospital and long-term care facilities in Custer, South Dakota

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

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

Note 2 - Summary of Significant Accounting Policies

Income Taxes

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

Regional Health believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements Regional Health would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred Regional Health's federal Form 990T filings are no longer subject to federal tax examinations by tax authorities for years before 2009

Use of Estimates

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Patient accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, Regional Health analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third party coverage, Regional Health analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), Regional Health records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of the bill for which they are financially responsible The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is recorded and written off against the allowance for doubtful accounts

Regional Health's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed during the years ended June 30, 2013 and 2012 Regional Health's provision for bad debt increased from fiscal year 2012 to 2013 due to the negative trends experienced in the collection of amounts from self pay patients in fiscal year 2013 Regional Health does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors, with the exception of Indian Health Services Regional Health has not significantly changed its charity care or uninsured discount policies during fiscal years 2013 or 2012

Inventory

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

Investments

Investments limited as to use primarily include investments held by trustees under indenture agreements and investments designated by the Board of Trustees (the Board) for future capital improvements, over which the Board retains control, and by donors for specific purposes Amounts required to meet current liabilities of Regional Health have been classified as current investments limited as to use in the consolidated statements of financial position at June 30, 2013 and 2012 All investments are classified as trading, therefore, all realized and unrealized gains and losses, as well as interest and dividends, are recognized in revenue in excess of expenses as nonoperating gains (losses)

Regional Health has portions of its holdings in private equity/venture capital or other similar funds These investments have fair values that are determined using the net asset value (NAV) provided by the investment manager NAV is a practical expedient to determine the fair value of investments that do not have readily determinable fair values and prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company

Fair Value Measurements

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that Regional Health can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs

Level 3 – Unobservable inputs for the asset or liability. In these situations, Regional Health develops inputs using the best information available in the circumstances

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to Regional Health's assessment of the quality, risk or liquidity profile of the asset or liability.

Donated Assets

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

Property and Equipment

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

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

Interest cost incurred on funds used during the construction of capital assets is capitalized as a component of the cost of acquiring those assets

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets and are excluded from revenues in excess of expenses unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service

Goodwill

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

Regional Health recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value The fair value of the reporting unit is estimated, if required under applicable accounting guidance, using the net present value of discounted cash flows, excluding any financing costs or dividends, generated by each reporting unit The discounted cash flows are based upon reasonable and appropriate assumptions about the underlying business activities of the respective reporting unit Regional Health performs its evaluation for recoverability for goodwill at the same time each year, unless circumstances require additional analysis. There was no impairment loss recognized for the years ended June 30, 3013 and 2012

Bond Issue Costs

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

Long-Lived Assets

Regional Health considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying value of the asset is appropriate No impairment was identified for the years ended June 30, 2013 and 2012.

Derivative Financial Instruments

As part of its debt and risk management programs, Regional Health has entered into an interest rate swap, which is recognized as a liability in the consolidated statements of financial position at fair value

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by Regional Health has been limited by donors primarily for loans, scholarships and medical support for a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by Regional Health in perpetuity, the income from these funds is used primarily for loans and scholarships in accordance with the donor restrictions During the years ended June 30, 2013 and 2012, net assets released from restrictions for capital purposes were $201 and $873, respectively During the years ended June 30, 2013 and 2012, net asset released from restrictions to support operations were $679 and $160, respectively

Revenues in Excess of Expenses

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

Net Patient Service Revenue

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

Net patient service revenue is reported at estimated net realized amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations Adjustments relating to the settlement of prior years' cost reports and adjustments associated with other regulatory reviews related to prior year estimates decreased revenues in excess of expenses by approximately $3,600 and $2,500 for the years ended June 30, 2013 and 2012, respectively These amounts exclude the impact of the Medicare settlement discussed in Note 3

(Amounts in Thousands)

