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Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

B Check if applicable <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization ALLINA HEALTH SYSTEM		D Employer identification number 36-3261413		
	Doing Business As				
	Number and street (or P O box if mail is not delivered to street address) PO BOX 43 MR 10890		Room/suite		E Telephone number (612) 262-0660
	City or town, state or province, country, and ZIP or foreign postal code MINNEAPOLIS, MN 554400043				
		F Name and address of principal officer KENNETH PAULUS PO BOX 43 MR 10890 MINNEAPOLIS, MN 554400043		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶	
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () ◀ (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527					
J Website: ▶ WWW.ALLINAHEALTH.ORG					
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			L Year of formation 1983		M State of legal domicile MN

Part I



Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities ALLINA HEALTH SYSTEM ("ALLINA HEALTH") IS DEDICATED TO MEETING THE LIFELONG HEALTHCARE NEEDS OF COMMUNITIES THROUGHOUT MINNESOTA AND WESTERN WISCONSIN. THIS COMMITMENT IS EMBODIED IN OUR MISSION TO PROVIDE EXCEPTIONAL CARE, AS WE PREVENT ILLNESS, RESTORE HEALTH AND PROVIDE COMFORT TO ALL WHO ENTRUST US WITH THEIR CARE. ALLINA PROVIDES A FULL RANGE OF PRIMARY AND SPECIALTY HEALTH CARE SERVICES INCLUDING TECHNICALLY ADVANCED INPATIENT AND OUTPATIENT CARE, 24-HOUR EMERGENCY CARE, MEDICAL TRANSPORTATION, PHARMACY, LABORATORY, HOME CARE AND HOSPICE SERVICES. BECAUSE OF ITS CHARITABLE MISSION, ALLINA HEALTH PROVIDES THESE HEALTH CARE SERVICES AS WELL AS EDUCATIONAL AND WELLNESS PROGRAMS TO COMMUNITY MEMBERS REGARDLESS OF THEIR ABILITY TO PAY FOR THE SERVICES. IN 2013, ALLINA PROVIDED \$525,281,934 IN DIRECT FINANCIAL SUPPORT, IN-KIND DONATIONS, FREE AND REDUCED-COST MEDICAL CARE AND SERVICES, AND FUNDING FOR PUBLIC HEALTH PROGRAMS TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE.
	2	Check this box <input type="checkbox"/> 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)
	4	Number of independent voting members of the governing body (Part VI, line 1b)
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)
	6	Total number of volunteers (estimate if necessary)
Revenue	7a	Total unrelated business revenue from Part VIII, column (C), line 12
	b	Net unrelated business taxable income from Form 990-T, line 34
	8	Contributions and grants (Part VIII, line 1h)
	9	Program service revenue (Part VIII, line 2g)
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
Expenses	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)
	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)
	14	Benefits paid to or for members (Part IX, column (A), line 4)
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
	16a	Professional fundraising fees (Part IX, column (A), line 11e)
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶6,682,168
Net Assets or Fund Balances	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)
	18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)
	19	Revenue less expenses. Subtract line 18 from line 12
	20	Total assets (Part X, line 16)
	21	Total liabilities (Part X, line 26)
	22	Net assets or fund balances. Subtract line 21 from line 20

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				2014-11-06	
	Signature of officer			Date	
Paid Preparer Use Only				LAURIE M LAFONTAINE, CHIEF FINANCIAL OFFICER	
	Type or print name and title				
	Print/Type preparer's name		Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
Firm's name ▶		Firm's EIN ▶			
Firm's address ▶		Phone no			
May the IRS discuss this return with the preparer shown above? (see instructions) <input type="checkbox"/> Yes <input type="checkbox"/> No					

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

☐ Yes ☒ No

1

Briefly describe the organization's mission

OUR MISSIONWE SERVE OUR COMMUNITIES BY PROVIDING EXCEPTIONAL CARE, AS WE PREVENT ILLNESS, RESTORE HEALTH AND PROVIDE COMFORT TO ALL WHO ENTRUST US WITH THEIR CARE OUR VISIONWE WILL PUT THE PATIENT FIRST, MAKE A DIFFERENCE IN PEOPLES LIVES BY PROVIDING EXCEPTIONAL CARE AND SERVICE, CREATE A HEALING ENVIORNMENT WHERE PASSIONATE PEOPLE THRIVE AND EXCEL, AND LEAD COLLABORATIVE EFFORTS THAT SOLVE OUR COMMUNITY'S HEALTH CARE CHALLENGES OUR VALUESINTEGRITY, RESPECT, TRUST, COMPASSION AND STEWARDSHIP

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 \$ 2,268,250,646 including grants of \$ 2,619,474) (Revenue \$ 3,411,842,150)

PROVIDING MEDICAL SERVICESHOSPITAL, MEDICAL AND OTHER HEALTH CARE SERVICESALLINA HEALTH DELIVERS HIGH QUALITY HOSPITAL, MEDICAL AND OTHER HEALTH CARE SERVICES TO PATIENTS IN MINNESOTA AND WESTERN WISCONSIN AS A MISSION-DRIVEN ORGANIZATION, ALLINA HEALTH IS COMMITTED TO IMPROVING THE LIFELONG HEALTH OF THE COMMUNITIES IT SERVES ALLINA HEALTH PROVIDES THESE SERVICES TO THE COMMUNITY THROUGH ITS FAMILY OF HOSPITALS WHICH INCLUDE ABBOTT NORTHWESTERN HOSPITAL - MINNEAPOLIS, MINNESOTALOCATED IN SOUTH MINNEAPOLIS, ABBOTT NORTHWESTERN HOSPITAL IS THE TWIN CITIES' LARGEST NOT-FOR-PROFIT HOSPITAL ABBOTT NORTHWESTERN IS KNOWN AROUND THE REGION AND ACROSS THE UNITED STATES FOR ITS CENTERS OF EXCELLENCE CANCER CARE THROUGH THE VIRGINIA PIPER CANCER INSTITUTE, CARDIOVASCULAR SERVICES IN PARTNERSHIP WITH THE MINNEAPOLIS HEART INSTITUTE, THE SPINE INSTITUTE, NEUROSCIENCE INSTITUTE, ORTHOPAEDIC INSTITUTE, PERINATOLOGY, OBSTETRICS AND GYNECOLOGY THROUGH WOMENCARE AND PHYSICAL REHABILITATION THROUGH COURAGE KENNY REHABILITATION INSTITUTE UNITED HOSPITAL ST PAUL, MINNESOTALOCATED IN DOWNTOWN ST PAUL, UNITED HOSPITAL IS THE LARGEST HOSPITAL IN THE TWIN CITIES EAST METRO AREA UNITED HAS A REPUTATION FOR EXCELLENCE IN PATIENT CARE AND STATE-OF-THE-ART FACILITIES, WITH INNOVATIVE PROGRAMS SUCH AS CARDIOVASCULAR SERVICES (INCLUDING NASSEFF HEART CENTER, WOMEN'S HEART CENTER AND VASCULAR CENTER), NASSEFF NEUROSCIENCE CENTER, AND PSYCHIATRY, WOMEN'S HEALTH, SURGICAL, REHABILITATION AND EMERGENCY SERVICES MERCY HOSPITAL COON RAPIDS, MINNESOTALOCATED IN COON RAPIDS, MERCY HOSPITAL OFFERS NATIONALLY RECOGNIZED CLINICAL EXCELLENCE AND COMPASSIONATE HEALTH CARE SERVICES TO NORTH METRO COMMUNITIES AMONG THE SERVICES PROVIDING CUTTING-EDGE CARE ARE HEART & VASCULAR CENTER, CANCER CENTER, WOMEN'S & CHILDREN'S SERVICES, EMERGENCY SERVICES, MENTAL HEALTH SERVICES AND A WIDE RANGE OF HEALTH EDUCATION AND SUPPORT GROUPS MERCY ALSO SERVES THE COMMUNITY THROUGH ELK RIDGE HEALTH, A SURGERY CENTER AND CLINIC IN ELK RIVER UNITY HOSPITAL FRIDLEY, MINNESOTALOCATED IN FRIDLEY, UNITY HOSPITAL PROVIDES A FULL RANGE OF HEALTH CARE SERVICES TO THE NORTH METRO AREA, INCLUDING A RENOWNED BARIATRIC [SURGICAL WEIGHT LOSS] CENTER OTHER SERVICES INCLUDE THE HEART & VASCULAR CENTER, WOMEN'S & CHILDREN'S SERVICES, EMERGENCY SERVICES AND MENTAL HEALTH SERVICES INCLUDING GERIATRIC MENTAL HEALTH UNITY ALSO OFFERS A COMPLETE ARRAY OF HEALTH EDUCATION AND SUPPORT GROUPS TO PATIENTS AND THE COMMUNITY BUFFALO HOSPITAL BUFFALO, MINNESOTALOCATED IN THE WESTERN METROPOLITAN COMMUNITY OF BUFFALO, BUFFALO HOSPITAL IS RECOGNIZED AS ONE OF THE NATION'S 100 TOP HOSPITALS ACCORDING TO THOMSON REUTERS BUFFALO HOSPITAL PROVIDES HIGH QUALITY, PERSONAL CARE IN PRIVATE ROOMS THE HOSPITAL PROVIDES MANY SPECIALTY SERVICES INCLUDING THE BIRTH CENTER, CARDIAC CENTER, EMERGENCY SERVICES, SLEEP CENTER, PHILLIPS EYE INSTITUTE, COURAGE KENNY REHABILITATION INSTITUTE AND VIRGINIA PIPER CANCER INSTITUTE CAMBRIDGE MEDICAL CENTER CAMBRIDGE, MINNESOTALOCATED IN THE COMMUNITY OF CAMBRIDGE, CAMBRIDGE MEDICAL CENTER IS A REGIONAL HEALTH CARE FACILITY PROVIDING COMPREHENSIVE HEALTH CARE SERVICES TO RESIDENTS OF ISANTI COUNTY THE MEDICAL CENTER IS COMPRISED OF A LARGE MULTI-SPECIALTY CLINIC AND A HOSPITAL ON ONE LARGE CAMPUS DEDICATED TO MEETING THE NEEDS OF ITS PATIENTS, CAMBRIDGE MEDICAL CENTER PROVIDES AN ATMOSPHERE THAT PROMOTES HEALING AND COMFORT NEW ULM MEDICAL CENTER NEW ULM, MINNESOTALOCATED IN SOUTH CENTRAL MINNESOTA, NEW ULM MEDICAL CENTER (NUMC) CONSISTS OF A HOSPITAL AND CLINIC THAT SERVES THE REGION IN AND AROUND BROWN COUNTY NUMC OFFERS AN EXTENSIVE RANGE OF HEALTH CARE OPTIONS, INCLUDING FAMILY PRACTICE, INTERNAL MEDICINE, GENERAL SURGERY, PEDIATRICS, ORTHOPEDICS, OBSTETRICS AND GYNECOLOGY, RADIOLOGY, EMERGENCY MEDICINE, PSYCHIATRY, PODIATRY, MENTAL HEALTH AND SUBSTANCE ABUSE, HOME CARE AND HOSPICE AS A FULLY INVOLVED MEMBER OF ITS COMMUNITY, NUMC CONTINUALLY FOSTERS AN ATMOSPHERE OF WELL BEING OUTSIDE ITS FOUR WALLS THROUGH A VARIETY OF COMMUNITY-FOCUSED INITIATIVES OWATONNA HOSPITAL OWATONNA, MINNESOTALOCATED SOUTH OF THE TWIN CITIES METROPOLITAN AREA, OWATONNA HOSPITAL PROVIDES COMPREHENSIVE CARE TO PATIENTS IN AND AROUND STEELE COUNTY OWATONNA HOSPITAL HAS HELPED TO MAKE A POSITIVE DIFFERENCE IN THE LIVES OF ITS PATIENTS AND THE COMMUNITY FOR MORE THAN 110 YEARS THE 38-BED REPLACEMENT HOSPITAL THAT OPENED IN OCTOBER 2009 FEATURES INTERNATIONAL BEST PRACTICES IN CONTEMPORARY HOSPITAL DESIGN THE HOSPITAL OFFERS A FULL RANGE OF INPATIENT, OUTPATIENT AND EMERGENCY CARE SERVICES PHILLIPS EYE INSTITUTE MINNEAPOLIS, MINNESOTALOCATED IN MINNEAPOLIS, PHILLIPS EYE INSTITUTE IS THE THIRD LARGEST SPECIALTY EYE HOSPITAL IN THE U S , SPECIALIZING IN THE DIAGNOSIS, TREATMENT AND CARE OF EYE DISORDERS AND DISEASES PHILLIPS EYE INSTITUTE DRAWS PATIENTS FROM A FIVE-STATE REGION WITH AN EXTENSIVE ARRAY OF SERVICES, RANGING FROM DIAGNOSTIC TESTS AND VISION REHABILITATION TO LASER EYE TREATMENTS AND SPECIALIZED EYE SURGERY RIVER FALLS AREA HOSPITAL RIVER FALLS, WISCONSINLOCATED IN WESTERN WISCONSIN, RIVER FALLS AREA HOSPITAL IS PART OF A SHARED MEDICAL CAMPUS THAT PROVIDES EASY ACCESS TO HOSPITAL SERVICES AS WELL AS PRIMARY CARE AND SPECIALTY CLINICS, A LONG-TERM CARE FACILITY AND A WELLNESS AND FITNESS CENTER RIVER FALLS AREA HOSPITAL PROVIDES HIGH QUALITY PATIENT FOCUSED CARE AT THEIR RIVERS CANCER CENTER, BIRTH CENTER AND SLEEP CENTER RIVER FALLS AREA HOSPITAL PROVIDES PATIENTS A FULL RANGE OF INPATIENT, OUTPATIENT AND EMERGENCY SERVICES INCLUDING SURGICAL, CARDIOVASCULAR AND REHABILITATION SERVICES ALLINA HEALTH ALSO PROVIDES THESE SERVICES TO THE COMMUNITY THROUGH ITS FAMILY OF CLINICS WITH MORE THAN 90 CLINICS THROUGHOUT MINNESOTA AND WESTERN WISCONSIN, WE PROVIDE PRIMARY CARE, SPECIALTY CARE AND URGENT CARE SERVICES TO PEOPLE IN OVER 40 COMMUNITIES MORE THAN 750 HEALTH CARE PRACTITIONERS HELP PATIENTS IDENTIFY HEALTH RISKS, MANAGE CHRONIC ILLNESS AND FIND THEIR PATH TO BETTER HEALTH ALLINA HEALTH ALSO OPERATES ADDITIONAL SERVICES WHICH INCLUDE HOME CARE, HOSPICE AND PALLIATIVE CAREHOME OXYGEN AND MEDICAL EQUIPMENTMEDICAL LABORATORIESMEDICAL TRANSPORTATION PHARMACYPHYSICAL REHABILITATIONIN 2013, ALLINA HEALTH EXPENDED OVER \$2.2 BILLION TO PROVIDE SERVICES TO PATIENTS THAT INCLUDED 3,300,000 CLINIC VISITS, NEARLY 113,000 INPATIENT ADMISSIONS AND 1,200,000 HOSPITAL OUTPATIENT VISITS THERE WERE MORE THAN 320,000 EMERGENCY CARE VISITS, 280,000 HOMECARE AND HOSPICE VISITS, AND OVER 15,000 BIRTHS AT ALLINA HEALTH HOSPITALS FOR MORE INFORMATION PLEASE VISIT HTTP://WWW.ALLINAHEALTH.ORG SUBSIDIZED HEALTH SERVICESALLINA HEALTH SUBSIDIZES CERTAIN NECESSARY HEALTH CARE SERVICES, WHICH INCLUDE 24-HOUR EMERGENCY SERVICES TO THE COMMUNITY, ESPECIALLY THOSE LOCATED IN MEDICALLY UNDERSERVED OR HIGH-NEED AREAS, PERINATAL PROGRAMS, FREE CARE OR SLIDING FEE SCALE CLINICS, MEDICAL EDUCATION, AND SERVICES TO SPECIAL-NEEDS POPULATIONS OTHER SUBSIDIZED SERVICES INCLUDE HOSPICE, HOME CARE AND PALLIATIVE SERVICES, DURABLE MEDICAL EQUIPMENT SERVICES, AND MENTAL HEALTH SERVICES IN 2013, ALLINA HEALTH EXPENDED \$2,553,309 TO MAKE AVAILABLE AND PROVIDE THESE SERVICES TO THE COMMUNITIES WE SERVE

4b

(Code) (Expenses \$ 305,830,809 including grants of \$) (Revenue \$)

COST OF PARTICIPATING IN GOVERNMENT PROGRAMSALLINA HEALTH IS COMMITTED TO SERVING ALL PERSONS IN NEED, REGARDLESS OF RACE, CREED, SEX, NATIONALITY, RELIGION, DISABILITY, AGE, OR ABILITY TO PAY TO PROMOTE ACCESS TO CARE FOR ALL INDIVIDUALS, ALLINA HEALTH PARTICIPATES IN THE FOLLOWING PUBLIC HEALTH CARE PROGRAMS MEDICARE, MEDICAID, MINNESOTACARE, AND GENERAL ASSISTANCE PAYMENTS FROM THESE PROGRAMS FREQUENTLY DO NOT COVER THE COSTS ALLINA HEALTH INCURS TO SERVE PROGRAM BENEFICIARIES IN 2013, ALLINA HEALTH PROVIDED \$305,830,809 IN HEALTH CARE SERVICES IN EXCESS OF THE REIMBURSEMENT RECEIVED BY PUBLIC PROGRAMS AND SURCHARGES, TAXES AND FEES RELATED TO THESE PROGRAMS THE FOLLOWING IS A BREAKDOWN ON COSTS RELATED TO THESE PROGRAMS, SERVICES AND ADDITIONAL TAXES AND FEES COSTS IN EXCESS OF MEDICARE AND MEDICAID PAYMENTSALLINA HEALTH PROVIDES SERVICES TO PUBLIC PROGRAM ENROLLEES SUCH PUBLIC PROGRAMS HAVE REIMBURSED AT AMOUNTS LESS THAN COST IN 2013, ALLINA HEALTH EXPENDED \$184,313,290 BEYOND REIMBURSEMENTS TO PROVIDE CARE FOR MEDICARE PATIENTS AND AN ADDITIONAL \$52,204,791 BEYOND REIMBURSEMENTS FOR MEDICAID PATIENTS MEDICAID SURCHARGEALLINA HEALTH IS A PARTICIPANT IN THE MEDICAID SURCHARGE PROGRAM THE CURRENT PROGRAM INCLUDES A 1.56% SURCHARGE ON A HOSPITAL'S NET PATIENT SERVICE REVENUE (EXCLUDING MEDICARE REVENUE) REPORTED AMOUNTS ARE NET OF ANY DISPROPORTIONATE SHARE ADJUSTMENTS IN 2013, ALLINA HEALTH PAID \$22,871,542 FOR THE MEDICAID SURCHARGE MINNESOTACARE TAXALLINA HEALTH ALSO PARTICIPATES IN THE FUNDING OF MEDICAL CARE FOR THE UNINSURED THROUGH A MINNESOTACARE TAX OF 2% ON CERTAIN NET REVENUE PATIENTS WHO ARE UNABLE TO GET INSURANCE THROUGH THEIR EMPLOYER ARE ELIGIBLE TO PARTICIPATE IN MINNESOTACARE ALLINA HEALTH PAID \$40,660,300 FOR THE MINNESOTACARE TAX IN 2013 TAXES AND FEES ALLINA HEALTH PAYS PROPERTY TAXES TO LOCAL AND STATE GOVERNMENT USED IN FUNDING CIVIL AND EDUCATION SERVICES TO THE COMMUNITY IN TOTAL, ALLINA HEALTH PAID \$5,780,886 IN TAXES AND FEES IN 2013

4c

(Code) (Expenses \$ 74,196,210 including grants of \$) (Revenue \$)