Regional Health records a significant provision for uncollectible accounts related to uninsured patients (and residents) in the period the services are provided Net patient (and resident) service revenue, but before the provision for uncollectible accounts, recognized for the years ended June 30, 2013 and 2012 from these major payor sources is as follows

	2013	2012
Net patient service revenue		
Third-party payors	$ 514,162	$ 509,917
Self-pay	9,320	8,669
Total all payors	$ 523,482	$ 518,586

Charity Care

Regional Health provides care to certain patients under its charity care policy without charge or at amounts less than its established rates Since Regional Health does not pursue collection of amounts determined to qualify as charity care, the amounts are not reported as net patient service revenue in the accompanying consolidated financial statements The estimated cost of providing these services was $18,023 and $16,255 for the years ended June 30, 2013 and 2012, respectively, calculated by multiplying the ratio of cost to gross charges for Regional Health by the gross uncompensated charges associated with providing charity care to its patients

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statement of operations as other changes in unrestricted net assets Donor-restricted contributions whose restrictions are met within the same year as received are reflected as other revenue in the consolidated statements of operations

Electronic Health Record (EHR) Incentives

The American Recovery and Reinvestment Act of 2009 ("ARRA") established incentive payments under the Medicare and Medicaid programs for certain professionals and hospitals that meaningfully use certified electronic health record ("EHR") technology The Medicare incentive payments are paid to qualifying hospitals over four consecutive years on a transitional schedule To qualify for Medicare incentives, hospitals and physicians must meet EHR "meaningful use" criteria that became more stringent over three stages as determined by the Centers for Medicare & Medicaid Services (CMS)

(Amounts in Thousands)

Medicaid programs and payment schedules vary from state to state The Medicaid program in South Dakota requires eligible hospitals to register for the program prior to 2016, to engage in efforts to adopt, implement or upgrade certified EHR technology in order to qualify for the initial year of participation, and to demonstrate meaningful use of certified EHR technology in order to qualify for additional years of payments. The payment schedule is based on a formula of the overall EHR amount times the Medicaid share and is paid 40% in the first and second years and at 20% in the last year of participation based on a Federal Fiscal Year For South Dakota, hospitals cannot initiate payments after 2016

For Eligible professionals, EHR incentive payments are based on a standard amount per professional Professionals that are eligible to participate in the Medicare EHR incentive program can be paid up to $44,000 over a four year period and professionals that are eligible to participate in the Medicaid program are eligible to receive up to $63,750 over a six year period Eligible professionals are only allowed to participate in either Medicaid or Medicare programs, but not both

Reclassifications

Reclassifications have been made to the June 30, 2012 financial presentation to make it conform to the current year presentation The reclassifications had no effect on previously reported operating results or changes in net assets

Note 3 - Net Patient Service Revenue

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

	2013	2012
Inpatient routine charges	$ 224,118	$ 208,559
Inpatient ancillary charges	442,847	435,509
Outpatient, long-term care, and clinic charges	543,416	511,040
Charity care at charges forgone	(43,582)	(39,405)
	1,166,799	1,115,703
Contractual allowances and adjustments	(643,317)	(597,117)
	$ 523,482	$ 518,586

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

	2013	2012
Medicare	44%	43%
Medicaid	13%	14%
Blue Cross	11%	11%
Commercial insurance, managed care, self-pay, and other	32%	32%
	100%	100%

(Amounts in Thousands)

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

	2013	2012
Medicare	33%	32%
Medicaid	9%	10%
Blue Cross	7%	9%
Commercial insurance, managed care, self-pay, and other	51%	49%
	100%	100%

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

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors The Medicare program pays for most outpatient services at predetermined rates under a prospective payment system Regional Health is reimbursed for other cost-reimbursable items at a tentative rate with the final settlement determined after submission of annual cost reports by Regional Health and audits thereof by the Medicare fiscal intermediary Medicare cost reports have been audited and finalized by the Medicare fiscal intermediary through June 30, 2009 Regional Health has appealed the treatment of certain amounts in certain audited cost reports