UNCOMPENSATED CARE CHARITY CAREALLINA HEALTH PROVIDES MEDICAL CARE WITHOUT CHARGE OR AT REDUCED COST TO RESIDENTS OF THE COMMUNITIES THAT IT SERVES THROUGH THE PROVISION OF CHARITY CARE OUR COMMUNITY CARE PROGRAM WAS ESTABLISHED TO ASSIST PATIENTS WHO DO NOT QUALIFY FOR MEDICAL ASSISTANCE SUCH AS MEDICAID AND WHOSE ANNUAL INCOMES ARE AT OR BELOW 275% OF THE FEDERAL POVERTY LEVEL CHARITY CARE DOES NOT INCLUDE BAD DEBT (CHARGES WRITTEN OFF FOR PROVIDING SERVICES TO PERSONS ABLE, BUT UNWILLING, TO PAY FOR THESE SERVICES) THROUGH THIS PROGRAM, ALLINA HEALTH STRIVES TO ENSURE THAT ALL MEMBERS OF THE COMMUNITY RECEIVE QUALITY MEDICAL CARE, REGARDLESS OF ABILITY TO PAY IN 2013, ALLINA HEALTH PROVIDED \$28,377,543 IN CHARITY CARE UNINSURED DISCOUNT PROGRAMFOR UNINSURED PATIENTS WHO DO NOT QUALIFY FOR MEDICAID OR MEET THE FINANCIAL THRESHOLD FOR CHARITY CARE, BUT REQUIRE SOME FINANCIAL ASSISTANCE, ALLINA HEALTH PROVIDES A SLIDING SCALE DISCOUNT ALL UNINSURED PATIENTS ARE ELIGIBLE FOR A MINIMUM OF A 20 PERCENT DISCOUNT ON BILLED CHARGES AND MAY QUALIFY FOR DISCOUNTS UP TO 57 PERCENT BASED ON ELIGIBILITY CRITERIA IN 2013, ALLINA HEALTH PROVIDED \$45,818,667 IN SUCH DISCOUNTS TO LOW-INCOME, UNINSURED INDIVIDUALS BAD DEBT BAD DEBT WILL BE REPORTED AS A REDUCTION TO REVENUE ALLINA HEALTH PROVIDES MEDICAL CARE TO ALL IN NEED THERE ARE TIMES WHEN PATIENT ACCOUNT BALANCES GO UNPAID, KNOWN AS BAD DEBT THESE BAD DEBT AMOUNTS IN 2013 TOTALLED \$(86,024,203)

(Code) (Expenses \$ 56,680,771 including grants of \$) (Revenue \$)

COMMUNITY SERVICES ALLINA HEALTH IS COMMITTED TO SUPPORTING PROGRAMS AND SERVICES THAT ADDRESS COMMUNITY NEEDS IN 2013, ALLINA HEALTH CONTRIBUTED \$56,680,772 TO COMMUNITY PROGRAMS AND SERVICES TO ADVANCE THE HEALTH OF THE BROADER COMMUNITY BELOW ARE EXAMPLES OF PROGRAMS AND SERVICES ALLINA HEALTH PROVIDES WITHIN THE COMMUNITIES WE SERVE THAT OFFER COMMUNITY BENEFIT COMMUNITY HEALTH IMPROVEMENT SERVICESACCORDING TO THE CATHOLIC HEALTH ASSOCIATION (CHA/VHA) GUIDELINES, COMMUNITY HEALTH IMPROVEMENT SERVICES INCLUDE ACTIVITIES TO IMPROVE COMMUNITY HEALTH THAT ARE SUBSIDIZED BY THE HEALTH CARE ORGANIZATION AND DO NOT GENERATE INPATIENT OR OUTPATIENT BILLS ALLINA HEALTH PROVIDES MANY PROGRAMS AND SERVICES THAT FALL UNDER THIS CATEGORY A FEW EXAMPLES INCLUDE SCHOOL HEALTH CONNECTION - LAUNCHED IN 2012, SCHOOL HEALTH CONNECTION IS DESIGNED TO ENCOURAGE HEALTHY LIFESTYLES IN STUDENTS, TEACHERS AND FAMILIES IT SUPPORTS SCHOOLS FOR A FULL ACADEMIC YEAR BY PROVIDING HEALTH-EDUCATION TOOLS, RESOURCES, GRANT FUNDS, CONSULTING PHYSICIANS, ONLINE LEARNING RESOURCES, TEACHER TRAININGS, AND COMMUNITY EVENTS SUCH AS FREE HEALTH SCREENINGS FOR TEACHERS AND PARENTS TEN ELEMENTARY SCHOOLS WERE AWARDED GRANTS OF \$10,000 EACH THROUGH A COMPETITIVE APPLICATION PROCESS FOR THE 2012-2013 SCHOOL YEAR IN THE END-OF-YEAR SCHOOL SURVEY, COMPLETED BY PRINCIPALS, TEACHERS, PARENTS AND OTHER SCHOOL STAFF 100 PERCENT OF RESPONDENTS REPORTED THAT THEY BELIEVE THEIR SCHOOL IS HEALTHIER AS A RESULT OF THE SCHOOL HEALTH CONNECTION FAMILY FITNESS FAIRS HELD AT THE SCHOOLS WERE ALSO HIGHLY RATED WITH 100 PERCENT OF RESPONDENTS SAYING THE FAMILY FITNESS FAIR WAS "VERY EFFECTIVE" OR "EFFECTIVE" IN ENGAGING FAMILIES AND SCHOOL STAFF IN HEALTHY ACTIVITIES HEALTH POWERED KIDS ALLINA HEALTH PILOTED HEALTH POWERED KIDS WITH THE 10 SCHOOLS CHOSEN AS THE SCHOOL HEALTH CONNECTION SITES IN 2012 DEVELOPED BY EXPERTS AT ALLINA HEALTH, HEALTH POWERED KIDS IS AN ONLINE EDUCATIONAL RESOURCE DESIGNED TO EMPOWER CHILDREN AGES 3 TO 14 TO MAKE HEALTHIER CHOICES ABOUT EATING, EXERCISE, KEEPING CLEAN AND MANAGING STRESS THE LESSONS SUPPORT NATIONAL HEALTH AND PHYSICAL EDUCATION TEACHING STANDARDS, SO TEACHERS ARE ABLE TO CROSS-REFERENCE HEALTH POWERED KIDS LESSONS WITHIN EXISTING LESSON PLANS OFFERED AS A FREE, ONLINE RESOURCE IN 2013, MORE THAN 1,000 INDIVIDUALS, HOME SCHOOL FAMILIES, CHILD CARE PROFESSIONALS, ELEMENTARY SCHOOL EDUCATORS AND OTHER COMMUNITY ORGANIZATIONS HAVE REGISTERED TO USE HEALTH POWERED KIDS LESSONS AND ACTIVITIES HEALTH POWERED KIDS INCLUDES -MORE THAN 50 ONLINE LESSONS AND ACTIVITIES ON NUTRITION, PHYSICAL FITNESS AND MIND-BODY BALANCE FOR CHILDREN AGES 3 TO 14-TAKE-HOME NEWSLETTERS FOR PARENTS TO GET INVOLVED FROM HOME-POWER CHARGERSTWO, FIVE OR TEN MINUTE EXERCISES AS ACTIVITY BREAKS NEIGHBORHOOD HEALTH CONNECTION (NHC) IN 2013, ALLINA HEALTH AWARDED HEALTHY ACTIVITY GRANTS TO 73 ORGANIZATIONS AND GROUPS OF NEIGHBORS IN MINNESOTA AND WESTERN WISCONSIN GRANTS WERE USED TO HELP PEOPLE MAKE NEW PERSONAL CONNECTIONS AND STRENGTHEN EXISTING ONES THROUGH HEALTHY ACTIVITIES MORE THAN 6,300 PEOPLE PARTICIPATED IN ACTIVITIES THAT WERE SUPPORTED BY HEALTHY ACTIVITY GRANTS IN ADDITION TO GRANTS, NHC OFFERS NEIGHBORHOOD GROUPS A TOOLKIT TO GET STARTED, INCLUDING TIPS FOR RECRUITING NEIGHBORS AND PLANNING ACTIVITIES HEART SAFE COMMUNITIES THE HEART SAFE COMMUNITIES PROGRAM OF ALLINA HEALTH INCREASES SURVIVAL FROM SUDDEN CARDIAC ARREST, A LEADING CAUSE OF DEATH, BY PLACING AUTOMATED EXTERNAL DEFIBRILLATORS (AEDS) WHERE PEOPLE LIVE, LEARN, WORK AND PLAY AND TRAINING INDIVIDUALS IN THE COMMUNITY ON CPR AND AED USE TO DATE, MORE THAN 2,500 AEDS HAVE BEEN PLACED AND MAINTAINED IN MINNESOTA AND WESTERN WISCONSIN, AND CLOSE TO 50,000 INDIVIDUALS HAVE BEEN TRAINED IN THEIR USE AS WELL AS IN CPR BY 2013 MORE THAN 25 COMMUNITIES HAVE EARNED THE DESIGNATION OF HEART SAFE COMMUNITY THE DESIGNATION ACKNOWLEDGES A CITY, COUNTY OR ORGANIZATION'S EFFORTS TO PREPARE ITS STAFF AND CITIZENS TO RECOGNIZE WHEN SOMEONE SUFFERS A SUDDEN CARDIAC ARREST AND KNOW HOW TO RESPOND MEDELIGIBLE MEDELIGIBLE SERVICES SUPPORTS PATIENTS WHO HAVE DIFFICULTY PAYING THEIR MEDICAL BILLS THE STAFF HELPS PATIENTS APPLY TO FEDERAL, STATE, AND COUNTY AID PROGRAMS SUCH AS MEDICAID, MEDICARE, SOCIAL SECURITY, FOOD STAMPS, EMERGENCY FOOD AND SHELTER MEDELIGIBLE SERVICES EDUCATES PATIENTS AND THEIR FAMILIES ABOUT THE ADVANTAGES OF THESE PROGRAMS AND WORKS WITH THEM TO GET THE HELP THEY NEED MEDFORMATION MEDFORMATION IS A COMMUNITY SERVICE THAT PROVIDES FREE ACCESS TO HEALTH INFORMATION AND RESOURCES A TELEPHONE CONTACT CENTER IS OPERATED SEVEN DAYS A WEEK, OFFERING PHYSICIAN REFERRAL SERVICES TO THE GENERAL PUBLIC AS WELL AS LOW COST HEALTH CARE CLASSES, SCREENINGS AND EVENTS, AND NURSE ADVICE FOR THOSE CALLING METROPOLITAN EMERGENCY DEPARTMENTS HEALTH PROFESSIONS EDUCATION ALLINA HEALTH ACTIVELY SUPPORTS NUMEROUS MEDICAL EDUCATION ACTIVITIES FOR PROVIDERS, HEALTH CARE STUDENTS AND OTHER HEALTH PROFESSIONALS IN 2013, ALLINA HEALTH INVESTED OVER \$23 MILLION IN INTERNSHIP OPPORTUNITIES, MENTORING PARTNERSHIPS, AND GRADUATE MEDICAL EDUCATION PROGRAMMING ALLINA HEALTH IS COMMITTED TO THE EDUCATION, TRAINING AND DEVELOPMENT OF FUTURE HEALTH CARE PROFESSIONALS AND ENSURES THE AVAILABILITY OF A HIGHLY TRAINED WORKFORCE TO MEET THE COMMUNITY'S HEALTH CARE NEEDS RESEARCH ALLINA HEALTH PARTICIPATES IN CLINICAL AND COMMUNITY HEALTH RESEARCH THAT IS FOCUSED ON IMPROVING COMMUNITY HEALTH IN 2013, ALLINA HEALTH SUPPORTED THREE COMMUNITY HEALTH IMPROVEMENT RESEARCH PROJECTS THE HEART OF NEW ULM, THE BACKYARD INITIATIVE AND HEALTHY COMMUNITIES PARTNERSHIP AS A MEANS TO UNDERSTAND HOW TO IMPACT BROADER COMMUNITY HEALTH THROUGH COMMUNITY-LEVEL INTERVENTIONS IN ADDITION TO COMMUNITY HEALTH RESEARCH PROJECTS, ALLINA HEALTH WAS ALSO INVOLVED WITH NUMEROUS CLINICAL RESEARCH AND CARE MODEL REDESIGN PROJECTS, SUCH AS -150 PATIENTS ENROLLED IN LIFECOURSE, A LATE LIFE SUPPORTIVE CARE INTERVENTION-232 PATIENTS ENROLLED IN CONGESTIVE HEART FAILURE AND PALLIATIVE CARE STUDY-206 COMMUNITY MEMBERS COMPLETED THE BACKYARD INITIATIVE COMMUNITY HEALTH SURVEY-MORE THAN 20 CLINICS INVOLVED IN SURVEILLANCE OF HEALTHCARE WORKER BURNOUTIN TOTAL, ALLINA HEALTH INVESTED MORE THAN \$15.8 MILLION TOWARD THIS RESEARCH IN 2013 FINANCIAL AND IN-KIND CONTRIBUTIONSALLINA HEALTH PROVIDES NUMEROUS IN-KIND AND MONETARY CONTRIBUTIONS TO INDIVIDUALS AND OTHER NOT-FOR-PROFIT ORGANIZATIONS TO SUPPORT COMMUNITY NEEDS IN 2013, ALLINA HEALTH FUNDED OVER \$2.9 MILLION FOR DONATIONS OF EQUIPMENT, SUPPLIES, FREE MEALS, STAFF TIME AND SPONSORSHIP OF VARIOUS CIVIC AWARDS, COMMUNITY PROGRAMS AND EVENTS COMMUNITY-BUILDING ACTIVITIESALLINA HEALTH AND ITS EMPLOYEES ARE ACTIVE PARTICIPANTS IN VARIOUS COMMUNITY ACTIVITIES THAT TARGET THE ROOT CAUSES OF HEALTH PROBLEMS, SUCH AS POVERTY, HOMELESSNESS AND ENVIRONMENTAL ISSUES EXAMPLES INCLUDE COMMUNITY HEALTH IMPROVEMENT ADVOCACY, WORKFORCE DEVELOPMENT, PARTICIPATING IN VARIOUS COMMUNITY COALITIONS AND DISASTER PREPAREDNESS PLANNING COMMUNITY BENEFIT OPERATIONSALLINA HEALTH USES DEDICATED STAFF FOR THE ASSESSMENT AND MANAGEMENT OF COMMUNITY BENEFIT PROGRAMS AND NEEDS A FULL REPORT OF ALLINA HEALTH IN THE COMMUNITY IS AVAILABLE ON OUR WEBSITE HTTP://WWW.ALLINAHEALTH.ORG/AHS/ABOUTALLINA.NSF/PAGE/ANNUAL_REPORTAWARDSIN 2013, ALLINA HEALTH RECEIVED THE INTERNATIONAL CORPORATE AWARD FROM THE INTERNATIONAL LEADERSHIP INSTITUTE, HONORING WORK THAT HELPS FOSTER INTERNATIONAL UNDERSTANDING, COOPERATION AND MUTUALLY BENEFICIAL RELATIONSHIPS ALLINA HEALTH RECEIVED THE AWARD PARTIALLY IN RECOGNITION OF MISSION MATTERS PROGRAMS SUCH AS THE GLOBAL FUND, WHICH PROVIDES FINANCIAL SUPPORT TO EMPLOYEES WHO VOLUNTEER OUTSIDE ALLINA HEALTH'S SERVICE AREA IN 2013, ALLINA HEALTH RECEIVED THREE MAJOR MINNESOTA HOSPITAL ASSOCIATION (MHA) HEALTH CARE AWARDS PATIENT SAFETY IMPROVEMENT AWARD BUFFALO HOSPITALTHE PATIENT SAFETY IMPROVEMENT AWARD RECOGNIZES HOSPITALS THAT HAVE TAKEN EXTRAORDINARY AND INNOVATIVE STEPS TO MAKE PATIENT SAFETY A TOP PRIORITY THROUGHOUT THE HOSPITAL INNOVATION OF THE YEAR IN PATIENT CARE AWARD NEW ULM MEDICAL CENTERTHE INNOVATION OF THE YEAR AWARD HONORS NEW ULM MEDICAL CENTER FOR ITS SOCIAL WORKER PROGRAM TO PROVIDE BETTER CARE COORDINATION SERVICES TO EMERGENCY DEPARTMENTS AND CLINIC PATIENTS COMMUNITY BENEFIT AWARD ALLINA HEALTHTHIS AWARD RECOGNIZES ALLINA HEALTH FOR ITS INVESTMENT IN THE FREE BIKES 4 KIDZ PROGRAM, WHICH ENCOURAGES PHYSICAL ACTIVITY, SUPPORTING HEALTHFUL EATING, AND MAINTAINING A BALANCED LIFE

4d

Other program services (Describe in Schedule O)

(Expenses \$ 56,680,771 including grants of \$) (Revenue \$)

4e






















Total program service expenses

2,704,958,436

Form 990 (2013)

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 	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	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 		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 	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 		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 		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 		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 		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 		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 	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 	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 	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 		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 		No
e	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	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 	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 		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 	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?		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 	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV 		No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV 		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)		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 	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 		No
20a	Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H 	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	Yes	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	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? <i>If "Yes," complete Schedule L, Part IV</i>	28c	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	Yes	
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	Yes	
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? 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 or note to any line in this Part V

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1,431	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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.	27,564	
2b	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).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	Yes	
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	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)?	Yes	
b	If "Yes," enter the name of the foreign country: CA, BE, MX 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?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
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?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
7a	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?	Yes	
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	Yes	
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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 or note to any line 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	18	
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	13	
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	No
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	No
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	No
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	Yes
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	Yes
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 MN , WI
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization TAX SERVICES MAIL ROUTE 10890 2925 CHICAGO AVENUE MINNEAPOLIS, MN 554071321 (612) 262-0660

Check if Schedule O contains a response or note to any line in this Part VII ☒

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

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

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

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

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

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

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

[illegible]

Part VII

1b	Sub-Total			
c	Total from continuation sheets to Part VII, Section A			
d	Total (add lines 1b and 1c)	19,374,825	0	4,145,144

2 Total number of individuals (including but not limited to those listed \$100,000 of reportable compensation from the organization) 2,325

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
METROPOLITAN CARDIOLOGY CONSULTANTS 4040 COON RAPIDS BLVD NW COON RAPIDS MN 55443	PROFESSIONAL SERVICES - MEDICAL	15,575,241
METROPOLITAN CARDIAC SERVICES 4040 COON RAPIDS BLVD NW COON RAPIDS MN 55433	PROFESSIONAL SERVICES - MEDICAL	10,160,483
PHYSICIANS GROUP OF NEW ULM LTD 1324 5TH NORTH STREET NEW ULM MN 56073	PROFESSIONAL SERVICES - MEDICAL	9,742,491
EMERGENCY CARE CONSULTANTS PA 800 EAST 28TH STREET MINNEAPOLIS MN 55407	PROFESSIONAL SERVICES - MEDICAL	8,141,570
NURSEFINDERS PO BOX 910738 DALLAS TX 75391	PROFESSIONAL SERVICES - TEMP HELP	5,464,383

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 187

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d	50,862,608		
	e	Government grants (contributions)	1e	5,836,330		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	956,253		
	g	Noncash contributions included in lines 1a-1f \$		91,355		
	h	Total. Add lines 1a-1f		57,655,191		
Program Service Revenue	2a	PROG SERV REVENUE-RELATED-990	Business Code			
			621990	3,399,092,220	3,399,092,220	
			621990	-86,024,203	-86,024,203	
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		29,686,983		29,686,983
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
			6,674,853			
			0			
			6,674,853			
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)		6,674,853		6,674,853
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
			961,226,851	1,327,649		
			850,726,292	1,632,878		
			110,500,559	-305,229		
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)		110,195,330		110,195,330
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18				
		a	5,988,391			
	b	Less direct expenses	b	6,728,177		
	c	Net income or (loss) from fundraising events		-739,786		-739,786
	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				
	b	Less cost of goods sold	b			
	c	Net income or (loss) from sales of inventory				
	Miscellaneous Revenue		Business Code			
	11a	HOME HEALTH CARE SERVICES	621610	6,143,928	6,143,928	
	b	OUTPATIENT CARE CENTER	621400	5,542,383	5,542,383	
	c	ST FRANCIS MEDICAL CENTER	621990	4,352,992	4,352,992	
	d	All other revenue		9,037,058	8,396,938	640,120
	e	Total. Add lines 11a-11d		25,076,361		
	12	Total revenue. See Instructions		3,541,616,949	3,325,817,947	12,326,431
					145,817,380	

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 or note to any line 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.	2,619,474	2,619,474		
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.	12,446,151		12,446,151	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	1,526,901,006	1,335,136,019	188,252,745	3,512,242
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	102,224,785	88,663,555	13,327,989	233,241
9	Other employee benefits.	230,998,327	200,379,860	30,093,224	525,243
10	Payroll taxes.	101,545,463	88,074,353	13,239,419	231,691
11	Fees for services (non-employees):				
a	Management.	22,184,779	11,825,435	10,337,246	22,098
b	Legal.	6,821,324		6,821,324	
c	Accounting.	813,838		813,838	
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).	312,235,340	203,253,073	108,035,948	946,319
12	Advertising and promotion.	4,946,279	730,893	4,198,134	17,252
13	Office expenses.	488,153,171	467,593,309	20,153,373	406,489
14	Information technology.	36,812,678	25,539,080	11,264,792	8,806
15	Royalties.				
16	Occupancy.	98,758,477	74,189,186	24,425,283	144,008
17	Travel.	7,606,281	6,318,008	1,260,853	27,420
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	3,139,298	2,248,360	886,797	4,141
20	Interest.	13,491,126	13,491,126		
21	Payments to affiliates.	462,053	462,053		
22	Depreciation, depletion, and amortization.	133,738,049	93,155,245	40,458,278	124,526
23	Insurance.	15,162,379	14,085,384	1,076,995	
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	MINNESOTA CARE TAX	40,660,300	40,660,300		
b	MEDICAID SURCHARGE	22,871,541	22,871,541		
c	INCOME TAX - UBI	1,680,892		1,680,892	
d					
e	All other expenses	31,886,591	13,662,182	17,745,717	478,692
25	Total functional expenses. Add lines 1 through 24e.	3,218,159,602	2,704,958,436	506,518,998	6,682,168
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		10,000,056	1	9,803,861
	2	Savings and temporary cash investments		4,530,931	2	6,348,035
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		787,835,971	4	824,664,316
	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		10,601,811	7	11,546,118
	8	Inventories for sale or use		52,945,365	8	52,892,580
	9	Prepaid expenses and deferred charges		9,169,840	9	10,475,150
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a2,763,307,208			
	b	Less accumulated depreciation	10b1,726,019,757	862,632,742	10c	1,037,287,451
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		1,474,638,233	12	1,561,422,443
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		5,887,099	14	24,628,297
	15	Other assets See Part IV, line 11		69,191,713	15	81,269,835
	16	Total assets. Add lines 1 through 15 (must equal line 34)		3,287,433,761	16	3,620,338,086
Liabilities	17	Accounts payable and accrued expenses		430,690,428	17	474,741,291
	18	Grants payable		413,700	18	275,801
	19	Deferred revenue		15,607,715	19	20,812,341
	20	Tax-exempt bond liabilities		647,972,590	20	649,351,652
	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		221,100	23	967,898
	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		369,898,987	25	421,693,350
	26	Total liabilities. Add lines 17 through 25		1,464,804,520	26	1,567,842,333
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		1,817,540,079	27	2,047,016,446
	28	Temporarily restricted net assets		3,233,626	28	3,523,643
	29	Permanently restricted net assets		1,855,536	29	1,955,664
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,822,629,241	33	2,052,495,753
	34	Total liabilities and net assets/fund balances		3,287,433,761	34	3,620,338,086

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	3,541,616,949
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,218,159,602
3	Revenue less expenses Subtract line 2 from line 1	3	323,457,347
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,822,629,241
5	Net unrealized gains (losses) on investments	5	-13,949,850
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	-79,640,985
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,052,495,753

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization ALLINA HEALTH SYSTEM	Employer identification number 36-3261413
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Part I

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

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

1	<input type="checkbox"/>	A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
2	<input type="checkbox"/>	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3	<input checked="" type="checkbox"/>	A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7	<input type="checkbox"/>	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	<input type="checkbox"/>	A community trust described in section 170(b)(1)(A)(vi) (Complete Part II)
9	<input type="checkbox"/>	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	<input type="checkbox"/>	An organization organized and operated exclusively to test for public safety See section 509(a)(4).
11	<input type="checkbox"/>	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 <input type="checkbox"/> Type I b <input type="checkbox"/> Type II c <input type="checkbox"/> Type III - Functionally integrated d <input type="checkbox"/> Type III - Non-functionally integrated
e	<input type="checkbox"/>	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	<input type="checkbox"/>	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	<input type="checkbox"/>	Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons? (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? (ii) A family member of a person described in (i) above? (iii) A 35% controlled entity of a person described in (i) or (ii) above?
h	<input type="checkbox"/>	Provide the following information about the supported organization(s)

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

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

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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. 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		
Return Reference	Explanation	

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

▶ **See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2013

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 ALLINA HEALTH SYSTEM	Employer identification number 36-3261413
--	--

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

1	Provide a description of the organization's direct and indirect political campaign activities in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

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

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

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

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

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

Part II-A

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

- A
- Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B
- Check ☐ if the filing organization checked box A and "limited control" provisions apply

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?	Yes		
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		8,425
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		329,862
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		
j	Total. Add lines 1c through 1i.			338,287
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

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.

Return Reference	Explanation
PART II-B, LINE 1	ALLINA HEALTH EMPLOYS VARIOUS INDIVIDUALS, AS WELL AS CONTRACTS WITH VARIOUS LOBBYISTS, TO MONITOR LEGISLATIVE ACTS IMPORTANT TO ALL OF ALLINA ON BOTH A NATIONAL AND STATE LEVEL

Part IV

Return Reference

Explanation

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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. ▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization ALLINA HEALTH SYSTEM	Employer identification number 36-3261413
--	--

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area

☐ Protection of natural habitat ☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

(i)

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

(ii)

Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

Cat No 52283D

Schedule D (Form 990) 2013

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
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	77,016,918	70,022,035	71,588,094	67,783,914	50,485,767
b Contributions	12,716,764	-494,688	435,734	693,723	9,065,901
c Net investment earnings, gains, and losses	7,060,767	5,713,818	-150,245	4,980,609	10,653,658
d Grants or scholarships	26,704	3,052	-54,786	39,033	62,576
e Other expenditures for facilities and programs	5,773,999	1,772,701	1,796,762	1,831,119	2,358,836
f Administrative expenses					
g End of year balance	90,993,746	77,016,918	70,022,035	71,588,094	67,783,914

- 2

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

a

Board designated or quasi-endowment

2 280 %

b

Permanent endowment

57 640 %

c

Temporarily restricted endowment

40 080 %

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

3a

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

(i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

☐

b

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

3b

☐ Yes

☐
- 4

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

Part VI

Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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		81,768,066		81,768,066
b Buildings		1,170,964,233	569,719,625	601,244,608
c Leasehold improvements		100,845,048	52,331,088	48,513,960
d Equipment		1,352,876,679	1,092,413,666	260,463,013
e Other		56,853,182	11,555,378	45,297,804
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				1,037,287,451

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

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

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.

Return Reference	Explanation
PART V, LINE 4	EDUCATION AND RESEARCH CHARITY AND INDIGENT CARE PURCHASE OF PLANT ASSETS BUILDINGS AND EQUIPMENT PATIENT CARE OTHER
PART X, LINE 2	EXPLANATION ALLINA HEALTH SYSTEM FIN 48 (ASC 740) FOOTNOTE (AMOUNTS IN THOUSANDS) (17) TAXES - THE SYSTEM HAS BEEN DETERMINED TO QUALIFY AS A TAX EXEMPT ORGANIZATION UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE SYSTEM HAS ALSO BEEN DETERMINED TO BE EXEMPT FROM FEDERAL AND STATE INCOME TAX ON RELATED INCOME UNDER SECTION 501(A) OF THE INTERNAL REVENUE CODE AND MINNESOTA STATUTE SECTION 290.05, SUBDIVISION 2. CERTAIN OF THE SYSTEM'S SUBSIDIARIES AND AFFILIATES QUALIFY AS TAX EXEMPT ORGANIZATIONS, WHILE OTHERS ARE TAXABLE. THE SYSTEM AND ITS SUBSIDIARIES PAID TAXES OF \$1,944 AND \$942 IN 2013 AND 2012, RESPECTIVELY. AS OF DECEMBER 31, 2013 AND 2012, THE TAXABLE SUBSIDIARIES OF THE SYSTEM'S CONTINUING OPERATIONS HAD A GROSS DEFERRED TAX ASSET OF \$79,644 AND \$78,049, RESPECTIVELY, RESULTING FROM NET OPERATING LOSS CARRYFORWARDS, EMPLOYEE COMPENSATION AND BENEFITS ACCRUALS, PROVISION FOR BAD DEBTS, AND LIMITATION OF CHARITABLE CONTRIBUTIONS, OFFSET BY VALUATION ALLOWANCES OF \$78,946 AND \$77,137, RESPECTIVELY, AND A GROSS DEFERRED TAX LIABILITY OF \$697 AND \$912, RESPECTIVELY, PRIMARILY ATTRIBUTABLE TO DEPRECIATION AND A CHANGE IN ACCOUNTING METHOD OF A TAXABLE SUBSIDIARY. THE VALUATION ALLOWANCE INCREASED BY \$1,809 AND \$1,391 DURING 2013 AND 2012, RESPECTIVELY. AS OF DECEMBER 31, 2013, THE CONTINUING OPERATIONS OF THE SYSTEM AND ITS SUBSIDIARIES HAD NET OPERATING LOSS CARRYFORWARDS OF \$151,002 FOR INCOME TAX PURPOSES, WHICH EXPIRE IN VARIOUS YEARS THROUGH 2033. INCOME TAXES ARE ACCOUNTED FOR UNDER THE ASSET AND LIABILITY METHOD. DEFERRED TAX ASSETS AND LIABILITIES ARE RECOGNIZED FOR THE FUTURE TAX CONSEQUENCES ATTRIBUTABLE TO DIFFERENCES BETWEEN THE FINANCIAL STATEMENT AND TAX RETURN METHODS OF ACCOUNTING. DEFERRED TAX ASSETS AND LIABILITIES ARE MEASURED USING THE ENACTED TAX RATES EXPECTED TO APPLY TO TAXABLE INCOME IN THE YEARS IN WHICH THOSE TEMPORARY DIFFERENCES ARE EXPECTED TO BE RECOVERED OR SETTLED. THE SYSTEM HAS ANALYZED INCOME TAX POSITIONS TAKEN FOR FILING WITH THE INTERNAL REVENUE SERVICE AND ALL STATE JURISDICTIONS WHERE IT OPERATES. THE SYSTEM BELIEVES THAT INCOME TAX FILING POSITIONS WILL BE SUSTAINED UPON EXAMINATION AND DOES NOT ANTICIPATE ANY ADJUSTMENTS THAT WOULD RESULT IN A MATERIAL ADVERSE EFFECT ON THE SYSTEM'S CONSOLIDATED FINANCIAL STATEMENTS.

[illegible]

Additional Data

Software ID:

Software Version:

EIN: 36-3261413

Name: ALLINA HEALTH SYSTEM

Form 990, Schedule D, Part X, - Other Liabilities

1	(a) Description of Liability	(b) Book Value
	OTHER LIABILITIES	287,753,092
	NET PENSION LIABILITY	3,137,681
	DEFERRED COMPENSATION	28,786,934
	INSURANCE CLAIMS PAYABLE	3,175,792
	THIRD PARTY PAYER SETTLEMENT	681,700
	MN CARE TAX PAYABLE	11,041,791
	CAPITALIZED LEASE OBLIGATIONS	4,621,677
	INCURRED BUT NOT REPORTED CLAIMS FOR EMPLOYEE BENEFIT PLAN	82,494,683

SCHEDULE F
(Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,
Part IV, line 14b, 15, or 16.

► Attach to Form 990. ► See separate instructions.

► Information about Schedule F (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

Part I

General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☐ Yes ☐ No
- 2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 3 Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) EUROPE	0	0	INVESTMENTS		226,114
(2) NORTH AMERICA	0	0	INVESTMENTS		230,737
(3) CENTRAL AMERICA AND THE CARIBBEAN - ANTIGUA & BARBUDA, ARUBA, BAHAMAS,	0	0	INVESTMENTS		138,477,000
(4)					
(5)					
3a Sub-total	0	0			138,933,851
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			138,933,851

Part II

Grants and Other Assistance to Organizations or Entities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									

- 2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter ▶
- 3 Enter total number of other organizations or entities ▶

Part III

Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 16.
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

Part IV Foreign Forms

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☐ Yes

☒ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☒ Yes

☐ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☐ Yes

☒ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☐ Yes

☒ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes

☒ No

Additional Data

Software ID:

Software Version:

EIN: 36-3261413

Name: ALLINA HEALTH SYSTEM

Part V Supplemental Information

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

SCHEDULE G
(Form 990 or 990-EZ)

Supplemental Information Regarding
Fundraising or Gaming Activities

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

▶ Information about Schedule G (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization ALLINA HEALTH SYSTEM	Employer identification number 36-3261413
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Part I

Fundraising Activities. Complete if the organization answered "Yes" to Form 990, Part IV, line 17.
Form 990-EZ filers are not required to complete this part.

1

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

a

☐ Mail solicitations

e

☐ Solicitation of non-government grants

b

☐ Internet and email solicitations

f

☐ Solicitation of government grants

c

☐ Phone solicitations

g

☐ Special fundraising events

d

☐ In-person solicitations

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?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total ▶						

3

List all states in which the organization is registered or licensed to solicit contributions 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	(b) Event #2	(c) Other events	(d) Total events
		3M CHAMPIONSHIP GOLF TOURNAMENT (event type)	(event type)	(total number)	(add col (a) through col (c))
Revenue	1	Gross receipts	5,988,291		5,988,291
	2	Less Contributions . .			
	3	Gross income (line 1 minus line 2)	5,988,291		5,988,291
Direct Expenses	4	Cash prizes	1,889,629		1,889,629
	5	Noncash prizes . . .			
	6	Rent/facility costs . .	138,000		138,000
	7	Food and beverages .			
	8	Entertainment			
	9	Other direct expenses .	4,700,548		4,700,548
	10	Direct expense summary Add lines 4 through 9 in column (d) ▶			
	11	Net income summary Subtract line 10 from line 3, column (d) ▶			

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

		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
Revenue	1	Gross revenue			
Direct Expenses	2	Cash prizes			
	3	Non-cash prizes			
	4	Rent/facility costs			
	5	Other direct expenses . . .			
	6	Volunteer labor			
	7	Direct expense summary Add lines 2 through 5 in column (d) ▶			
	8	Net gaming income summary Subtract line 7 from line 1, 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. 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).

Return Reference	Explanation
FORM 990, SCHEDULE G, PART II EXPLANATION	THE 3M CHAMPIONSHIP IS A U S SENIOR PROFESSIONAL GOLF ASSOCIATION SPONSORED TOURNAMENT WHOSE NET PROCEEDS ARE DISTRIBUTED TO FURTHER THE CHARITABLE PURPOSE OF THE ORGANIZATION IN CONJUNCTION WITH THE TOURNAMENT, THE 3M FOUNDATION AGREED TO PROVIDE A GUARANTEED CONTRIBUTION TOTALING \$1,300,000 WHICH WAS DIRECTLY PROVIDED TO THE UNITED HOSPITAL FOUNDATION, ABBOTT NORTHWESTERN HOSPITAL FOUNDATION, AND MERCY AND UNITY HOSPITAL FOUNDATION, AND IS NOT REFLECTED IN THE AMOUNTS ON SCHEDULE G

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.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>27500 0000000000 %</u> b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ % c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	3a Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	3b	No
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	4 Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5a Yes	
6a	Did the organization prepare a community benefit report during the tax year?	5b	No
b	If "Yes," did the organization make it available to the public?	5c	
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	6a Yes	
		6b Yes	

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)	0	0	28,377,543	0	28,377,543	0 880 %
b Medicaid (from Worksheet 3, column a)	0	0	75,076,333	0	75,076,333	2 330 %
c Costs of other means-tested government programs (from Worksheet 3, column b)	0	0	40,660,300	0	40,660,300	1 260 %
d Total Financial Assistance and Means-Tested Government Programs			144,114,176		144,114,176	4 470 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	184	3,059,764	15,271,756	1,517,807	13,753,949	0 430 %
f Health professions education (from Worksheet 5)	58	8,997	23,869,106	156,611	23,712,495	0 740 %
g Subsidized health services (from Worksheet 6)	10	2,677	2,569,959	16,650	2,553,309	0 080 %
h Research (from Worksheet 7)	15	19,363	16,601,820	751,985	15,849,835	0 490 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	78	252,375	3,364,974	418,475	2,946,499	0 090 %
j Total Other Benefits	345	3,343,176	61,677,615	2,861,528	58,816,087	1 830 %
k Total. Add lines 7d and 7j	345	3,343,176	205,791,791	2,861,528	202,930,263	6 300 %

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
1Physical improvements and housing	0	0	0	0		0 %
2Economic development	4	12,120	731	0	731	0 %
3Community support	11	164,485	120,971	0	120,971	0 %
4Environmental improvements	1	0	143	0	143	0 %
5Leadership development and training for community members	2	30	8,860	0	8,860	0 %
6Coalition building	20	82,277	147,172	0	147,172	0 010 %
7Community health improvement advocacy	7	362	22,201	0	22,201	0 %
8Workforce development	7	1,037	117,916	0	117,916	0 %
9Other	0	0	0	0		0 %
10Total	52	260,311	417,994		417,994	0 010 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

55,226,060

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

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

592,405,620

6

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

6

616,896,036

7

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

7

-24,490,416

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 %
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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?
10

Name, address, primary website address, and state license number

	See Additional Data Table											
--	---------------------------	--	--	--	--	--	--	--	--	--	--	--

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)
FACILITY REPORTING GROUP - A

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>13</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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	No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>HTTP //WWW.ALLINAHEALTH.ORG/AHS/ABOUTALLI</u>		
b <input type="checkbox"/> Other website (list url)		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	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? If "Yes," indicate the FPG family income limit for eligibility for free care 275 00000000000000% If "No," explain in Part VI the criteria the hospital facility used	10	Yes				
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care ____% If "No," explain in Part VI the criteria the hospital facility used	11		No			
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	12	Yes				
a <input checked="" type="checkbox"/> Income level							
b <input checked="" type="checkbox"/> Asset level							
c <input checked="" type="checkbox"/> Medical indigency							
d <input checked="" type="checkbox"/> Insurance status							
e <input checked="" type="checkbox"/> Uninsured discount							
f <input checked="" type="checkbox"/> Medicaid/Medicare							
g <input checked="" type="checkbox"/> State regulation							
h <input type="checkbox"/> Residency							
i <input type="checkbox"/> Other (describe in Part VI)		13	Yes				
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? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	14	Yes				
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website							
b <input checked="" type="checkbox"/> The policy was attached to billing invoices							
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms							
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices							
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility							
f <input checked="" type="checkbox"/> The policy was available upon request							
g <input type="checkbox"/> 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 individual's eligibility under the facility's FAP						
a <input type="checkbox"/> Reporting to credit agency							
b <input type="checkbox"/> Lawsuits							
c <input type="checkbox"/> Liens on residences							
d <input type="checkbox"/> Body attachments							
e <input type="checkbox"/> Other similar actions (describe in Section C)							
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 individual'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 <input type="checkbox"/> Reporting to credit agency							
b <input type="checkbox"/> Lawsuits							
c <input type="checkbox"/> Liens on residences							
d <input type="checkbox"/> Body attachments							
e <input type="checkbox"/> Other similar actions (describe in Section C)							

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 individuals regarding the individuals' bills
- d

☐

Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

20		
Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/>	The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
b	<input type="checkbox"/>	The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
c	<input type="checkbox"/>	The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
d	<input checked="" type="checkbox"/>	Other (describe in Part VI)
21		No
During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?		
If "Yes," explain in Part VI		
22	Yes	
During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?		
If "Yes," explain in Part VI		