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

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

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

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

(Amounts in Thousands)

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

Note 4 - Investments Limited as to Use

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

	2013	2012
Funds held under bond indenture agreements		
For debt service	$ -	$ 7,538
For capital projects	23,254	25,962
Total investments limited as to use classified as current	$ 23,254	$ 33,500
Funds held under bond indenture agreements		
For capital projects	$ -	$ 7,975
Funds held under deferred compensation plan	6,160	6,574
Designated by Board for funded depreciation	444,139	410,862
Designated by donor for specific purposes	14,505	13,731
Total investments limited as to use classified as long-term	464,804	439,142
	$ 488,058	$ 472,642

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

	2013	2012
Cash and cash equivalents	$ 26,839	$ 28,841
Equity mutual funds	132,572	94,885
Equity securities	14,726	13,542
Commingled equity funds	75,094	95,015
Commingled bond funds	41,816	20,055
Corporate debt securities	88,129	80,042
U S government agency debt securities	55,642	75,779
U S Treasury debt securities	27,980	43,615
Collateralized mortgage obligation securities	8,675	11,033
Mortgage-backed securities	6,303	9,835
Hedge funds	10,282	-
	$ 488,058	$ 472,642

(Amounts in Thousands)

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

	2013	2012
Interest income and dividends	$ 13,105	$ 12,458
Net realized gains	4,947	8,215
Net change in unrealized gains and losses	24,172	(5,197)
	$ 42,224	$ 15,476

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

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

Note 5 - Long-Term Debt

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

	2013	2012
4 000% to 5 000% South Dakota Health and Educational Facilities Authority revenue bonds, Series 2011, with payments beginning September 1, 2012, in varying amounts maturing through September 1, 2025	$ 47,730	$ 50,460
4 000% to 5 000% South Dakota Health and Educational Facilities Authority revenue refunding bonds, Series 2010, with payments beginning September 1, 2011, in varying amounts maturing through September 1, 2028	46,105	50,315
South Dakota Health and Educational Facilities Authority variable rate demand revenue bonds, Series 2008	66,960	66,960
	160,795	167,735
Current maturities	(7,210)	(6,940)
Unamortized premium	5,814	6,277
	$ 159,399	$ 167,072

(Amounts in Thousands)

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

On November 22, 2011, the South Dakota Health and Educational Facilities Authority issued $50,460 of Revenue Bonds, Series 2011 A portion of the proceeds from the sale of the Series 2011 bonds were used, together with other available funds, to currently refund $29,165 of South Dakota Health and Education Facilities Authority Revenue Bonds, Series 2001, at a price of par plus accrued interest to the redemption date, on or about November 22, 2011 The Series 2011 bonds also generated $30,000 of project funds for the Obligated Group The Project includes acquiring, constructing, remodeling, renovating and equipping certain health care facilities of the Corporation and other Members of the Obligated Group Regional Health recorded a loss on extinguishment of debt of $650 in the year ended June 30, 2012, related to this transaction

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

In August 2010, the Obligated Group refinanced the Series 1998 and 1999 bonds, which totaled $37,393 including accrued interest, as well as issued additional fixed rate debt to be used for eligible projects The total issue of the Series 2010 bonds was $54,390

On August 28, 2006, the Obligated Group partially defeased its Series 2001 bonds in order to comply with IRS rules Bonds with a par value of $5,160 were defeased by funding an escrow account On September 1, 2011, the $5,160 of defeased bonds were called at par value

Substantially all of Regional Health's property assets and unrestricted receivables at June 30, 2013 and 2012 are pledged as collateral for debt obligations.