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

[illegible]

Part V

Facility Information (continued)

Section D. 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? 9

Name and address	Type of Facility (describe)
1 ALLINA HEALTH CLINICS-57 LOCATIONS PO BOX 43 INTERNAL ZIP 10890 MINNEAPOLIS, MN 55440	INPATIENT AND OUTPATIENT SERVICES
2 COURAGE KENNY REHABILITATION INSTITUTE 800 E 28TH STREET MINNEAPOLIS, MN 55407	REHABILITATION CLINIC
3 ALLINA HEALTH LABORATORIES 800 E 28TH STREET MINNEAPOLIS, MN 55407	LABORATORY SERVICES
4 ALLINA HEALTH PHARMACIES-15 LOCATIONS 800 E 28TH STREET MINNEAPOLIS, MN 55407	PHARMACY SERVICES
5 WESTHEALTH INC 2805 2855 CAMPUS DRIVE PLYMOUTH, MN 55441	OUTPATIENT SERVICES
6 SOUTHWEST SURGICAL CENTER LLC 920 EAST 28TH STREET SUITE 500 MINNEAPOLIS, MN 55407	OUTPATIENT SURGERY CENTER
7 WOODBURY AMBULATORY SURGERY CENTER LLC 8675 VALLEY CREEK RD ST PAUL, MN 55125	OUTPATIENT SURGERY CENTER
8 ALLINA HEALTH EMERGENCY MEDICAL SERVICE 167 GRAND AVENUE ST PAUL, MN 55102	AMBULANCE AND MEDICAL TRANSPORTATION
9 NORTHSTAR SLEEP CENTER LLC 3800 COON RAPIDS BOULEVARD SUITE 3800 COON RAPIDS, MN 55433	OUTPATIENT SERVICES
10	

Part VI

Supplemental Information

Provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2
- Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 3C	CHARITY CARE PROGRAM- THE COMMUNITY (PARTNERS) CARE PROGRAM A KEY COMPONENT OF ALLINA'S MISSION IS TO DELIVER COMPASSIONATE, HIGH QUALITY, AFFORDABLE HEALTH CARE SERVICES AND TO ADVOCATE FOR THOSE WITH LIMITED FINANCIAL MEANS ALLINA STRIVES TO ENSURE THAT THE FINANCIAL CAPACITY OF PEOPLE WHO NEED HEALTH CARE SERVICES DOES NOT PREVENT THEM FROM SEEKING OR RECEIVING MEDICAL CARE THEREFORE, ALLINA HAS SEVERAL FINANCIAL ASSISTANCE PROGRAMS INCLUDING A ROBUST CHARITY CARE PROGRAM KNOWN AS THE COMMUNITY (PARTNERS) CARE PROGRAM WHICH PROVIDES FREE CARE TO ALL PERSONS AT OR BELOW 275 PERCENT OF THE FEDERAL POVERTY GUIDELINES AS PUBLISHED ANNUALLY IN THE FEDERAL REGISTRAR THE CHARITY CARE PROGRAM ALSO PROVIDES FOR THE CONSIDERATION OF SPECIAL CIRCUMSTANCES FOR THE "MEDICALLY INDIGENT" THE ORGANIZATION EXTENDS THE CHARITY CARE PROGRAM IN INSTANCES THE ORGANIZATION HAS DETERMINED THE PATIENT IS UNABLE TO PAY SOME OR ALL OF THEIR MEDICAL BILLS DUE TO CATASTROPHIC CIRCUMSTANCES EVEN THOUGH THEY HAVE INCOME OR ASSETS THAT OTHERWISE EXCEED THE GENERALLY APPLICABLE ELIGIBILITY CRITERIA FOR THE FREE CARE PROGRAM OR THE DISCOUNTED CARE PROGRAM (DESCRIBED BELOW) UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAM GUIDELINES DISCOUNTED CARE PROGRAM - UNINSURED DISCOUNT PROGRAM ALLINA ALSO HAS A FINANCIAL ASSISTANCE PROGRAM KNOWN AS THE UNINSURED DISCOUNT PROGRAM THAT PROVIDES A DISCOUNT ON BILLED CHARGES TO UNINSURED PATIENTS, AND INSURED PATIENTS WHO RECEIVE UNINSURED TREATMENT, FOR MEDICALLY NECESSARY CARE RECEIVED FROM ANY ALLINA HOSPITAL, HOSPITAL BASED CLINIC AND WHOLLY-OWNED AMBULATORY SURGERY CENTERS THE UNINSURED DISCOUNT PROGRAM DOES NOT USE FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY INSTEAD, UNINSURED PATIENTS AND INSURED PATIENTS WHO RECEIVE UNINSURED TREATMENT ARE ELIGIBLE FOR A DISCOUNT BASED UPON THEIR INCOME LEVEL AND THE LOCATION OF THE SERVICES PROVIDED ALL PATIENTS WITH AN ANNUAL INCOME AT OR BELOW \$125,000 ARE ELIGIBLE FOR A DISCOUNT THE DISCOUNT IS ALSO GENERALLY EXTENDED TO PATIENTS WITH AN ANNUAL INCOME ABOVE \$125,000 THERE ARE TWO DISCOUNTS LEVELS ESTABLISHED, ONE FOR METRO HOSPITALS AND THEIR HOSPITAL BASED CLINICS AND ONE FOR REGIONAL HOSPITALS AND THEIR HOSPITAL BASED CLINICS WITHIN THE ALLINA SYSTEM ALLINA HEALTH'S UNINSURED DISCOUNT PROGRAM PROVIDES A SUBSTANTIAL DISCOUNT TO BILLED CHARGES FOR UNINSURED PATIENTS THE DISCOUNT IS UPDATED ANNUALLY AND IS BASED ON THE REIMBURSEMENT RATE OF THE NON-GOVERNMENTAL THIRD PARTY PAYER WHICH PROVIDED ALLINA HEALTH THE MOST REVENUE DURING THE PREVIOUS YEAR
PART I, LINE 6A	ALLINA'S ANNUAL COMMUNITY BENEFIT REPORT IS AVAILABLE UPON REQUEST SEE CONTACT INFORMATION CONTAINED IN SCHEDULE O TO OBTAIN A COPY

Form and Line Reference	Explanation
PART I, LINE 7	WHERE APPROPRIATE, THE ORGANIZATION USES A RATIO OF PATIENT CARE COSTS TO CHARGES ("COST TO CHARGE RATIO") TO CALCULATE THE AMOUNTS REPORTED FOR PART I, LINE 7 (THE TABLE)
PART I, LINE 7G	THE AMOUNT REPORTED AS SUBSIDIZED HEALTH SERVICES DOES NOT INCLUDE ANY COSTS ATTRIBUTABLE TO A PHYSICIAN CLINIC

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	BAD DEBT EXPENSE HAS NOT BEEN INCLUDED IN FORM 990, PART IX, LINE 25 AND HAS NOT BEEN USED FOR THE PURPOSE OF CALCULATING THE AMOUNTS REPORTED IN COLUMN 7F IT HAS BEEN REPORTED AS A REDUCTION TO PATIENT SERVICE REVENUE ON FORM 990, PART VIII, LINE 2B
PART II, COMMUNITY BUILDING ACTIVITIES	<p>COMMUNITY-BUILDING ACTIVITIESUNDERSTANDING THAT GOOD HEALTH IS DEPENDENT ON SOCIETAL, COMMUNITY, AND FAMILY ENVIRONMENTS AS WELL AS INDIVIDUAL CHOICES, AND IS BIGGER THAN THE PROVISION OF HEALTH CARE, ALLINA HAS PURPOSEFULLY SET OUT TO ENGAGE IN COMMUNITY ACTIVITIES THAT ADDRESS THE ROOT CAUSES OF HEALTH PROBLEMS SUCH AS POVERTY, HOMELESSNESS AND ENVIRONMENTAL ISSUES RESEARCH SHOWS THAT MANY OF THESE ROOT CAUSES ARE DIRECTLY TIED TO POOR HEALTH IF GONE IGNORED, PARTICULARLY AMONG LOW-INCOME, MINORITY POPULATIONS BELOW ARE EXAMPLES OF WAYS THAT OUR ELEVEN HOSPITALS PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES IN 2013 WORKFORCE DEVELOPMENTMANY OF ALLINA HEALTH HOSPITALS HAVE TRAIN-TO-WORK PROGRAMS AS A MEANS TO BUILD A FUTURE WORKFORCE WITHIN AND OUTSIDE OF OUR ORGANIZATION BY FOCUSING ON BUILDING THE WORKFORCE, THE GOAL IS THAT THERE WILL BE AN INCREASE IN PERSONAL EMPLOYMENT AND ECONOMIC AND WORKFORCE STABILITY MULTIPLE ALLINA HEALTH HOSPITALS HAVE DEVELOPED PARTNERSHIPS WITH LOCAL SCHOOLS AND COMMUNITY ORGANIZATIONS IN THE PROCESS COMMUNITY COALITIONSALL ALLINA HEALTH HOSPITALS PARTICIPATE ON LOCAL COMMUNITY COALITIONS, SUCH AS COMMUNITY HEALTH ADVISORY COUNCILS, AS A WAY TO RESPOND TO COMMUNITY NEEDS THROUGH COLLABORATION AND PARTNERSHIP THESE COALITIONS PROVIDE THE HOSPITALS THE OPPORTUNITIES TO BUILD RELATIONSHIPS AND DETERMINE HOW BEST TO LEVERAGE LOCAL RESOURCES TO ADDRESS COMMUNITY NEEDS THAT EXIST OUTSIDE THE TRADITIONAL REALM OF HEALTH CARE ALLINA HEALTH HOSPITALS ARE PRESENT AT THOSE DISCUSSIONS TO DETERMINE THE ROLE HEALTH CARE CAN PLAY DISASTER PREPAREDNESSIN ADDITION TO COMMUNITY-BUILDING ACTIVITIES THAT RELATED TO ROOT CAUSES OF HEALTH, ALLINA HEALTH HOSPITALS ENGAGED IN AND LED DISASTER PREPAREDNESS PLANNING TO ENSURE SAFETY, EFFICIENCY AND EXCELLENT HEALTH CARE DURING TIMES OF TRAGEDY AND/OR UPSET THIS INCLUDED PLANNING MEETINGS AND COMMUNITY MEETINGS/TRAININGS, AMONG OTHER THINGS THESE PROGRAMS AND SERVICES, AMONG OTHERS, PROVIDE THE HOSPITALS WITHIN OUR SYSTEM THE OPPORTUNITY TO IMPACT COMMUNITY HEALTH BEFORE IT BECOMES PROBLEMATIC AND EXPENSIVE IN ADDITION, THIS IMPORTANT WORK IS SUPPORTED BY THE MISSION OF OUR ORGANIZATION AND IS OUR RESPONSIBILITY AS A NOT-FOR-PROFIT HEALTH CARE ORGANIZATION WE WILL CONTINUE TO CONTRIBUTE TO IMPROVING THE HEALTH OF THE COMMUNITIES WE SERVE THROUGH THE PROMOTION OF COMMUNITY HEALTH</p>

Form and Line Reference	Explanation
PART III, LINE 4	FOOTNOTES TO AUDITED FINANCIAL STATEMENT THAT DESCRIBE BAD DEBT EXPENSE ARE AS FOLLOWS 2N NET PATIENT SERVICE REVENUE NET PATIENT SERVICE REVENUE IS REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS AND THIRD PARTY PAYERS FOR SERVICES PROVIDED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS DUE TO 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 SUCH REVENUE IS NO LONGER SUBJECT TO SUCH AUDITS, REVIEWS, AND INVESTIGATIONS THE PROVISIONS FOR BAD DEBTS AND CHARITY CARE ARE BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, THE SYSTEM FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST DUE PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY THE SYSTEM
PART III, LINE 8	THE ORGANIZATION HAS MORE THAN ONE MEDICARE PROVIDER NUMBER AND THEREFORE AGGREGATED THE AMOUNTS REPORTED IN THE MEDICARE COST REPORTS AS THE SOURCE FOR THE AMOUNTS REPORTED ON PART III, LINES 5 & 6 AS OUTLINED IN THE FORM 990, SCHEDULE H INSTRUCTIONS FOR MEDICARE COST REPORTS, ALLINA USES A RATIO OF PATIENT CARE COSTS TO CHARGES (COST TO CHARGE RATIO) TO DETERMINE MEDICARE ALLOWABLE COSTS GENERALLY, THE RATIO IS CALCULATED AS THE TOTAL MEDICARE ALLOWABLE PATIENT COSTS OVER THE TOTAL PATIENT CHARGES MEDICARE CHARGES MULTIPLIED BY THIS RATIO EQUALS THE MEDICARE ALLOWABLE COSTS REPORTED IN THE MEDICARE COST REPORTS THE COST TO CHARGE RATIO IS CALCULATED INDEPENDENTLY FOR EACH MEDICARE COST REPORT/PROVIDER NUMBER ALLINA BELIEVES THAT AT LEAST SOME PORTION OF THE COSTS WE INCUR IN EXCESS OF PAYMENTS RECEIVED FROM THE FEDERAL GOVERNMENT FOR PROVIDING MEDICAL SERVICES TO MEDICARE ENROLLEES AND BENEFICIARIES UNDER THE FEDERAL MEDICARE PROGRAM (SHORTFALL OR MEDICARE SHORTFALL) CONSTITUTES A COMMUNITY BENEFIT ALLINA'S PROVIDING OF THESE SERVICES CLEARLY LESSENS THE BURDENS OF GOVERNMENT BY ALLEVIATING THE FEDERAL GOVERNMENT FROM HAVING TO DIRECTLY PROVIDE THESE MEDICAL SERVICES AS DEMONSTRATED AND CALCULATED ON FORM 990, SCHEDULE H, PART III, LINE 7, OUR MEDICARE "ALLOWABLE COSTS" CLEARLY EXCEED THE PAYMENTS WE RECEIVE FOR PROVIDING THESE MEDICAL SERVICES UNDER THE MEDICARE PROGRAM THE TRUE COMMUNITY BENEFIT FOR OUR PARTICIPATION IN THE CURRENT MEDICARE PROGRAM IS DEPENDENT ON HOW EFFICIENTLY AND COST EFFECTIVELY THE FEDERAL GOVERNMENT COULD OPERATE A DIRECT MEDICAL CARE MEDICARE PROGRAM OR ALTERNATIVELY THE COST TO THE GOVERNMENT TO CONTRACT OUT SUCH SERVICES THROUGH A COMPETITIVE BIDDING PROCESS IN THE OPEN MARKETS FOR THE SAME OR SIMILAR SERVICES FACTORING IN ITEMS SUCH AS QUALITY OF CARE, OUTCOMES AND SIMILAR IMPORTANT FACTORS AS COMPARED TO ALLINA'S ACTUAL COSTS OF PROVIDING THE MEDICAL CARE THE MEDICARE SHORTFALL CALCULATION ON THE FORM 990, SCHEDULE H, PART III, LINE 7 SIGNIFICANTLY UNDERSTATES ALLINA'S ACTUAL MEDICARE SHORTFALL FOR TWO REASONS FIRST, ALLINA INCURS SIGNIFICANT COSTS IN EXCESS OF PAYMENTS UNDER THE MEDICARE PROGRAM FOR PROVIDING CERTAIN SERVICES THAT ARE NOT SUBJECT TO MEDICARE COST REPORTING AND THEREFORE NOT REFLECTED IN OUR COST AMOUNTS ON LINE 6 SECOND, THE LINE 6 LIMITS OUR REPORTED COSTS TO ONLY MEDICARE "ALLOWABLE COSTS" AS SOLELY DETERMINED BY THE FEDERAL GOVERNMENT MEDICARE PROGRAM FOR THESE TWO REASONS, THE MEDICARE SHORTFALL REPORTED ON LINE 7 SIGNIFICANTLY UNDERSTATES ALLINA'S ACTUAL MEDICARE SHORTFALL AND THE ACTUAL COST OF PROVIDING MEDICAL CARE TO MEDICARE PROGRAM PARTICIPANTS WE ESTIMATE THESE TWO ITEMS UNDERSTATE ALLINA'S REPORTED MEDICARE SHORTFALL BY OVER \$159 MILLION WE BELIEVE A DIRECT MEDICAL SERVICE MEDICARE PROGRAM OPERATED BY THE FEDERAL GOVERNMENT AND THE COST TO THE GOVERNMENT TO CONTRACT OUT THE SERVICES UNDER A COMPETITIVE BIDDING PROCESS MAY EVEN PROVE TO BE MORE EXPENSIVE TO THE FEDERAL GOVERNMENT THAN ALLINA'S REPORTED MEDICARE "ALLOWABLE COSTS" ON LINE 6 GIVEN OUR QUALITY OF CARE, SUCCESSFUL OUTCOMES AND THE SIGNIFICANT DIFFERENCE BETWEEN ACTUAL COSTS WE INCUR AND MEDICARE "ALLOWABLE COSTS" IN PROVIDING CARE UNDER THE MEDICARE PROGRAM THEREFORE, WE FIRMLY BELIEVE THAT THERE IS A TRUE COMMUNITY BENEFIT COMPONENT TO OUR PARTICIPATION IN THE FEDERAL MEDICARE PROGRAM

Form and Line Reference	Explanation
PART III, LINE 9B	THE ORGANIZATION'S WRITTEN DEBT COLLECTION POLICY AND COLLECTION PRACTICES APPLY UNIFORMLY TO ALL PATIENTS AND INCLUDE PROVISIONS RELATED TO THE ORGANIZATIONS CHARITY CARE PROGRAM AND OTHER FINANCIAL ASSISTANCE PROGRAMS IF A PATIENT IS KNOWN TO QUALIFY FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE AUTOMATICALLY AFFORDED THE PROGRAM BENEFITS FOR UP TO ONE YEAR AS THEY WOULD HAVE ALREADY PROVIDED INFORMATION NECESSARY FOR US TO MAKE SUCH A DETERMINATION FOR EXAMPLE, A PATIENT THAT QUALIFIED FOR THE ORGANIZATION'S CHARITY CARE PROGRAM BEFORE RECEIVING SERVICES WOULD NOT RECEIVE A BILLING STATEMENT FOR THE MEDICAL SERVICES PROVIDED IN THE CASE OF A PATIENT QUALIFYING FOR THE CHARITY CARE PROGRAM AFTER RECEIVING SERVICES AND THE COMMENCEMENT OF CERTAIN COLLECTION ACTIVITIES, THE AMOUNTS ARE DISCHARGED AS CHARITY CARE AND ALL COLLECTION ACTIVITIES CEASE AS DISCUSSED IN THE RESPONSE TO PART VI, LINE 3, PATIENTS ARE INFORMED AND EDUCATED ON THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAMS INCLUDING THE ORGANIZATION'S CHARITY CARE PROGRAM AS PART OF THE ROUTINE REGISTRATION, ADMISSION, INTAKE, BILLING AND COLLECTION PROCESSES IF A PATIENT DESIRES TO APPLY FOR THE CHARITY CARE PROGRAM, PERSONNEL WILL SEND AN APPLICATION TO THE PATIENT IF COLLECTION ACTIVITIES HAVE COMMENCED, THOSE ACTIVITIES WILL BE SUSPENDED FOR THIRTY (30) DAYS TO ALLOW TIME FOR THE APPLICATION PROCESS COLLECTION ACTIVITY MAY RESUME IF, AFTER 30 DAYS, A COMPLETED APPLICATION HAS NOT BEEN RECEIVED IN THE CASE OF AN INCOMPLETE APPLICATION, THE ORGANIZATION MAY RESUME COLLECTION ACTIVITIES IF REQUESTS FOR ADDITIONAL INFORMATION ARE NOT MET WITH A TIMELY RESPONSE IF AN APPLICANT DOES NOT MEET THE ELIGIBILITY CRITERIA AND THE APPLICATION IS DENIED, COLLECTION ACTIVITY MAY RESUME UPON DENIAL HOWEVER, THE PATIENT MAY STILL BE ELIGIBLE FOR OTHER FINANCIAL ASSISTANCE PROGRAMS WHICH ARE APPLIED AS WARRANTED BASED UPON THE INFORMATION PROVIDED SUCH ACTIVITIES ARE FULLY EXPLAINED TO THE PATIENT DURING THE COLLECTION PROCESS
SCH H, PART III, SECTION A, LINE 3	THE ORGANIZATION HAS ADOPTED HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION [HFMA] STATEMENT NO 15, VALUATION AND FINANCIAL STATEMENT PRESENTATION OF CHARITY CARE AND BAD DEBTS BY INSTITUTIONAL HEALTHCARE PROVIDERS (STATEMENT 15) AS DISCLOSED IN THE FOOTNOTES TO THE ORGANIZATION'S AUDITED FINANCIAL STATEMENTS IN RESPONSE TO PART III, LINE 4, THE PROVISIONS FOR BAD DEBT AND CHARITY CARE ARE BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL AND ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS THEREFORE, THE BAD DEBT AMOUNT STATED FOR FINANCIAL REPORTING PURPOSES IS REPORTED "NET" OF ANY ANTICIPATED PATIENT DISCOUNTS TO WHICH THE PATIENT MAY BE ELIGIBLE INCLUDING, BUT NOT LIMITED TO, THE UNINSURED DISCOUNT PROGRAM (DISCUSSED ABOVE) AND REFLECTS THE ESTIMATED AMOUNT REPORTED AS "NET PATIENT SERVICE REVENUE" DURING THE CURRENT PERIOD OR ANY PREVIOUS PERIOD THIS DOES NOT NECESSARILY EQUAL THE "COST" TO PROVIDE THE MEDICAL SERVICES ALSO, NOTE THAT AMOUNTS RELATED TO PATIENTS WHO HAVE QUALIFIED UNDER THE CHARITY CARE PROGRAM ARE NOT INCLUDED IN EITHER NET PATIENT REVENUE OR IN BAD DEBT EXPENSE IN OTHER WORDS, THE BAD DEBT EXPENSE REPORTED AS A REDUCTION TO PATIENT SERVICE REVENUE IN THE REVENUE SECTION OF THE FINANCIAL STATEMENTS OF THE FORM 990 DOES NOT INCLUDE AMOUNTS RELATED TO QUALIFIED CHARITY CARE PATIENTS AND IS STATED AT THE "NET" EXPECTED OR ANTICIPATED COLLECTION AMOUNT WHICH MAY BE SIGNIFICANTLY DIFFERENT THAN PATIENT CHARGES DUE TO THE APPLICATION OF DISCOUNTS SUCH AS THOSE PROVIDED UNDER THE UNINSURED DISCOUNT PROGRAM THIS AMOUNT ALSO CONSTITUTES A DIFFERENT AMOUNT THAN THE ORGANIZATION'S ACTUAL COST TO PROVIDE THE MEDICAL SERVICES TO ARRIVE AT THE FORM 990, SCHEDULE H, PART III, LINE 2 BAD DEBT "AT COST", THE ORGANIZATION HAS APPLIED A RATIO OF PATIENT CARE COST TO CHARGES (COST TO CHARGE RATIO) TO THE ESTIMATED PATIENT CHARGE AMOUNT INCLUDED IN BAD DEBT AFTER REMOVING THE ANTICIPATED DISCOUNTS THE COST TO CHARGE RATIO IS CALCULATED INDEPENDENTLY FOR EACH HOSPITAL OR OPERATING UNIT THE RESULTING BAD DEBT (AT COST) AMOUNT FOR EACH HOSPITAL AND OPERATING UNIT IS THEN AGGREGATED TO ARRIVE AT THE BAD DEBT (AT COST) REPORTED ON LINE 2 THIS PROCESS PROVIDES A VERY CONSERVATIVE ESTIMATE OF THE ORGANIZATION'S BAD DEBT (AT COST) THE ORGANIZATION HAS A ROBUST PROCESS FOR ADMINISTERING THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAMS INCLUDING THE CHARITY CARE AND UNINSURED DISCOUNT PROGRAM DESCRIBED IN FURTHER DETAIL IN PART VI, LINE 3 EACH PATIENT IS PROVIDED NUMEROUS OPPORTUNITIES TO APPLY TO THE COMMUNITY CARE PROGRAM AND TO PARTICIPATE, IF QUALIFIED, TO RECEIVE FREE OR DISCOUNTED MEDICAL CARE OR BE ENROLLED IN A GOVERNMENT SPONSORED MEDICAL CARE PROGRAM UNDER THE ORGANIZATIONS VARIOUS FINANCIAL ASSISTANCE PROGRAMS THE ADMINISTRATIVE PROCESS INCLUDES IDENTIFYING ANY PATIENT WITH A FINANCIAL CONCERN, AS WELL AS INFORMING, COUNSELING, QUALIFYING AND ASSISTING PATIENTS TO APPLY FOR THE ORGANIZATION'S CHARITY CARE AND OTHER FINANCIAL ASSISTANCE PROGRAMS ALTHOUGH EACH PATIENT IS PROVIDED NUMEROUS OPPORTUNITIES TO RECEIVE FINANCIAL ASSISTANCE AND INFORMED MULTIPLE TIMES OF THE CHARITY CARE PROGRAM PRIOR TO OUR CLASSIFYING THE AMOUNTS AS BAD DEBT, IT IS POSSIBLE THAT PATIENTS WHO WOULD QUALIFY FOR CHARITY CARE DO NOT COMPLETE THE APPLICATION THIS AMOUNT IS NOT REASONABLY ESTIMABLE AS A TAX-EXEMPT HOSPITAL ORGANIZATION WE ARE REQUIRED TO PROVIDE NECESSARY MEDICAL CARE REGARDLESS OF THE PATIENT'S ABILITY TO PAY FOR THE SERVICES PROVIDED DUE TO CIRCUMSTANCES BEYOND OUR CONTROL, A PERSON WHO WOULD OTHERWISE QUALIFY UNDER THE CHARITY CARE PROGRAM MAY NOT PROVIDE US THE NECESSARY INFORMATION, QUALIFY FOR THE PROGRAM, AND RECEIVE FREE CARE ALLOWING US TO CLASSIFY AND QUANTIFY IT ACCORDINGLY AND AS SUCH ULTIMATELY, THOSE AMOUNTS ARE WRITTEN-OFF AND REPORTED AS BAD DEBT EXPENSE ANY METHODOLOGY WE COULD USE TO QUANTIFY AND PROVIDE AN ESTIMATE OF HOW MUCH BAD DEBT (AT COST AND IF ANY) REPORTED ON LINE 2 REASONABLY COULD BE ATTRIBUTABLE TO PERSONS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE POLICY AND FOR US TO PROVIDE AN ESTIMATE OF WHAT PORTION OF BAD DEBT, IF ANY, THE ORGANIZATION BELIEVES SHOULD CONSTITUTE COMMUNITY BENEFIT WOULD BE PURELY SPECULATIVE, IMPRECISE AND SUBJECT TO INHERENT METHODOLOGY FLAWS WHILE WE FIRMLY BELIEVE, FOR THE REASONS STATED ABOVE, THAT SOME COMPONENT OF OUR REPORTED BAD DEBT EXPENSE (AT COST) ON LINE 2 CONSTITUTES AMOUNTS RELATED TO PERSONS WHO LIKELY WOULD QUALIFY FOR FINANCIAL ASSISTANCE UNDER THE ORGANIZATION'S CHARITY CARE PROGRAM, WE CANNOT REASONABLY QUANTIFY THE AMOUNT AND RESPECTFULLY DECLINE THE OPPORTUNITY TO PROVIDE AN AMOUNT THEREFORE, WE HAVE REPORTED ZERO OR NONE FOR FORM 990, SCHEDULE H, PART III, LINE 3

Form and Line Reference	Explanation
PART VI, LINE 2	<p>IN 2012, PER NEW IRS REQUIREMENTS FOR NOT-FOR-PROFIT HOSPITALS, ALLINA HEALTH BEGAN TO PLAN AND IMPLEMENT THE 2013 COMMUNITY HEALTH NEEDS ASSESSMENT FOR EACH OF THE HOSPITALS IN THE SYSTEM THE NEEDS ASSESSMENT PLAN WAS BASED ON A SET OF BEST PRACTICES FOR COMMUNITY HEALTH ASSESSMENTS DEVELOPED BY THE CATHOLIC HEALTH ASSOCIATION WITH THE PURPOSE OF IDENTIFYING TWO TO THREE REGIONAL PRIORITY AREAS TO FOCUS ON FOR FY 20142016 THE PROCESS WAS DESIGNED TO RELY ON EXISTING PUBLIC DATA, DIRECTLY ENGAGE COMMUNITY STAKEHOLDERS AND COLLABORATE WITH LOCAL PUBLIC HEALTH AND OTHER HEALTH PROVIDERS THERE WERE THREE STAGES INVOLVED DURING THE NEEDS ASSESSMENT DATA REVIEW AND SETTING PRIORITIES, COMMUNITY HEALTH DIALOGUES AND COMMUNITY ASSETS INVENTORY, AND ACTION PLANNING THE FIRST PHASE, IN FALL 2012, INVOLVED THE COMPILATION OF EXISTING HEALTH-RELATED DATA STAKEHOLDERS REVIEWED THREE EXISTING DATASETS AND THEN DEVELOPED AN INITIAL LIST OF COMMUNITY HEALTH ISSUES ASSESSMENT STAKEHOLDERS USED THE HANLON METHOD, A SYSTEMATIC PRIORITIZATION PROCESS, TO RANK THE HEALTH-RELATED ISSUES BASED ON THREE CRITERIA SIZE OF THE PROBLEM, SERIOUSNESS OF THE PROBLEM, AND ESTIMATED EFFECTIVENESS OF THE SOLUTION AND WERE THEN ASKED TO CONSIDER THE NUMERICAL RANKINGS GIVEN TO EACH ISSUE ALONG WITH A SET OF DISCUSSION QUESTIONS TO CHOOSE THE FINAL PRIORITY ISSUES IN THE SECOND PHASE DURING EARLY 2013, 277 LOCAL RESIDENTS AND STAKEHOLDERS FROM EIGHT ALLINA HEALTH REGIONS PARTICIPATED IN COMMUNITY HEALTH DIALOGUES FACILITATED BY AN EXTERNAL AGENCY, WILDER CENTER FOR COMMUNITIES STAKEHOLDERS WERE DIVERSE IN AGE, RACE/ETHNICITY, AND EMPLOYMENT AND REPRESENTED SECTORS SUCH AS SCHOOLS, BUSINESS, FAITH-BASED ORGANIZATIONS, GOVERNMENT AGENCIES, AND ADVOCACY ORGANIZATIONS A NUMBER OF STAKEHOLDERS IDENTIFIED THEMSELVES AS HAVING EXPERTISE IN HEALTH-RELATED AREAS THE DIALOGUES USED A WORLD CAFE MODEL OF DISCUSSION, WHICH ALLOWED PARTICIPANTS TO DISCUSS UP TO THREE TOPICS IDENTIFIED AS IMPORTANT HEALTH CONCERNS IN THEIR REGION KEY THEMES FROM THE DIALOGUES WERE IDENTIFIED THROUGH ANALYSIS OF INDIVIDUAL DISCUSSION GUIDES AND SMALL GROUP NOTES EACH REGION RECEIVED A SUMMARY AND ACTION IDEAS IN THE FINAL PHASE DURING SUMMER 2013, EACH FACILITY ENGAGED IN ACTION PLANNING SPECIFIC TO THE ISSUES AND PRIORITIES IDENTIFIED IN THEIR CHNA PROCESS IN ADDITION, THE THREE COMMON THEMES ACROSS THE SYSTEM WERE IDENTIFIED FOR COLLECTIVE ACTION DURING 2014-2016 HEALTHY EATING, ACTIVE LIVING, AND MENTAL WELLNESS ALL 10 ALLINA HEALTH ASSESSMENTS AND ACTION PLANS WERE APPROVED BY LOCAL FACILITIES AND THE ALLINA HEALTH BOARD OF DIRECTORS BY DECEMBER 2013 COPIES OF EACH FACILITY'S NEEDS ASSESSMENT REPORT AND ACTION PLAN CAN BE FOUND AT HTTP //WWW.ALLINAHEALTH.ORG/AHS/ABOUTALLINA.NSF/PAGE/COMMUNITY_HEALTH_IMPROVEMENT</p>
PART VI, LINE 3	<p>A KEY COMPONENT OF ALLINA'S MISSION IS TO DELIVER COMPASSIONATE, HIGH QUALITY, AFFORDABLE HEALTH CARE SERVICES AND TO ADVOCATE FOR THOSE WITH LIMITED FINANCIAL MEANS ALLINA STRIVES TO ENSURE THAT THE FINANCIAL CAPACITY OF PEOPLE WHO NEED HEALTH CARE SERVICES DOES NOT PREVENT THEM FROM SEEKING OR RECEIVING MEDICAL CARE PROVIDING CONVENIENT ACCESS TO NECESSARY MEDICAL CARE REGARDLESS OF ONE'S ABILITY TO PAY FOR THOSE SERVICES IS IMPORTANT TO US ALLINA HAS ESTABLISHED THE FOLLOWING FINANCIAL ASSISTANCE PROGRAMS - COMMUNITY (PARTNERS) CARE PROGRAM (CHARITY CARE)- UNINSURED DISCOUNT PROGRAM- SPECIAL CIRCUMSTANCES- MEDELIGIBLE SERVICES- MEDCREDIT FINANCIAL SERVICESOUR CARE GOES BEYOND MEDICAL CARE ASSISTANCE WE ALSO HELP PEOPLE GET FOOD STAMPS, WIC (WOMEN, INFANTS AND CHILDREN, A FEDERAL PROGRAM THAT SUPPLIES NUTRITIOUS FOODS) OR HEATING ASSISTANCE - ALL OF WHICH ARE VITALLY IMPORTANT TO A PATIENT'S RECOVERY, HEALTH AND WELL-BEING YOU MAY VISIT WWW.ALLINAHEALTH.ORG AND CLICK ON THE FINANCIAL ASSISTANCE LINK CHARITY CARE PROGRAM - THE COMMUNITY (PARTNERS) CARE PROGRAM THE COMMUNITY (PARTNERS) CARE PROGRAM PROVIDES FREE MEDICALLY NECESSARY CARE TO ALL PERSONS AT OR BELOW 275 PERCENT OF THE FEDERAL POVERTY GUIDELINES AS PUBLISHED ANNUALLY IN THE FEDERAL REGISTRAR THE PROGRAM WAS ESTABLISHED TO ASSIST PATIENTS WHO DO NOT QUALIFY FOR MEDICAL ASSISTANCE OR MINNESOTA CARE AND WHOSE ANNUAL INCOMES ARE AT OR BELOW 275 PERCENT OF THE FEDERAL POVERTY LEVEL THE APPLICATION IS BRIEF AND ASKS FOR INFORMATION ON FAMILY SIZE, EMPLOYMENT, INCOME, BANKING AND INSURANCE IF PATIENTS MEET THE PROGRAM ELIGIBILITY GUIDELINES, THEIR TOTAL ALLINA BALANCE WILL BE ZERO THEY WILL RECEIVE FREE MEDICAL CARE AN ELIGIBLE INDIVIDUAL WILL BE COVERED BY THE PROGRAM FOR UP TO ONE YEAR BARRING ANY SIGNIFICANT CHANGE IN INCOME PATIENTS MAY BE ASKED TO APPLY FOR MEDICAL ASSISTANCE AND MINNESOTA CARE AND BE FOUND INELIGIBLE FOR THOSE PROGRAMS BEFORE THEY QUALIFY FOR THE COMMUNITY (PARTNERS) CARE UNINSURED DISCOUNT PROGRAM - THE UNINSURED DISCOUNT PROGRAM PROVIDES A DISCOUNT ON BILLED CHARGES TO UNINSURED PATIENTS, AND INSURED PATIENTS WHO RECEIVE UNINSURED TREATMENT, FOR MEDICALLY NECESSARY CARE RECEIVED FROM ANY ALLINA HOSPITAL, HOSPITAL BASED CLINIC AND WHOLLY-OWNED AMBULATORY SURGERY CENTERS UNINSURED PATIENTS AND INSURED PATIENTS WHO RECEIVE UNINSURED TREATMENT ARE ELIGIBLE FOR A DISCOUNT BASED UPON THEIR INCOME LEVEL AND THE LOCATION OF THE SERVICES PROVIDED ALL PATIENTS WITH AN ANNUAL INCOME AT OR BELOW \$125,000 ARE ELIGIBLE FOR A DISCOUNT THE DISCOUNT IS ALSO GENERALLY EXTENDED TO PATIENTS WITH AN ANNUAL INCOME ABOVE \$125,000 THERE ARE TWO DISCOUNTS LEVELS ESTABLISHED, ONE FOR METRO HOSPITALS AND THEIR HOSPITAL BASED CLINICS AND ONE FOR REGIONAL HOSPITALS AND THEIR HOSPITAL BASED CLINICS WITHIN THE ALLINA SYSTEM SPECIAL CIRCUMSTANCES ASSISTANCE (ON INDIVIDUAL CASE BY CASE BASIS) - THE ORGANIZATION PROVIDES FOR THE CONSIDERATION OF SPECIAL CIRCUMSTANCES FOR THE "MEDICALLY INDIGENT" THE ORGANIZATION EXTENDS THE CHARITY CARE PROGRAM IN INSTANCES THE ORGANIZATION HAS DETERMINED THE PATIENT IS UNABLE TO PAY SOME OR ALL OF THEIR MEDICAL BILLS DUE TO CATASTROPHIC CIRCUMSTANCES EVEN THOUGH THEY HAVE INCOME OR ASSETS THAT OTHERWISE EXCEED THE GENERALLY APPLICABLE ELIGIBILITY CRITERIA FOR THE FREE CARE PROGRAM OR THE DISCOUNTED CARE PROGRAM UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAM GUIDELINES FINANCIAL ASSISTANCE SERVICES WILL PROVIDE AN EVALUATION OF PATIENTS WITH SPECIAL CIRCUMSTANCES THERE MAY BE A CIRCUMSTANCE WHERE PATIENTS EXPERIENCE A CATASTROPHIC EVENT THAT PUTS THEM IN A DEVASTATING FINANCIAL POSITION WHEREBY THE PROGRAM REPRESENTATIVES WILL DETERMINE HOW TO BEST SUPPORT THEM FINANCIALLY MEDELIGIBLE SERVICES - MEDELIGIBLE SERVICES PROVIDES ADVOCACY SUPPORT TO PATIENTS WHO HAVE DIFFICULTY PAYING THEIR MEDICAL BILLS THEY CAN ASSIST PATIENTS WITH APPLYING FOR FEDERAL, STATE AND COUNTY BENEFIT PROGRAMS THE MEDELIGIBLE SERVICES PERSONNEL ARE ADVOCATES WHO EDUCATE PATIENTS AND FAMILIES ABOUT THE ADVANTAGE OF PROGRAMS AND ASSIST THEM WITH GETTING HELP PERSONNEL CAN PROVIDE ASSISTANCE WITH MEDICAID AND MEDICARE, SOCIAL SECURITY, VETERAN'S ADMINISTRATION, FOOD STAMPS, EMERGENCY FOOD, AND SHELTER MEDCREDIT FINANCIAL SERVICES - MEDCREDIT FINANCIAL SERVICES PROVIDES FINANCIAL LOANS TO PATIENTS WHO CANNOT AFFORD TO PAY THEIR MEDICAL BILLS THE PATIENT CAN CONSOLIDATE ALL MEDICAL EXPENSES FROM PARTICIPATING PROVIDERS SUCH THAT THE PATIENT HAS ONLY ONE MONTHLY PAYMENT THERE IS NO CREDIT APPLICATION REQUIRED AND NO ANNUAL FEES OR DUES THE ANNUAL PERCENTAGE INTEREST RATE IS 8 PERCENT ONCE A PATIENT HAS ESTABLISHED A MEDCREDIT ACCOUNT, AMOUNTS CAN BE ADDED ON ANY ADDITIONAL MEDICAL EXPENSES FOR THEMSELVES AND THEIR FAMILY THE FINANCIAL ASSISTANCE SERVICES INFORMATION AND EDUCATION METHODS - ALLINA HAS ROBUST METHODS TO INFORM AND EDUCATE PATIENTS AND PERSONS WHO ARE BILLED FOR PATIENT CARE ABOUT THEIR ELIGIBILITY FOR ASSISTANCE UNDER THE ORGANIZATIONS FINANCIAL ASSISTANCE PROGRAMS INCLUDING ITS CHARITY CARE PROGRAM AND ALSO ABOUT GOVERNMENT PROGRAMS FOR WHICH THEY MAY BE ELIGIBLE TO RECEIVE BENEFITS EACH PATIENT BILLING STATEMENT CONTAINS INFORMATION ABOUT THE FINANCIAL ASSISTANCE PROGRAMS AND INCLUDES CONTACT INFORMATION THE ALLINA WEBSITE HOMEPAGE AT WWW.ALLINAHEALTH.ORG PROMINENTLY CONTAINS A LINK TO THE FINANCIAL ASSISTANCE SERVICES PAGE WHICH DESCRIBES THE ORGANIZATIONS FINANCIAL ASSISTANCE PROGRAMS AND INCLUDES CONTACT INFORMATION THE ORGANIZATION POSTS SUMMARIES OF ITS FINANCIAL ASSISTANCE PROGRAMS IN BROCHURES IN ADMISSIONS AREAS, EMERGENCY ROOMS, AND OTHER AREAS OF THE ORGANIZATIONS FACILITIES WHERE ELIGIBLE PATIENTS ARE LIKELY TO BE PRESENT THE BROCHURES CONTAIN SUMMARIES OF THE FINANCIAL ASSISTANCE PROGRAMS AND INCLUDE CONTACT INFORMATION FOR THE PROGRAMS THIS INFORMATION IS AVAILABLE IN VARIOUS LANGUAGES SUCH AS HMONG, SOMALI, AND SPANISH REGISTRATION, ADMISSIONS AND INTAKE PERSONNEL ARE TRAINED TO PROVIDE FINANCIAL ASSISTANCE PROGRAM INFORMATION TO ANYONE EXPRESSING A CONCERN ABOUT THEIR ABILITY TO PAY FOR SERVICES ALL "SELF-PAY" PATIENTS (THE PATIENT IS NOT COVERED BY INSURANCE OR A GOVERNMENT PROGRAM) THAT COMES TO ONE OF THE ORGANIZATION'S EMERGENCY ROOMS RECEIVES A PACKET OF INFORMATION CONTAINING EVERYTHING NECESSARY TO APPLY FOR THE ORGANIZATIONS FINANCIAL ASSISTANCE PROGRAMS AND CERTAIN GOVERNMENT PROGRAMS THERE IS CONTACT INFORMATION AND TELEPHONE NUMBERS THEY CAN CALL WITH ANY QUESTIONS OR TO RECEIVE ASSISTANCE IN COMPLETING APPLICATIONS FINANCIAL ASSISTANCE PROGRAM PERSONNEL ALSO MEET DIRECTLY WITH ANY SELF-PAY PATIENT ADMITTED TO THE HOSPITAL PERSONNEL WILL MEET WITH PATIENTS WHEREVER IT IS MOST CONVENIENT FOR THE PATIENT SUCH AS THE HOSPITAL, A CLINIC, THE ORGANIZATION'S OFFICES OR THE PATIENT'S HOME ALLINA HAS A SYSTEM WIDE INTERPRETER SERVICES TEAM THAT PROVIDES INTERPRETERS TO PATIENTS, COMPANIONS AND FAMILIES WHO HAVE LIMITED ENGLISH PROFICIENCY (LEP) OR ARE DEAF OR HARD OF HEARING (DHH) THIS SERVICE IS PROVIDED AT NO COST TO THE PATIENT LEP AND DHH PERSONNEL ARE TRAINED TO INFORM AND EDUCATE PATIENTS ABOUT THE FINANCIAL ASSISTANCE PROGRAMS ALL PERSONNEL RESPONSIBLE FOR THE ORGANIZATIONS COLLECTION ACTIVITIES ARE EXTENSIVELY TRAINED ON THE ORGANIZATION'S FINANCIAL ASSISTANCE PROGRAMS ANY TIME A PATIENT EXPRESSES A CONCERN REGARDING THEIR ABILITY TO PAY FOR SERVICES, THE PERSONNEL EXPLAIN THE FINANCIAL ASSISTANCE PROGRAMS, ASK CERTAIN QUESTIONS TO OBTAIN INFORMATION AND TO DETERMINE WHICH FINANCIAL ASSISTANCE PROGRAMS THE PATIENT MAY QUALIFY AND BEST FITS THE PATIENTS' NEEDS</p>