The aggregate amount of principal payments required by year for the above debt obligations as of June 30, 2013, is as follows

Years Ending June 30,	Amount
2014	$ 7,210
2015	7,565
2016	7,965
2017	8,355
2018	8,745
Thereafter	120,955
	$ 160,795

For the years ended June 30, 2013 and 2012, Regional Health paid interest of $4,806 and $4,238, respectively

(Amounts in Thousands)

Regional Health has a line of credit of $10,000, expiring December 15, 2013, available for short-term borrowing at a variable interest rate, as defined in the agreement There was no outstanding borrowing at June 30, 2013

Note 6 - Derivative Financial Instruments

Interest Rate Swap

The following is a summary of the outstanding position of the interest rate swap agreement at June 30, 2013

	Bond Series	Notional Amount	Termination Date	Rate Paid	Rate Received
Interest rate swap	2008	60,000	9/1/2027	4 079%	63% of 1-month LIBOR plus 30 basis points

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

Financial Statement Presentation of Derivatives

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

	Location	2013	2012
Interest rate swap	Payable under interest rate swap	$ (10,295)	$ (14,045)

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

	Location	2013	2012
Interest rate swap	Gain (loss) on interest rate swap	$ 1,563	$ (7,504)

The gain (loss) on interest rate swap includes a change in the fair value of the interest rate swap of $3,750 and $(5,328) and amounts (paid to) the counterparty under the terms of the agreement of $(2,187) and $(2,176), respectively, at June 30, 2013 and 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 interest rate swap counterparty had a Standard & Poor's credit quality rating of A-1+

(Amounts in Thousands)

Note 7 - Fair Value Measurements

The following table presents the financial instruments carried at fair value on a recurring basis as of June 30, 2013, by the fair value hierarchy defined above

	2013			
	Level 1	Level 2	Level 3	Total
Assets				
Investments limited as to use				
Cash and cash equivalents	$ 26,839	$ -	$ -	$ 26,839
Equity mutual funds	132,572	-	-	132,572
Equity securities	13,779	947	-	14,726
Commingled equity fund	-	75,094	-	75,094
Commingled bond fund	-	41,816	-	41,816
Corporate debt securities	-	88,129	-	88,129
U S government agency debt securities	-	55,642	-	55,642
U S Treasury debt securities	-	27,980	-	27,980
Collateralized mortgage obligation securities	-	8,675	-	8,675
Mortgage-backed securities	-	6,303	-	6,303
Hedge fund	-		10,282	10,282
	$ 173,190	$ 304,586	$ 10,282	$ 488,058
Liabilities				
Interest rate swap	$ -	$ 10,295	$ -	$ 10,295

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

	2012			
	Level 1	Level 2	Level 3	Total
Assets				
Investments limited as to use				
Cash and cash equivalents	$ 28,841	$ -	$ -	$ 28,841
Equity mutual funds	94,885	-	-	94,885
Equity securities	12,334	1,208	-	13,542
Commingled equity fund	-	95,015	-	95,015
Commingled bond fund	-	20,055	-	20,055
Corporate debt securities	-	80,042	-	80,042
U S government agency debt securities	-	75,779	-	75,779
U S Treasury debt securities	-	43,615	-	43,615
Collateralized mortgage obligation securities	-	11,033	-	11,033
Mortgage-backed securities	-	9,835	-	9,835
	$ 136,060	$ 336,582	$ -	$ 472,642
Liabilities				
Interest rate swap	$ -	$ 14,045	$ -	$ 14,045

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

Regional Health utilizes the monthly statements as their source valuing investments which have a daily or monthly Net Asset Value (NAV) for financial statement purposes All investments for which are measured at NAV are classified as Level 2 and Level 3 for reporting purposes These values are obtained directly from the fund or utilizing the statements from Wells Fargo Bank, N.A., which is the custodian for Regional Health's Board Designated Funds Utilizing this information would therefore represent Regional Health's approved policies and procedures used to value these assets for financial reporting purposes

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

Following is a reconciliation of activity for 2013 level 3 assets measured at fair value based upon significant unobservable (non-market) information