Form and Line Reference	Explanation
PART VI, LINE 4	<p>ALLINA HEALTH SYSTEM (ALLINA HEALTH) IS A NOT-FOR-PROFIT SYSTEM OF CLINICS, HOSPITALS AND OTHER HEALTH CARE SERVICES. ALLINA HEALTH OWNS AND OPERATES 11 HOSPITALS (INCLUDING REGINA HOSPITAL), MORE THAN 90 CLINICS AND HEALTH CARE SERVICES, INCLUDING HOME CARE, HOSPICE CARE, PALLIATIVE CARE, OXYGEN AND MEDICAL EQUIPMENT, PHARMACIES AND EMERGENCY MEDICAL TRANSPORTATION IN OPERATION WITHIN MINNESOTA AND WESTERN WISCONSIN. NEARLY ALL ALLINA HOSPITAL PATIENTS COME FROM MINNESOTA AND WISCONSIN, THE MAJORITY OF WHICH COME FROM COUNTIES IN AND SURROUNDING THE METROPOLITAN AREAS OF MINNEAPOLIS AND ST. PAUL. COMMUNITIES SERVED BY ALLINA HEALTH ARE ASSIGNED INTO ONE OF NINE REGIONS AND EACH REGION INCLUDES AT LEAST ONE HOSPITAL WITHIN OUR SYSTEM. COMMUNITY ENGAGEMENT LEADS ARE ASSIGNED TO EACH REGION TO ENGAGE COMMUNITY IN COMMUNITY BENEFIT ACTIVITIES. WEST METRO: THE WEST METRO REGION INCLUDES ABBOTT NORTHWESTERN HOSPITAL AND PHILLIPS EYE INSTITUTE AND SERVES MOST COMMUNITIES WITHIN HENNEPIN COUNTY, THE LARGEST COUNTY IN MINNESOTA. THE CITY OF MINNEAPOLIS IS ITS LARGEST CITY AND THE COUNTY SEAT. THE WEST METRO REGION SERVES BOTH URBAN AND SUBURBAN COMMUNITIES AND INCLUDES A RANGE OF SOCIOECONOMIC STATUSES AS WELL AS A BROAD REPRESENTATION OF RACES AND ETHNICITIES. EAST METRO: THE EAST METRO REGION INCLUDES UNITED HOSPITAL AND REGINA HOSPITAL (MERGED INTO ALLINA HEALTH DECEMBER 31, 2013) AND SERVES RAMSEY, WASHINGTON AND DAKOTA COUNTIES. THIS REGION SPANS THE EASTERN EDGE OF MINNESOTA INTO THE METRO AREA SURROUNDING THE CITY OF ST. PAUL, THE CAPITAL AND SECOND-MOST POPULOUS CITY IN THE STATE. THE EAST METRO REGION IS HIGHLY DIVERSE, GEOGRAPHICALLY, SOCIOECONOMICALLY AND RACIALLY. NORTHWEST METRO: THE NORTHWEST METRO REGION INCLUDES BOTH MERCY AND UNITY HOSPITALS AND PRIMARILY SERVES COMMUNITIES WITHIN ANOKA COUNTY, BUT ALSO INCLUDES AREAS WITHIN SHERBURNE AND HENNEPIN COUNTIES. ANOKA COUNTY IS THE FOURTH-MOST POPULOUS COUNTY IN THE STATE OF MINNESOTA AND INCLUDES THE NORTHWEST METROPOLITAN AREA THAT IS PREDOMINANTLY SUBURBAN IN NATURE. SOUTH METRO: THE SOUTH METRO REGION INCLUDES ST. FRANCIS REGIONAL MEDICAL CENTER, A PARTIALLY-OWNED HOSPITAL WITHIN THE ALLINA SYSTEM, AND PRIMARILY SERVES SCOTT AND CARVER COUNTIES, BUT ALSO INCLUDES COMMUNITIES IN SIBLEY, LE SUEUR, DAKOTA AND HENNEPIN COUNTIES. THIS REGION INCLUDES BOTH SUBURBAN AND SMALL COMMUNITIES IN THE SOUTHWEST AREA OF THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA. NORTHWEST REGIONAL: THE NORTHWEST REGIONAL AREA INCLUDES BUFFALO HOSPITAL AND IS LOCATED WEST OF THE METROPOLITAN AREA OF MINNEAPOLIS AND ST. PAUL. THIS REGION PRIMARILY SERVES WRIGHT COUNTY, BUT ALSO SERVES COMMUNITIES WITHIN STEARNS, MEEKER AND HENNEPIN COUNTIES. THIS REGION IS MADE UP OF BOTH SMALL AND RURAL COMMUNITIES. NORTH REGIONAL: THE NORTH REGIONAL AREA INCLUDES CAMBRIDGE MEDICAL CENTER AND SERVES SMALL AND RURAL COMMUNITIES WITHIN ISANTI, CHISAGO, KANABEC AND PINE COUNTIES NORTH OF THE METROPOLITAN AREA OF MINNEAPOLIS AND ST. PAUL. SOUTHWEST REGIONAL: THE SOUTHWEST REGIONAL AREA IS LOCATED IN SOUTH CENTRAL MINNESOTA AND INCLUDES NEW ULM MEDICAL CENTER. THE REGION SERVES COMMUNITIES AND RURAL AREAS IN AND AROUND BROWN COUNTY AND COMMUNITIES WITHIN SIBLEY AND NICOLLET COUNTIES. SOUTH REGIONAL: LOCATED SOUTH OF THE TWIN CITIES METROPOLITAN AREA, THE SOUTH REGIONAL REGION SERVES SMALL AND RURAL COMMUNITIES IN AND AROUND STEELE, RICE, WASECA, DODGE, AND GOODHUE COUNTIES. OWATONNA HOSPITAL SERVES THESE AREAS FROM THE COUNTY SEAT OF OWATONNA, MINNESOTA. WESTERN WISCONSIN: LOCATED IN WESTERN WISCONSIN, THIS REGION INCLUDES SMALL AND RURAL COMMUNITIES WITHIN PIERCE AND ST. CROIX COUNTIES. RIVER FALLS AREA HOSPITAL (RFAH) IS LOCATED WITHIN AND SERVES THIS REGION.</p>
PART VI, LINE 5	<p>GOVERNING BODY: TO ENSURE THAT THE BOARD OF DIRECTORS REPRESENTS THE COMMUNITIES SERVED BY ALLINA HEALTH, THE BY-LAWS STATE THAT A MAJORITY OF THE VOTING MEMBERS OF THE BOARD OF DIRECTORS SHALL AT ALL TIMES BE INDEPENDENT CIVIC LEADERS. IN FURTHERANCE OF THIS REQUIREMENT, AND SUBJECT TO VACANCIES THAT MAY OCCUR FROM TIME TO TIME, NO MORE THAN ONE-THIRD (1/3) OF THE DIRECTORS (INCLUDING ANY EX-OFFICIO DIRECTORS WITH VOTE) MAY BE INTERESTED DIRECTORS. INTERESTED DIRECTORS SHALL INCLUDE PERSONS WHO ARE NOT ON THE BOARD OF DIRECTORS BUT SERVE ON COMMITTEES OR OTHERWISE PARTICIPATE IN THE AFFAIRS OF THE CORPORATION AND WOULD BE DEEMED INTERESTED DIRECTORS IF THEY WERE ON THE BOARD OF DIRECTORS. "INTERESTED DIRECTORS" ARE: (1) ANY MEMBERS OF THE CORPORATION'S MANAGEMENT WHO SERVE AS DIRECTORS, AND (2) ANY PHYSICIAN DIRECTORS WHO PROVIDE SERVICES IN CONJUNCTION WITH THE CORPORATION OR ANY OF ITS HOSPITALS OR CLINICS, INCLUDING WITHOUT LIMITATION SERVICES UNDER A CONTRACT WITH ANY OF THE CORPORATION'S HOSPITALS OR CLINICS, AS A PHYSICIAN EMPLOYEE OF ONE OF THE CORPORATION'S CLINICS OR AS A MEDICAL STAFF MEMBER OF ONE OF THE CORPORATION'S HOSPITALS. IN ADDITION TO THESE BY-LAWS PROVISIONS, THE BOARD'S GOVERNANCE AND NOMINATING COMMITTEE ACTIVELY ENSURES DIVERSITY OF DIRECTORS AND KEY SUBSTANTIVE AND STRATEGIC COMPETENCIES IN RECRUITING BOARD MEMBERS. THE COMMITTEE HAS CHOSEN SEVERAL CURRENT MEMBERS WHO REPRESENT THE PATIENT PERSPECTIVE AND COMMUNITY LEADERS. RECRUITMENT EFFORTS IN THE PAST SEVERAL YEARS HAVE FOCUSED ON ENHANCING THE MEMBERSHIP OF THE BOARD TO INCLUDE DIRECTORS AND COMMITTEE MEMBERS WITH STRATEGIC COMPETENCIES TO SUPPORT ALLINA IN THE NEW PAYMENT AND HEALTH REFORM ENVIRONMENT. THE WORK OF THE BOARD'S OTHER COMMITTEES HAS ALSO FOCUSED ON ENHANCING THE GOVERNING BODY'S COMMUNITY BENEFIT INITIATIVES. FOR EXAMPLE, THE BOARD'S QUALITY COMMITTEE HAS DEVELOPED AND IMPLEMENTED A ROBUST INFRASTRUCTURE OF PATIENT ADVISORY COMMITTEES THAT PROVIDE THE "VOICE OF THE PATIENT" FOR STRATEGIC DECISION-MAKING AT THE BOARD LEVEL. THE BOARD'S CENTER FOR HEALTHCARE INNOVATION, RESEARCH & COMMUNITY ENGAGEMENT COMMITTEE OVERSEES AND SUPPORTS THE CORPORATION'S EFFORTS TO: (1) FOSTER A CULTURE OF COMMUNITY ENGAGEMENT AND A REPUTATION AS A COMPASSIONATE, TRUSTED COMMUNITY PARTNER KNOWN FOR HEALTH, WELLNESS, AND EXCELLENT HEALTH CARE, AND (2) IDENTIFY AND RESPOND TO THE HEALTH NEEDS OF THE COMMUNITIES SERVED BY ALLINA HEALTH. FUNDING FOR IMPROVEMENTS IN PATIENT CARE AND RESEARCH: THE DIVISION OF APPLIED RESEARCH (DAR), WITHIN ALLINA HEALTH'S OFFICE OF CLINICAL EXCELLENCE, FOCUSES ON THE DESIGN, EVALUATION, AND DISSEMINATION OF INNOVATIVE STRATEGIES TO IMPROVE HEALTHCARE DELIVERY AND ENHANCE POPULATION HEALTH, PARTNERS WITH INTERNAL AND EXTERNAL COLLABORATORS, AND AIMS TO SECURE EXTERNAL FUNDING TO SUPPORT THE LONG-TERM SUSTAINABILITY OF PRACTICE-BASED RESEARCH. THREE KEY COMMUNITY HEALTH RESEARCH PROJECTS WITHIN THE DAR INCLUDE: ROBINA CARE GUIDE PROJECT: A PROJECT USING CARE GUIDES TO HELP PATIENTS WITH CHRONIC DISEASES LIKE DIABETES, HIGH BLOOD PRESSURE AND HEART FAILURE MANAGE THEIR HEALTH. BACKYARD INITIATIVE: THIS INITIATIVE IS WORKING TO IMPROVE HEALTH AND HEALTH CARE THROUGH ACTIVE ENGAGEMENT WITH COMMUNITY, ADDRESSING SOCIAL DETERMINANTS OF HEALTH, AND FACILITATING PARTNERSHIPS BETWEEN COMMUNITY CARE SYSTEMS. HEART OF NEW ULM PROJECT (HONU)- HONU IS A 10-YEAR INITIATIVE DESIGNED TO REDUCE, AND EVENTUALLY ELIMINATE, HEART ATTACKS IN NEW ULM, MINNESOTA BY HELPING RESIDENTS IMPROVE HEALTH RISKS, SUCH AS PHYSICAL ACTIVITY, NUTRITION, OBESITY, OR TOBACCO USE, AMONG OTHERS.</p>

Form and Line Reference	Explanation
PART VI, LINE 6	ALLINA HEALTH SYSTEM ("ALLINA HEALTH"), DOING BUSINESS AS ALLINA HEALTH, IS A MINNESOTA NONPROFIT CORPORATION WHICH, TOGETHER WITH ITS SUBSIDIARIES, DELIVERS HEALTH CARE SERVICES TO PATIENTS IN MINNESOTA AND WESTERN WISCONSIN AS A MISSION-DRIVEN ORGANIZATION, ALLINA HEALTH IS COMMITTED TO IMPROVING THE HEALTH OF THE COMMUNITIES IT SERVES WITH APPROXIMATELY 25,700 FULL AND PART-TIME EMPLOYEES, ALLINA HEALTH IS ONE OF THE LARGEST EMPLOYERS IN MINNESOTA AS AN INTEGRATED HEALTH SYSTEM THAT INCLUDES HOSPITALS, EMERGENCY, AMBULATORY, HOMECARE AND HOSPICE SERVICES, AN AUTOMATED ELECTRONIC MEDICAL RECORD SYSTEM, AND OVER 1,260 EMPLOYED PHYSICIANS, ALLINA HEALTH IS UNIQUELY POSITIONED AS A LEADER IN HEALTHCARE IN THE MINNEAPOLIS/ST PAUL AREA AND IS WELL POSITIONED FOR HEALTH CARE REFORM ALLINA HEALTH OWNS AND OPERATES ELEVEN HOSPITALS (INCLUDING REGINA HOSPITAL) AND JOINTLY OWNS AND OPERATES ONE OTHER HOSPITAL THESE INCLUDE URBAN TERTIARY CARE, SUBURBAN COMMUNITY AND RURAL HOSPITALS ALLINA HEALTH HOSPITALS PROVIDED OVER 106,500 INPATIENT ADMISSIONS AND NEARLY 1,163,600 OUTPATIENT VISITS DURING THE YEAR ENDED DECEMBER 31, 2013 AS OF YEAR-END, ALLINA HEALTH HOSPITALS HAD LICENSED BED CAPACITY OF 2,436 ACUTE CARE BEDS, 1,753 OF WHICH WERE STAFFED FOR INPATIENT SERVICES ALLINA HEALTH PROVIDES CLINICAL SERVICES THROUGH ITS CLINIC AND COMMUNITY DIVISION AND HOSPITAL-BASED PHYSICIANS THE CLINIC AND COMMUNITY DIVISION CONTROLS AND OPERATES 57 ALLINA HEALTH CLINICS (PREVIOUSLY OPERATED AS ALLINA MEDICAL CLINIC ("AMC"), ASPEN MEDICAL GROUP ("ASPEN"), AND QUELLO CLINIC ("QUELLO")), THREE HOSPITALIST PROGRAMS ON THE ABBOTT NORTHWESTERN, UNITED AND UNITY HOSPITAL CAMPUSES, AND EMPLOYS APPROXIMATELY 855 PHYSICIANS ALLINA SPECIALTY ASSOCIATES, INC ("ASA"), OPERATING UNDER THE NAME MINNEAPOLIS HEART INSTITUTE, EMPLOYS APPROXIMATELY 70 PHYSICIANS, CONSISTING OF CARDIOLOGISTS, CARDIOTHORACIC AND VASCULAR SURGEONS IN ADDITION, ALLINA HEALTH HOSPITALS DIRECTLY EMPLOY APPROXIMATELY 335 SPECIALTY PHYSICIANS INCLUDING INTENSIVISTS/HOSPITALISTS, PERINATOLOGISTS, AND PSYCHIATRISTS ALLINA HEALTH PHYSICIANS AND ALLIED PROFESSIONALS GENERATED NEARLY 6,370,000 WORKS RVU'S DURING THE YEAR ENDED DECEMBER 31, 2013 ALLINA HEALTH IS A COMPREHENSIVE HEALTH CARE SYSTEM AND HAS ONE OF THE LARGEST PHYSICIAN NETWORKS IN MINNESOTA ALLINA'S HEALTH HOME CARE SERVICES DIVISION PROVIDES HOME HEALTH, HOME OXYGEN AND MEDICAL EQUIPMENT, HOSPICE, PALLIATIVE CARE AND SENIORCARE TRANSITIONS A LEADER AND INNOVATOR IN PRE-HOSPITAL EMERGENCY MEDICAL DEVICES, ALLINA HEALTH EMERGENCY MEDICAL SERVICES IS DEVOTED TO PROVIDING SKILLED AND COMPASSIONATE ADVANCED LIFE SUPPORT, BASIC LIFE SUPPORT AND SCHEDULED TRANSPORT IN MORE THAN 75 MINNESOTA COMMUNITIES MORE THAN 370 PARAMEDICS, EMERGENCY MEDICAL TECHNICIANS AND DISPATCHERS WORK TOGETHER TO PROVIDE SERVICE TO AN AREA OF APPROXIMATELY 1,000 SQUARE MILES, REACHING MORE THAN 750,000 PEOPLE IN ADDITION TO THE CHARITY CARE DISCLOSED ON THIS SCHEDULE H, ALLINA AFFILIATED ORGANIZATIONS PROVIDED \$1,025,151 OF CHARITY CARE (AT COST) WHICH IS NOT DISCLOSED ON A SCHEDULE H ELSEWHERE AS MANY OF THE AFFILIATED ORGANIZATIONS ARE NOT REQUIRED AND DO NOT FILE A FORM 990, SCHEDULE H IN ADDITION TO THE AMOUNTS DISCLOSED ON THIS SCHEDULE H, ALLINA AND AFFILIATED ORGANIZATIONS INCURRED COSTS FOR PARTICIPATION IN GOVERNMENT MEDICAL CARE PROGRAMS IN EXCESS OF GOVERNMENT REIMBURSEMENTS IN THE AMOUNT OF \$138,289,312 IN 2013 ALLINA PARTNERS WITH THE UNIVERSITY OF MINNESOTA MEDICAL SCHOOL TO PROVIDE PHYSICIAN RESIDENCY PROGRAMS FOR FAMILY PRACTICE AND INTERNAL MEDICINE RESIDENT PHYSICIANS ALLINA CONTROLS AND OPERATES EIGHT (8) AFFILIATED FOUNDATIONS THAT PROVIDE PHILANTHROPIC FUNDING SUPPORT FOR ALLINA PROGRAMS AND NUMEROUS COMMUNITY PROGRAMS AND INITIATIVES INCLUDING A FEDERALLY QUALIFIED HEALTH CENTER SEE SCHEDULE R AND SCHEDULE H, PART IV FOR A LIST OF RELATED ORGANIZATIONS AND JOINT VENTURES INCLUDING THE PRIMARY ACTIVITY OF THE AFFILIATED ORGANIZATION ALLINA AND ITS AFFILIATES ALSO ROUTINELY COOPERATE AND INNOVATE WITH OTHER ORGANIZATIONS INCLUDING HEALTH CARE AND SOCIAL WELFARE ORGANIZATIONS, COMMUNITY GROUPS, GOVERNMENT AGENCIES AND HEALTH CARE PROVIDERS TO PREVENT ILLNESS, PROMOTE AND RESTORE HEALTH TO THE COMMUNITIES WE SERVE AND BEYOND
PART VI, LINE 7, REPORTS FILED WITH STATES	MN,WI

Additional Data

Software ID:
Software Version:
EIN: 36-3261413
Name: ALLINA HEALTH SYSTEM

Form 990 Schedule H, Part V Section A. Hospital Facilities

Section A. Hospital Facilities		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
(list in order of size from largest to smallest—see instructions) How many hospital facilities did the organization operate during the tax year? <u>10</u>											
1	ABBOTT NORTHWESTERN HOSPITAL 800 E 28TH STREET MINNEAPOLIS, MN 55407	X			X		X	X			A
2	UNITED HOSPITAL 333 NORTH SMITH AVENUE ST PAUL, MN 55102	X			X		X	X			A
3	MERCY HOSPITAL 4050 COON RAPIDS BLVD COON RAPIDS, MN 55433	X			X		X	X			A
4	UNITY HOSPITAL 550 OSBORNE ROAD FRIDLEY, MN 55432	X					X	X			A
5	CAMBRIDGE MEDICAL CENTER 701 S DELLWOOD STREET CAMBRIDGE, MN 55008	X						X			A
6	BUFFALO HOSPITAL 303 CATLIN STREET BUFFALO, MN 55313	X						X			A
7	NEW ULM MEDICAL CENTER 1324 FIFTH NORTH STREET NEW ULM, MN 56073	X				X		X			A
8	OWATONNA HOSPITAL 903 S OAK AVE OWATONNA, MN 55060	X						X			A
9	RIVER FALLS AREA HOSPITAL 1629 EAST DIVISION STREET RIVER FALLS, WI 54022	X				X		X			A
10	PHILLIPS EYE INSTITUTE 2215 PARK AVENUE MINNEAPOLIS, MN 55404	X					X				A

Schedule I
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ALLINA HEALTH SYSTEM

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

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

▶ Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Employer identification number
36-3261413

Part I

General Information on Grants and Assistance

- 1

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

☒ Yes ☐ No
- 2

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

Part II

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2

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

58

3

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

0

Part III

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

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance

Part IV

Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
SCHEDULE I, PART I, LINE 2 EXPLANATION	ALLINA HEALTH SYSTEM STRICTLY MONITORS GRANT FUNDS TO ENSURE THAT SUCH GRANTS ARE USED FOR PROPER AND INTENDED PURPOSES AND ARE NOT OTHERWISE DIVERTED FROM THE INTENDED USE THE ORGANIZATION HAS A PROCESS WHICH INCLUDES A WRITTEN APPLICATION WHICH REQUIRES SUPPORTING DOCUMENTATION AND SUBSTANTIATION PRIOR TO A GRANT BEING APPROVED AND DISBURSED IN ADDITION AND DEPENDING ON THE FACTS AND CIRCUMSTANCE OF THE GRANT, THE ORGANIZATION EMPLOYS VARIOUS METHODS TO ENSURE PROPER AND INTENDED USE SUCH AS, PERIODIC REPORTING TO THE ORGANIZATION, FIELD INVESTIGATIONS, CONTRACTS WITH REPAYMENT CLAUSES, REQUIRING ADDITIONAL SUBSTANTIATION AND DOCUMENTATION NOT AVAILABLE AT THE TIME OF THE GRANT, PAYING THIRD PARTIES DIRECTLY ON BEHALF OF THE GRANTEE ORGANIZATION, AND OTHER METHODS AS APPROPRIATE AND WARRANTED

Additional Data

Software ID:
Software Version:
EIN: 36-3261413
Name: ALLINA HEALTH SYSTEM

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
FREE BIKES 4 KIDZ 3181 FERNBROOK LANE N PLYMOUTH,MN 55447	27-1199089	501C3	74,144				SPONSORSHIP FOR BIKE DONATION

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MINNEAPOLIS HEART INSTITUTE FOUNDATION 920 EAST 28TH STREET SUITE 100 MINNEAPOLIS,MN 55407	41-1426406	501C3	34,800				SPONSOR ANNUAL GALA, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SISTERS OF ST JOSEPH MINISTRIES 1884 RANDOLPH AVENUE ST PAUL, MN 55105	41-1765361	501C3	25,000				SPONSORSHIP OF 2013 CARONDELET GALA

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
THE MENTAL HEALTH CRISIS ALLIANCE 402 UNIVERSITY AVE E ST PAUL, MN 55138	41-6005875	501C3	25,000				IMPROVE ADULT MENTAL HEALTH CRISIS SERVICES IN EAST METRO COUNTIES

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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NEIGHBORHOOD INVOLVEMENT PROGRAM INC 2431 HENNEPIN AVENUE SOUTH MINNEAPOLIS,MN 55405	41-0956858	501C3	25,300				SPONSORSHIP FOR PROGRAM OPERATIONS, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
REGIONS HOSPITAL FOUNDATION 640 JACKSON STREET ST PAUL,MN 55101	41-1888902	501C3	25,000				CONTRIBUTION TO MENTAL HEALTH DRUG ASSISTANCE PROGRAM

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ST PAUL PUBLIC SCHOOLS 360 COLBORNE ST 425 ST PAUL,MN 55102	41-0901311	501C3	20,000				SUPPORT OF 20 HEALTH AND WELLNESS TOOLKITS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
THE MINNEAPOLIS FOUNDATION 80 SOUTH EIGHTH STREET MINNEAPOLIS,MN 55402	41-6029402	501C3	20,000				ROOTS FOR HOME TEAM SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NAMI - NATIONAL ALLIANCE ON MENTAL ILLNESS 800 TRANSFER ROAD 31 ST PAUL,MN 55114	41-1317030	501C3	21,150				MENTAL HEALTH SERVICE LINE CONTRIBUTION, CONFERENCE SPONSORSHIP, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN HEART ASSOCIATION 4701 W 77TH ST EDINA, MN 55435	13-5613797	501C3	35,356				SPONSOR GALA, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MARCH OF DIMES 5233 EDINA INDUSTRIAL BOULEVARD EDINA, MN 55439	13-1846366	501C3	55,727				SPONSOR 2013 MARCH FOR BABIES AND NURSE OF THE YEAR, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SECOND HARVEST HEARTLAND 1140 GERVAIS AVENUE ST PAUL, MN 55109	23-7417654	501C3	26,750				SPONSOR DISH CUISINE FOR CHANGE, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
UNITED WAY OF STEELE COUNTY 110 N CEDAR AVE PO BOX 32 OWATONNA, MN 55060	23-7366680	501C3	12,000				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
RIDGEVIEW FOUNDATION 490 SOUTH MAPLE STREET SUITE 110 WACONIA,MN 55387	41-1328097	501C3	10,000				SPONSOR ANNUAL GOLF AND TASTE CELEBRATION

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ST FRANCIS REGIONAL MEDICAL CENTER 1455 ST FRANCIS AVENUE SHAKOPEE, MN 55379	41-0907986	501C3	16,600				SPONSOR SPIRIT OF THE SAINTS GALA AND TEE ONE FOR HOPE GOLF TOURNAMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN DIABETES ASSOCIATION 5100 GAMBLE DRIVE SUITE 394 ST LOUIS PARK,MN 55416	13-1623888	501C3	10,950				SPONSOR TOUR DE CURE, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ANGEL FOUNDATION 708 SOUTH THIRD STREET SUITE 105E MINNEAPOLIS,MN 55415	41-1990883	501C3	13,000				SPONSOR 2013 ANGEL AWARDS, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COMMUNITY DESIGN CENTER OF MINNESOTA 731 E 7TH STREET SUITE 100 ST PAUL,MN 55106	41-0975429	501C3	10,480				SUPPORT FOR COOKING/NUTRITION & GARDEN PROGRAM, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HOPE FOR THE CITY 4350 BAKER RD SUITE 400 MINNETONKA,MN 55343	37-1441658	501C3	10,200				SPONSOR CELEBRATION OF HOPE EVENT, GENERAL SUPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
PEOPLE INCORPORATED 2060 CENTRE POINTE BLVD SUITE 3 MENDOTA HEIGHTS, MN 55120	41-0962296	501C3	10,000				SPONSORSHIP OF PEOPLE INC LUNCHEON, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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TWIN CITIES ORTHOPEDIC FOUNDATION 4010 WEST 65TH STREET EDINA,MN 55435	83-0435069	501C3	10,000				SPONSOR JOINT JAUNT 5K/10K AND WALK USA PROGRAM

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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NICE RIDE MINNESOTA 2701 36TH AVE SOUTH MINNEAPOLIS,MN 55406	26-4372592	501C3	20,100				GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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PORTICO HEALTHNET 2610 UNIVERSITY AVE W SUITE 550 ST PAUL,MN 55114	41-1814659	501C3	10,000				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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FACE TO FACE HEALTH AND COUNSELING SERVICE INC 1165 ARCADE STREET ST PAUL,MN 55106	41-0986780	501C3	10,100				SUPPORT MENTAL HEALTH SERVICES AT SAFEZONE DROP IN CENTER FOR HOMELESS YOUTH

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MINNEAPOLIS AMERICAN INDIAN CENTER 1530 EAST FRANKLIN AVENUE MINNEAPOLIS,MN 55404	41-0966005	501C3	10,000				SUPPORT OF RUNNING WOLF FITNESS CENTER

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
ECHO MINNESOTA 125 CHARLES AVE ST PAUL, MN 55103	26-1475578	501C3	10,000				GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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HEALTHFINDERS COLLABORATIVE PO BOX 731 NORTHFIELD, MN 55057	20-1805262	501C3	9,000				GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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WASHBURN CENTER FOR CHILDREN 2430 NICOLLET AVENUE SOUTH MINNEAPOLIS, MN 55404	41-0711618	501C3	7,500				SPONSORSHIP FOR WASHBURN GAMES

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MINNEAPOLIS PATHWAYS 3115 HENNEPIN AVE S MINNEAPOLIS, MN 55408	41-1628884	501C3	7,850				GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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COMMON HOPE 5039 BRYANT AVE S MINNEAPOLIS, MN 55419	41-1560297	501C3	9,320				GLOBAL FUND, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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SOLE CARE FOR SOULS 4190 VINEWOOD LN N SUITE 111-301 PLYMOUTH, MN 55442	26-3300002	501C3	6,700				HEALTH CARE SUPPLIES, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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EPLILEPSY FOUNDATION OF MINNESOTA 1600 UNIVERSITY AVENUE WEST SUITE 300 ST PAUL,MN 55104	41-0874541	501C3	5,950				SPONSOR LIGHT UP THE NIGHT GALA, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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PHLLIPS WEST NEIGHBORHOOD ORGANIZATION 2400 PARK AVENUE SOUTH SUITE 240 MINNEAPOLIS,MN 55404	90-0122796	501C3	6,000				SUPPORT OF MIDTOWN SAFETY CENTER AND ANNUAL WINTER SOCIAL

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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ALEXANDRA HOUSE PO BOX 490039 BLAINE, MN 55449	41-1309977	501C3	11,200				ANOKA ELDER ABUSE PROJECT, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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NEIGHBORHOOD DEVELOPMENT CENTER INC 663 UNIVERSITY AVE 200 ST PAUL, MN 55104	41-1738791	501C3	10,000				SPONSOR 2013 SELBY JAZZ FEST AND MIDTOWN GLOBAL MUSIC FESTIVAL

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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OPEN ARMS OF MINNESOTA 2500 BLOOMINGTON AVE S MINNEAPOLIS, MN 55404	41-1681317	501C3	10,300				SPONSOR MOVEABLE FEAST, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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AMERICAN LUNG ASSOCIATION OF MINNESOTA 490 CONCORDIA AVE ST PAUL,MN 55306	20-4392201	501C3	5,100				SPONSOR 2013 THORACIC ONCOLOGY NURSES CONFERENCE, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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UNIVERSITY OF MINNESOTA FOUNDATION 420 DELAWARE STREET SE C 615 MINNEAPOLIS,MN 55455	41-6042488	501C3	10,500				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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GREATER MINNEAPOLIS CRISIS NURSERY 5400 GLENWOOD AVENUE SOUTH GOLDEN VALLEY,MN 55442	41-1379021	501C3	5,100				SPONSOR FORMULA FOR HOPE EVENT, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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ARTHRITIS FOUNDATION UPPER MIDWEST REGION INC 1876 MINNEHAHA AVE W ST PAUL,MN 55104	39-0860526	501C3	5,350				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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LEE CARLSON CENTER FOR MENTAL HEALTH AND WELL BEING 7954 UNIVERSITY AVE FRIDLEY,MN 55432	41-1354967	501C3	6,800				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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MINNESOTA RECOVERY CONNECTION 253 STATE STREET ST PAUL,MN 55107	41-1948764	501C3	5,250				SPONSOR WALK FOR RECOVERY, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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NUCLEUS CLINIC 1323 COON RAPIDS BLVD COON RAPIDS, MN 55433	74-3219541	501C3	5,100				GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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PANTHER FOUNDATION 1415 81ST AVE NE SPRING LAKE PARK, MN 55432	43-2003471	501C3	5,500				GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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PILLSBURY UNITED COMMUNITIES 3515 CHICAGO AVE S MINNEAPOLIS, MN 55407	41-0916478	501C3	6,950				SUPPORT FULL CYCLE PROGRAM

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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CAMP FIRE MINNESOTA 4829 MINNETONKA BLVD SUITE 202 ST LOUIS PARK, MN 55416	41-0706116	501C3	10,000				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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KEYSTONE COMMUNITY SERVICES 2000 ST ANTHONY AVENUE ST PAUL,MN 55104	41-0693924	501C3	5,100				GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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AMERICAN CANCER SOCIETY 2520 PILOT KNOB RD MENDOTA HEIGHTS, MN 55120	41-0724036	501C3	18,672				SPONSOR LEGACY BALL, RELAY FOR LIFE EVENT, GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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FRIDLEY PUBLIC SCHOOLS 6000 WEST MOORE LAKE DRIVE FRIDLEY, MN 55432	41-6000056	501C3	5,750				SUPPORT WALK FOR LITERAY, GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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STEPPING STONE EMERGENCY HOUSING PO BOX 996 ANOKA,MN 55303	20-3226868	501C3	5,100				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

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AMHERST H WILDER FOUNDATION 451 LEXINGTON PARKWAY NORTH ST PAUL,MN 55104	41-0693889	501C3	5,100				SUPPORT FOR SERVICES FOR OLDER ADULTS AND CAREGIVERS

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
HOPE 4 YOUTH 2665 4TH AVE NORTH 40 ANOKA, MN 55303	46-1626500	501C3	6,800				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MINNESOTA STROKE ASSOCIATION 34 13TH AVENUE NORTHEAST SUITE B001 B001 MINNEAPOLIS,MN 55413	27-1261232	501C3	6,289				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
FEED MY STARVING CHILDREN 401 93RD AVE NW COON RAPIDS,MN 55433	41-1601449	501C3	7,900				SUPPORT PACKAGING OF MEALS,GENERAL SUPPORT

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
PROJECT MEDISHARE FOR HAITI PO BOX 381208 MIAMI,FL 33238	65-0965848	501C3	14,700				GLOBAL FUND TO SPONSOR MEDICAL MISSION TO HAITI

Form 990, Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
GEORGE FAMILY FOUNDATION 1818 OLIVER STREET SO MINNEAPOLIS, MN 55405	41-1730855	501C3	1,000,000				GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
COURAGE KENNY FOUNDATION PO BOX 43 MINNEAPOLIS,MN 55440	41-1952989	501C3		32,115	FAIR MARKET VALUE	SPORTS AND MEDICAL EQUIPMENT	GENERAL SUPPORT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV , appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
PHILLIPS EYE INSTITUTE FOUNDATION PO BOX 43 MINNEAPOLIS,MN 55440	41-1613017	501C3		59,240	FAIR MARKET VALUE	CONTACT LENS AND FRAMES	EYE COMMUNITY INITIATIVE

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, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