	Hedge Funds
June 30, 2012 balance	$ -
Purchases	10,000
Sales	-
Change in fair value of investments	282
June 30, 2013 balance	$ 10,282

(Amounts in Thousands)

Included within the assets above are investments in certain entities that report fair value using a calculated NAV or its equivalent Following is a table identifying attributes relating to the nature and risk of such investments as of June 30, 2013 and 2012

	2013			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Level 2				
Commingled Equity Fund	$ 75,094	$ -	Monthly	3-7 days
Commingled Bond Fund	41,816	-	Daily, Monthly	1-30 days
Total Level 2	116,910	-		
Level 3				
Hedge Fund	10,282	-	Quarterly	90 days
Total Level 2 and Level 3	$ 127,192	$ -		

	2012			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Level 2				
Commingled Equity Fund	$ 95,015	$ -	Monthly	3-7 days
Commingled Bond Fund	20,055	-	Daily	1-30 days
Total Level 2	115,070	-		
Level 3	-	-		
Total Level 2 and Level 3	$ 115,070	$ -		

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

The estimated fair value of long-term debt, based on quoted market prices for the same or similar issues (excluding the impact of third-party credit enhancements) was approximately $5,254 and $8,846, more than its carrying value at June 30, 2013 and 2012, respectively

(Amounts in Thousands)

Note 8 - Pension Plan

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

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

	2013	2012
Change in projected benefit obligation		
Benefit obligation at beginning of year	$ 101,695	$ 92,082
Service cost	7,143	6,658
Interest cost	4,422	4,914
Actuarial loss (gain)	(146)	2,302
Benefits paid	(6,321)	(4,261)
Projected benefit obligation at end of year	$ 106,793	$ 101,695
Change in plan assets		
Fair value of plan assets at beginning of year	$ 82,630	$ 81,066
Actual return on plan assets	11,750	825
Employer contributions	5,000	5,000
Benefits paid	(6,321)	(4,261)
Fair value of plan assets at end of year	$ 93,059	$ 82,630
Funded status of the plan (underfunded)	$ (13,734)	$ (19,065)

As of June 30, 2013 and 2012, the accumulated benefit obligation was $94,455 and $88,852, respectively.

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

	2013	2012
Service cost	$ 7,143	$ 6,658
Interest cost	4,422	4,914
Expected return on plan assets	(6,071)	(6,214)
Net amortization and deferral	712	216
	$ 6,206	$ 5,574

(Amounts in Thousands)

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

	2013	2012
Weighted average discount rate at beginning of year (used to determine net periodic benefit cost)	4 50%	5 50%
Weighted average discount rate at end of year (used to determine benefit obligation)	4 75%	4 50%
Weighted average expected return on plan assets	7 50%	7 75%
Rate of increase in future compensation levels	3 75%	3 75%

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

Accumulated amounts previously not recognized in net periodic pension cost and included in other changes in unrestricted net assets at June 30, 2013 and 2012, are $12,493 and $19,031, respectively, which consist of unrecognized actuarial losses of $11,468 and $17,882, respectively, and unrecognized prior service cost of $1,025 and $1,148, respectively

Actuarial losses are amortized as a component of net periodic pension cost, only if the losses exceed 10% of the greater of the projected benefit obligation or the market-related value of plan assets No amortization is expected for the year ending June 30, 2014 The prior service cost and the net transition obligation included in net assets are expected to be recognized in net periodic pension cost during the year ending June 30, 2014, in the amount of $123 Unrecognized prior service costs and net transition obligation are amortized on a straight-line basis

The plan maintains an investment policy, which covers responsibilities of the plan sponsor, investment managers, investment objectives, asset allocation targets and ranges, asset guidelines (including permissible and not permissible holdings), and manager review criteria A committee of the Board periodically reviews and approves the investment policy and asset allocation of the pension plan The plan sponsor is responsible for ensuring that the criteria stated within the policy are carried through The plan sponsor's activities are supported by an independent investment consulting firm All assets are invested with outside managers The Investment Committee of the Board of Trustees annually reviews asset allocation to determine if the current structure is appropriate and whether any changes are necessary
The fair value of pension plan assets was determined using the fair value hierarchy, as defined in Note 7, at June 30, 2013

	Level 1	Level 2	Level 3	Total
Bonds				
Corporate foreign	$ -	$ 895	$ -	$ 895
Corporate	-	15,088	-	15,088
Government	24,779	-	-	24,779
Common stocks				
U S Companies	44,635	-	-	44,635
International companies	7,440	-	-	7,440
Money market	222	-	-	222
	$ 77,076	$ 15,983	$ -	$ 93,059

(Amounts in Thousands)

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

	Level 1	Level 2	Level 3	Total
Bonds				
Corporate foreign	$ -	$ 2,026	$ -	$ 2,026
Corporate	-	17,474	-	17,474
Government	15,029	-	-	15,029
Common stocks				
U S Companies	41,471	-	-	41,471
International companies	4,822	-	-	4,822
Money market	1,808	-	-	1,808
	$ 63,130	$ 19,500	$ -	$ 82,630

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

	Asset Allocation Target	2013	2012
Equity securities	55%	56 0%	56 0%
Debt securities	40%	43 8%	41 8%
Cash and cash equivalents	5%	0 2%	2 2%
	100%	100%	100%

As of June 30, 2013, and 2012, Regional Health met its minimum pension contribution requirement Regional Health estimates that it will contribute $5,000 to the plan during the year ending June 30, 2014

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

Years Ending June 30,	Amount
2014	$ 7,178
2015	5,890
2016	7,316
2017	10,605
2018	12,261
2019-2023	58,020
	$ 101,270

(Amounts in Thousands)

Note 9 - Commitments and Contingencies

Regional Health has maintained general and professional liability insurance coverage on a claims-made basis for the past several years Regional Health maintains first dollar coverage with a commercial carrier for its employed physicians and advanced practice licensed personnel For its facilities and other personnel, it self-insures the first layer of losses In fiscal year 2013, the self-insured retention was $1,000 per occurrence and a $4,000 annual aggregate Regional Health has accrued for exposure on claims that have been asserted as well as for incidents that have occurred for which claims may be made in the future, based on estimates provided by consulting actuaries Regional Health maintains excess coverage with commercial carriers above its self-insured retention and its first dollar coverage policy for the previously stated personnel

Currently, Regional Health is self-insured for workers' compensation, with a $250,000 retention per claim, subject to stop-loss and statutory limitations and provisions From April 2000 to September 2008, Regional Health maintained an insurance policy, which fully covered workers' compensation claims Prior to April 2000, Regional Health was self-insured for workers' compensation, subject to stop-loss and statutory limitations and provisions

As of June 30, 2013 and 2012, Regional Health has accrued $5,925 and $5,719, respectively, for known and incurred but not reported claims relating to malpractice and workers' compensation In the opinion of management, the ultimate disposition of these claims will not have a material adverse effect on Regional Health's consolidated financial statements

At June 30, 2013 and 2012, Regional Health had $2,985 and $3,761, respectively, in capital lease obligations which are recorded in other long-term liabilities Minimum lease payments of $970 are due for each of the next three years

At June 30, 2013, Regional Health has guaranteed the debt of certain joint ventures totaling $623, for a period of two years ending February 1, 2015 If the joint ventures were unable to pay the principal and interest on the debt, Regional Health would be liable No liability has been recorded relating to the guarantees in the consolidated financial statements

Note 10 - Functional Classification of Expenses

Regional Health provides general health care services to residents within its geographic location Expenses related to providing these services for the years ended June 30, 2013 and 2012 are as follows

	2013	2012
Health care services	$ 385,139	$ 358,673
General and administrative	143,260	135,386
Fundraising	563	607
	$ 528,962	$ 494,666

Note 11 - Subsequent Events

Regional Health evaluated events and transactions occurring subsequent to June 30, 2013 through October 9, 2013 the date of issuance of the consolidated financial statements

Note 12 - Electronic Health Record (EHR) Incentives

During the year ended June 30, 2013 and 2012, Regional Health recorded $6,383 and $1,246 in other operating revenue for meaningful use incentives These incentives have been recognized following the accounting model, whereby revenue is recognized when management becomes reasonably assured of meeting the required criteria

Amounts recognized represent management's best estimates for payments ultimately expected to be received based on estimated discharges, charity care, and other input data Subsequent changes to these estimates will be recognized in other operating revenue in the period in which additional information is available Such estimates are subject to audit by the federal government or its designee

Supplementary Information
June 30, 2013 and 2012

Regional Health, Inc.

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

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

We have audited the consolidated financial statements of Regional Health, Inc as of and for the year ended June 30, 2013, and our report thereon dated October 9, 2013, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1 Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole The supplementary consolidating information on pages 28 to 30, is presented for the 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 consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole

Eide Bailly LLP

Minneapolis, Minnesota
October 9, 2013

4310 17th Ave S | P O Box 2545 | Fargo, ND 58108-2545 | T 701 239 8500 | F 701 239 8600 | EOE

(This page left blank intentionally.)

	Rapid City Regional Hospital, Inc	Regional Health Network, Inc	Regional Health Physicians, Inc
Assets			
Current assets			
Cash and cash equivalents	$ 4,417	$ 188	$ 192
Receivables			
Patient accounts	84,922	13,877	7,464
Allowance for doubtful accounts	(14,408)	(2,265)	(2,052)
	70,514	11,612	5,412
Other receivables	4,798	1,223	203
Investments limited as to use	23,254	-	-
Inventory	10,097	1,357	-
Prepaid expenses	7,994	452	48
Total current assets	121,074	14,832	5,855
Investments Limited as to Use, Less Current Portion	464,532	272	-
Property and Equipment			
Land and improvements	13,783	10,816	203
Buildings and fixed equipment	221,714	43,866	5,455
Leased buildings	4,064	-	-
Movable equipment	219,496	32,915	7,452
	459,057	87,597	13,110
Less accumulated depreciation	(301,824)	(48,734)	(5,180)
	157,233	38,863	7,930
Construction-in-process	11,055	253	65
Total property and equipment	168,288	39,116	7,995
Goodwill and Intangibles, Net	2,127	62	464
Bond Issue Costs, Net	1,837	-	-
Other Long-Term Assets	51,807	119	33
	$ 809,665	$ 54,401	$ 14,347

(Amounts in Thousands)

Total Obligated Group	Other	Eliminations	Total
$ 4,797	$ 332	$ -	$ 5,129
106,263	-	-	106,263
(18,725)	-	-	(18,725)
87,538	-	-	87,538
6,224	-		6,224
23,254	-	-	23,254
11,454	-	-	11,454
8,494	-	-	8,494
141,761	332	-	142,093
464,804	-	-	464,804
24,802	90	-	24,892
271,035	6,667	-	277,702
4,064	-	-	4,064
259,863	38	-	259,901
559,764	6,795	-	566,559
(355,738)	(3,488)	-	(359,226)
204,026	3,307	-	207,333
11,373	-	-	11,373
215,399	3,307	-	218,706
2,653	-	-	2,653
1,837	-	-	1,837
51,959	-	(49,053)	2,906
$ 878,413	$ 3,639	$ (49,053)	$ 832,999

	Rapid City Regional Hospital, Inc	Regional Health Network, Inc	Regional Health Physicians, Inc
Liabilities and Net Assets			
Current Liabilities			
Current maturities of long-term debt	$ 7,210	$ -	$ -
Accounts payable	11,962	336	34
Estimated payables to third-party payors	4,455	673	-
Accrued expenses			
Interest	1,529	-	-
Salaries and wages	5,220	888	2,210
Compensated absences	10,372	2,095	1,286
Employee health insurance liability	4,402	-	-
Other	4,892	82	306
Intercompany (receivable) payable	(114,426)	18,489	144,978
Total current liabilities	(64,384)	22,563	148,814
Other Liabilities			
Payable under interest rate swap	10,295	-	-
Other long-term liabilities	13,408	-	-
Accrued pension liability	13,734	-	-
Long-term debt, less current maturities	159,399	-	-
Total liabilities	132,452	22,563	148,814
Net Assets			
Unrestricted	663,132	30,641	(134,467)
Temporarily restricted	12,418	1,097	-
Permanently restricted	1,663	100	-
Total net assets	677,213	31,838	(134,467)
	$ 809,665	$ 54,401	$ 14,347

(Amounts in Thousands)

Total Obligated Group	Other	Eliminations	Total
$ 7,210	$ -	$ -	$ 7,210
12,332	122	-	12,454
5,128	-	-	5,128
1,529	-	-	1,529
8,318	-	-	8,318
13,753	-	-	13,753
4,402	-	-	4,402
5,280	125	-	5,405
49,041	12	(49,053)	-
106,993	259	(49,053)	58,199
10,295	-	-	10,295
13,408	-	-	13,408
13,734	-	-	13,734
159,399	-	-	159,399
303,829	259	(49,053)	255,035
559,306	3,380	-	562,686
13,515	-	-	13,515
1,763	-	-	1,763
574,584	3,380	-	577,964
$ 878,413	$ 3,639	$ (49,053)	$ 832,999

	Rapid City Regional Hospital, Inc	Regional Health Network, Inc	Regional Health Physicians, Inc
Operating Revenue			
Net patient service revenue	$ 395,011	$ 79,077	$ 49,372
Provision for uncollectible accounts	(23,249)	(3,907)	(608)
Net patient service revenue less provision for uncollectible accounts	371,762	75,170	48,764
Other	76,815	11,749	4,712
Total operating revenue	448,577	86,919	53,476
Operating Expenses			
Salaries and wages	186,060	36,712	43,989
Payroll taxes and benefits	21,719	9,664	8,954
Outside services	51,782	4,082	7,329
Medical supplies	72,988	7,537	3,942
Other supplies and expenses	28,789	7,235	5,737
Depreciation and amortization	21,312	4,095	1,701
Interest	4,406	47	-
Intercompany	31,294	9,690	6,722
Total operating expenses	418,350	79,062	78,374
Operating Income (Loss)	30,227	7,857	(24,898)
Nonoperating Gains (Losses)			
Investment gain	42,147	41	36
Gain on interest rate swap	1,563	-	-
Revenues in Excess (Deficit) of Expenses	73,937	7,898	(24,862)
Unrestricted Net Assets			
Adjustment to the funded status of the pension plan	6,537	-	-
Other changes in unrestricted net assets	198	-	-
Increase (Decrease) in Unrestricted Net Assets	$ 80,672	$ 7,898	$ (24,862)

(Amounts in Thousands)

Total Obligated Group	Other	Eliminations	Total
$ 523,460	$ -	$ 22	$ 523,482
(27,764)	-	-	(27,764)
495,696	-	22	495,718
93,276	862	(47,728)	46,410
588,972	862	(47,706)	542,128
266,761	-	-	266,761
40,337	-	-	40,337
63,193	332	-	63,525
84,467	-	-	84,467
41,761	392	-	42,153
27,108	158	-	27,266
4,453	-	-	4,453
47,706	-	(47,706)	-
575,786	882	(47,706)	528,962
13,186	(20)	-	13,166
42,224	-	-	42,224
1,563	-	-	1,563
56,973	(20)	-	56,953
6,537	-	-	6,537
198	-	-	198
$ 63,708	$ (20)	$ -	$ 63,688