Part I

Questions Regarding Compensation

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

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

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

Return Reference	Explanation
PART I, LINE 1A	TAX INDEMNIFICATION AND GROSS-UP PAYMENTS ALLINA HEALTH SYSTEM PROVIDES THIS TYPE OF PAYMENT AS IT RELATES TO TAXABLE MOVING EXPENSE REIMBURSEMENTS ON CERTAIN EXECUTIVES HOUSING ALLOWANCE OR RESIDENCE FOR PERSONAL USE ALLINA HEALTH SYSTEM PROVIDES THIS TYPE OF PAYMENT AS IT RELATES TO TEMPORARY HOUSING FOR CERTAIN EXECUTIVES WHO ARE RELOCATING DUE TO EMPLOYMENT WITH ALLINA AND DO NOT INITIALLY HAVE A PERMANENT RESIDENCE MICHAEL MARSHALL - \$42,577
PART I, LINES 4A-B	4(A) LORI WIGHTMAN - \$71,284 4(B) BEN BACHE-WIIG, MD - \$42,191, MARGARET BUTLER - \$102,181, DUNCAN GALLAGHER - \$90,658, DEREK KANG - \$34,403, LAURIE LAFONTAINE - \$33,788, THOMAS O'CONNOR - \$55,773, JEFFREY PETERSON - \$85,009, ELIZABETH TRUESDELL SMITH - \$45,936, LORI WIGHTMAN - \$122,741, DANIEL BUSS, MD - \$78,104, RANDALL CHADWICK, JR - \$88,439, MICHAEL FREEHILL, MD - \$63,186, LEROY MCCARTY, MD - \$67,029, STEVEN SWANSON - \$103,656, JOHN STOLTENBERG - \$114,439
PART I, LINE 6	DEFERRED COMPENSATION PLANS TERMS AND CONDITIONS MANAGEMENT INCENTIVE PLAN (MIP) ALLINA PROVIDES AN ANNUAL INCENTIVE COMPENSATION OPPORTUNITY TO MOST MANAGERS, SOME HIGH-LEVEL INDIVIDUAL CONTRIBUTORS AND EXECUTIVES UNDER THIS PLAN, THE TARGET AWARD IS EXPRESSED AS A FUNCTION OF THE PARTICIPANT'S SALARY PAID DURING THE CALENDAR YEAR AND REQUIRES AT LEAST FOUR MONTHS OF SERVICE IN AN ELIGIBLE POSITION DURING THE YEAR ACTUAL AWARDS CAN RANGE FROM 0% TO 150% OF THE TARGET AWARD, BASED ON ALLINA'S PERFORMANCE OVER THE CALENDAR YEAR PERFORMANCE MEASURES INCLUDE FINANCIAL PERFORMANCE, SERVICE QUALITY, PATIENT SATISFACTION, PATIENT SAFETY AND COMMUNITY SERVICE NO AWARDS ARE PROVIDED UNLESS THRESHOLD FINANCIAL PERFORMANCE IS ACHIEVED PARTICIPANTS WHO HAVE LEFT EMPLOYMENT PRIOR TO THE END OF THE YEAR AS THE RESULT OF VOLUNTARY TERMINATION OR TERMINATION FOR POOR PERFORMANCE ARE NOT ELIGIBLE FOR AN AWARD LONG-TERM INCENTIVE PLAN (LTIP) ALLINA HAS A LONG-TERM INCENTIVE PLAN THAT PROVIDES A CASH AWARD OPPORTUNITY TO A SMALL NUMBER OF TOP EXECUTIVES APPROVED FOR PARTICIPATION BY THE COMPENSATION COMMITTEE OF THE BOARD THE AWARD OPPORTUNITY IS BASED ON ALLINA PERFORMANCE DURING OVERLAPPING THREE-YEAR CYCLES PERFORMANCE MEASURES AND TARGETS ARE DEFINED BY THE COMMITTEE FOR EACH THREE-YEAR PERIOD AND CAN VARY FROM ONE PERIOD TO ANOTHER DEPENDING ON THE COMMITTEE'S JUDGMENT OF THE MOST IMPORTANT MEASURES OF SUCCESS AWARDS CAN RANGE FROM 0% TO 150% OF TARGET AWARDS
PART I, LINE 8	CERTAIN AMOUNTS REPORTED ON FORM 990, PART VII WERE PAID OR ACCRUED PURSUANT TO A CONTRACT THAT WAS SUBJECT TO THE INITIAL CONTRACT EXCEPTION DESCRIBED IN REGULATION SECTION 53 4958-4(A)(3) FROM TIME TO TIME, ALLINA HEALTH SYSTEM ENTERS INTO CONTRACTUAL ARRANGEMENTS THAT MAY QUALIFY FOR THE INITIAL CONTRACT EXCEPTION BASED ON THE TERMS AND UNDERSTANDINGS OF THE CONTRACTUAL AGREEMENTS
SCHEDULE J, LINE 6(A) & (B)	ADDITIONAL DISCLOSURES DEFERRED COMPENSATION PLANS - TERMS AND CONDITIONS ALLINA SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP) THIS PLAN WAS AMENDED EFFECTIVE DECEMBER 31, 2008, SUCH THAT NO FUTURE BENEFITS ACCRUE FOR SERVICE AFTER THAT DATE ELIGIBLE ALLINA EXECUTIVES PARTICIPATED IN A DEFINED CONTRIBUTION SERP EMPLOYER CREDITS WERE MADE EACH YEAR TO THEIR SERP BALANCE ACCORDING TO THE FOLLOWING SCHEDULE EXEC YRS OF SERVICE CONTRIBUTION % OF PENSIONABLE EARNINGS 0-5 2 75% 6-10 3 50% 11+ 4 75% EXECUTIVES WERE ALSO CREDITED AN AMOUNT EQUAL TO THE EXCESS AMOUNT THAT WOULD HAVE BEEN CREDITED TO THE PENSION ACCOUNT PLAN WERE IT NOT FOR THE QUALIFIED PLAN COMPENSATION LIMITS DEPOSITS EARN THE INVESTMENT RATE OF RETURN EQUAL TO THE PENSION ACCOUNT PLAN CREDITING RATE AS DECLARED BY ALLINA THE CURRENT RATE IS 4% THE PARTICIPANT VESTS AFTER THREE YEARS OF EXECUTIVE SERVICE PROVIDED THAT IF THE PARTICIPANT TERMINATES EMPLOYMENT WITH ALLINA PRIOR TO AGE 65 FOR ANY REASON OTHER THAN ELIMINATION OF POSITION, THE PARTICIPANT MUST FULFILL THE TERMS OF A COVENANT NOT TO COMPETE BENEFITS ARE PAID AS A SINGLE LUMP-SUM AMOUNT UPON AGE 65 RETIREMENT OR JOB POSITION ELIMINATION IN THE CASE OF OTHER VOLUNTARY TERMINATIONS, PAYMENT IS DELAYED UNTIL COMPLETION OF THE TWO-YEAR NON-COMPETE PERIOD THE SERP IS PAYABLE FROM ALLINA'S GENERAL ASSETS IF ALLINA BECOMES INSOLVENT, THE PARTICIPANT WILL BE AN UNSECURED CREDITOR AND WILL HAVE NO PREFERRED CLAIM TO ANY ASSETS ALLINA EXECUTIVE RETIREMENT BENEFIT RESTORATION PLAN ELIGIBLE ALLINA EXECUTIVES PARTICIPATE IN A DEFERRED COMPENSATION RETIREMENT PLAN EXECUTIVES ARE CREDITED AN AMOUNT EQUAL TO THE EXCESS AMOUNT THAT WOULD HAVE BEEN CREDITED TO THE ALLINA RETIREMENT SAVINGS PLAN WERE IT NOT FOR THE QUALIFIED PLAN COMPENSATION LIMITS EMPLOYER CREDITS ARE MADE EACH YEAR TO THEIR ACCOUNT BALANCE ACCORDING TO THE FOLLOWING SCHEDULE AS OF THE END OF THE PLAN YEAR PARTICIPANT'S YEARS OF VESTING SERVICE APPLICABLE PERCENTAGE LESS THAN 1 0% 1-5 5 0% 6-10 5 5% 11-15 6 0% 16 OR MORE 6 5% DEPOSITS EARN THE INVESTMENT RATE OF RETURN EQUAL TO THE INVESTMENT OPTIONS SELECTED BY THE PARTICIPANT WHICH ARE THE SAME OPTIONS AVAILABLE UNDER THE QUALIFIED PLAN A PARTICIPANT WHO HAS COMPLETED AT LEAST TWO YEARS OF SERVICE BECOMES VESTED IN THE PORTION OF HIS OR HER ACCOUNT ATTRIBUTABLE TO THE ANNUAL CREDIT FOR A PARTICULAR YEAR AS OF JANUARY 15 OF THE YEAR FOLLOWING THE CALENDAR YEAR IN WHICH THE ANNUAL CREDIT IS EARNED IN THE EVENT OF TERMINATION (OTHER THAN BECAUSE OF DEATH) PRIOR TO AGE 67, THE DISTRIBUTION DATE SHALL BE AS SOON AS ADMINISTRATIVELY POSSIBLE AFTER TERMINATION IN THE FORM OF A LUMP SUM PAYMENT THE PLAN IS PAYABLE FROM ALLINA'S GENERAL ASSETS IF ALLINA BECOMES INSOLVENT, THE PARTICIPANT WILL BE AN UNSECURED CREDITOR AND WILL HAVE NO PREFERRED CLAIM TO ANY ASSETS THIS PLAN WAS EFFECTIVE JANUARY 1, 2009 EXECUTIVE MUTUAL FUND ACCOUNT PLAN PHYSICIAN MUTUAL FUND ACCOUNT PLAN THESE ACCOUNTS GIVE THE PARTICIPANT THE OPPORTUNITY FOR CAPITAL ACCUMULATION NOT FULLY AVAILABLE TO THEM THROUGH SOCIAL SECURITY OR THE GENERAL EMPLOYEE RETIREMENT PLANS BECAUSE OF MAXIMUMS PLACED ON COMPENSATION THAT CAN BE RECOGNIZED UNDER FEDERAL LAW FOR PURPOSES OF CONTRIBUTIONS THEY ALSO SERVE AS AN IMPORTANT NON-COMPETE INCENTIVE TO PARTICIPANTS PRIOR TO THE YEAR IN WHICH CONTRIBUTIONS ARE MADE, THE PARTICIPANT MUST DESIGNATE A VESTING/PAYOUT DATE CONSISTENT WITH THE CONSTRAINTS OF THE PLANS AND FEDERAL DEFERRED COMPENSATION REGULATIONS AFTER THE CONTRIBUTIONS ARE MADE, THE PARTICIPANT HAS A ONE-TIME LIMITED OPPORTUNITY TO EXTEND THE ELECTED PAYMENT DATE FOR AT LEAST FIVE YEARS ONCE THE VESTING/PAYOUT DATE HAS BEEN REACHED, ALLINA WILL WITHHOLD THE APPROPRIATE TAXES AND THE BALANCE WILL BE PAID TO THE PARTICIPANT ON THEIR PAYCHECK AS SOON AS ADMINISTRATIVELY FEASIBLE IF THE PARTICIPANT TERMINATES EMPLOYMENT VOLUNTARILY BEFORE AN AMOUNT IS PAID, PAYMENT WILL BE SUBJECT TO THE PARTICIPANT'S COMPLIANCE WITH A NON-COMPETE AGREEMENT WITH ALLINA FOR TWO YEARS AFTER TERMINATION THE PARTICIPANT MAY ELECT FROM AMONG INVESTMENT ALTERNATIVES THAT ARE SIMILAR TO THOSE AVAILABLE IN THE RETIREMENT SAVINGS PLAN UNLIKE THE RETIREMENT SAVINGS PLAN, THE PARTICIPANT HAS THE STATUS AN UNSECURED CREDITOR OF ALLINA AND WILL NOT HAVE A PREFERRED CLAIM TO PAYMENT IN THE CASE OF THE COMPANY'S INABILITY TO PAY HOWEVER, THE COMPANY DOES SET ASIDE ASSETS FOR ITS OBLIGATIONS BY ACTUALLY INVESTING THE PROMISED ASSETS CONSISTENT WITH PARTICIPANT ELECTIONS EXECUTIVE SEVERANCE PLAN ALLINA PROVIDES SALARY CONTINUATION FOR EXECUTIVES WHOSE EMPLOYMENT HAS BEEN INVOLUNTARILY TERMINATED FOR REASONS OTHER THAN CAUSE OR POOR PERFORMANCE THE LENGTH OF THE SEVERANCE PAY PERIOD IS DEFINED BY THE PLAN AND DEPENDS ON THE LEVEL OF THE EXECUTIVE POSITION UNDER THE PLAN THE SEVERED EXECUTIVE ALSO COULD CONTINUE CERTAIN BENEFITS FOR A LIMITED PERIOD OF TIME IN 2009 THE PLAN WAS AMENDED TO FURTHER RESTRICT SEVERANCE BENEFITS IN THE CASE THAT THE EXECUTIVE OBTAINS OTHER EMPLOYMENT DURING THE SEVERANCE PERIOD

Additional Data

Software ID:
Software Version:
EIN: 36-3261413
Name: ALLINA HEALTH SYSTEM

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				
KENNETH PAULUS DIRECTOR/PRESIDENT/CEO	(i) (ii)	970,555 0	858,637 0	119,753 0	767,166 0	24,501 0	2,740,612 0	487,863 0
BEN BACHE-WIIG MD SVP, PRES ANW HOSPITAL	(i) (ii)	385,553 0	128,425 0	79,214 0	140,023 0	24,501 0	757,716 0	52,397 0
MARGARET BUTLER SVP, HUMAN RESOURCES	(i) (ii)	302,183 0	172,515 0	151,032 0	160,489 0	26,068 0	812,287 0	130,947 0
RODNEY CHRISTENSEN INTERIM PRES ALLINA CLINICS	(i) (ii)	299,957 0	83,381 0	44,830 0	71,683 0	19,451 0	519,302 0	0 0
SARA CRIGER SVP, PRES MERCY HOSP	(i) (ii)	383,301 0	60,655 0	25,738 0	102,163 0	2,901 0	574,758 0	0 0
DUNCAN GALLAGHER TREASURER/EVP/CFO	(i) (ii)	593,836 0	366,424 0	148,180 0	310,832 0	20,805 0	1,440,077 0	285,913 0
MARGARET HASBROUCK VP, PAYOR CONTRACT/REIMB	(i) (ii)	230,970 0	63,749 0	14,182 0	55,230 0	28,305 0	392,436 0	6,822 0
SUSAN HEICHERT SVP, CHIEF INFORMATION OFF	(i) (ii)	303,219 0	104,775 0	38,291 0	141,011 0	22,005 0	609,301 0	14,796 0
CHRISTOPHER HUGHES VP, REVENUE CYCLE MANAGEME	(i) (ii)	206,565 0	54,085 0	5,461 0	42,986 0	22,815 0	331,912 0	2,013 0
DEREK KANG SVP, CHIEF COMPLIANCE OFF	(i) (ii)	236,395 0	77,102 0	53,269 0	102,961 0	15,267 0	484,994 0	36,923 0
LAURIE LAFONTAINE VP, FINANCE & TREASURY	(i) (ii)	261,602 0	74,786 0	67,201 0	71,142 0	27,255 0	501,986 0	40,307 0
MICHAEL MARSHALL MD SVP, PRES ALLINA CLINIC	(i) (ii)	384,664 0	118,732 0	67,926 0	79,537 0	17,292 0	668,151 0	0 0
DANIEL MCGINTY EVP HOSPITAL/SPECIALTY SVCS	(i) (ii)	135,148 0	55,000 0	1,636 0	17,813 0	6,522 0	216,119 0	0 0
THOMAS O'CONNOR SVP, PRESIDENT UNITED HOSP	(i) (ii)	433,749 0	240,052 0	111,525 0	217,629 0	24,501 0	1,027,456 0	181,994 0
JEFFREY PETERSON EVP, HOSPITAL SERVICES	(i) (ii)	103,922 0	269,785 0	136,425 0	25,452 0	7,924 0	543,508 0	242,262 0
ELIZABETH TRUESDELL SMITH SECRETARY/SVP, GEN COUCIL	(i) (ii)	347,966 0	186,832 0	73,174 0	158,867 0	22,001 0	788,840 0	138,197 0
PENNY WHEELER MD EVP, CHIEF CLINICAL OFF	(i) (ii)	489,122 0	291,547 0	60,148 0	309,957 0	18,328 0	1,169,102 0	175,806 0
ROBERT WIELAND MD EVP, CLINIC & COMM DIV/PRES	(i) (ii)	431,692 0	275,153 0	63,149 0	251,937 0	28,755 0	1,050,686 0	170,533 0
LORI WIGHTMAN SVP, PRESIDENT UNITY HOSPI	(i) (ii)	206,711 0	94,713 0	294,962 0	45,155 0	13,190 0	654,731 0	85,470 0
CHRISTINE BENT SVP, CLINICAL SERVICES LIN	(i) (ii)	303,801 0	97,650 0	14,968 0	103,859 0	29,501 0	549,779 0	10,115 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				
DANIEL BUSS MD PHYSICIAN	(i) (ii)	1,578,153 0	0 0	108,580 0	93,641 0	27,255 0	1,807,629 0	70,802 0
RANDALL CHADWICK JR PHYSICIAN	(i) (ii)	964,590 0	0 0	115,325 0	70,486 0	24,501 0	1,174,902 0	0 0
MICHAEL FREEHILL MD PHYSICIAN	(i) (ii)	1,346,510 0	0 0	89,206 0	83,818 0	22,001 0	1,541,535 0	59,711 0
LEROY MCCARTY MD PHYSICIAN	(i) (ii)	1,273,614 0	0 0	94,484 0	79,151 0	25,805 0	1,473,054 0	62,378 0
STEVEN SWANSON MD PRESIDENT- NEUROSCIENCE	(i) (ii)	888,604 0	172,409 0	182,760 0	113,734 0	26,972 0	1,384,479 0	46,070 0
JOHN STOLTENBERG MD FORMER INTERIM PRES -UNITY HOSP	(i) (ii)	0 0	0 0	114,439 0	0 0	0 0	114,439 0	61,220 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization
ALLINA HEALTH SYSTEM

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.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Employer identification number
36-3261413

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 CITY OF MINNEAPOLIS	41-6005375	792909BJ1	11-10-2009	348,409,221	REFUNDING OF 2007B & A PORTION OF 1998A,CONSTRUCTION,REMODELLING,RENOVATION		X		X		X
B CITY OF MINNEAPOLIS	41-6005375	792909BH5	10-17-2007	482,877,203	REFUNDING OF 1993A AND ADVANCED REFUNDING OF 2002A BONDS,REMODELING&RENOVATE		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	6,085,000		240,980,000					
2	Amount of bonds legally defeased								
3	Total proceeds of issue	348,795,495		487,127,003					
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	3,332,390		2,717,494					
8	Credit enhancement from proceeds	6,787,000		6,787,000					
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds	49,893,780		126,922,772					
11	Other spent proceeds	295,092,023		352,194,819					
12	Other unspent proceeds								
13	Year of substantial completion	2014		2010		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X	X					
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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				
2	Are there any lease arrangements that may result in private business use of bond-financed property?	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					
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					
c	Are there any research agreements that may result in private business use of bond-financed property?		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?								
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	0 620 %		2 220 %					
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	0 010 %							
6	Total of lines 4 and 5	0 630 %		2 220 %					
7	Does the bond issue meet the private security or payment test?		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					
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	0 050 %		0 050 %					
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?	X		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					

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				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?		X		X				
c	No rebate due?	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					
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X		X					
b	Name of provider	JP MORGANWELLS FARGO		UBS					
c	Term of hedge	25 800000000000		24 800000000000					
d	Was the hedge superintegrated?	X		X					
e	Was the hedge terminated?		X		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					
b	Name of provider	MBIA		MBIA					
c	Term of GIC	0 8000000000000		0 8000000000000					
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X		X					
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X					

Part V

Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
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					

Part VI

Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
DATE REBATE COMPUTATION PERFORMED	ISSUER NAME CITY OF MINNEAPOLIS DATE THE REBATE COMPUTATION WAS PERFORMED 12/29/2012 ISSUER NAME CITY OF MINNEAPOLIS DATE THE REBATE COMPUTATION WAS PERFORMED 12/31/2012

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.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047
2013
Open to Public Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

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?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?	(i) Written agreement?	
			To	From			Yes	No		Yes	No
Total ▶ \$											

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of 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
(1) MEGAN BEER	FAMILY MEMBER OF WILLIAM BEER, BOARD MEMBER	52,750	EMPLOYMENT		No
(2) JANA LARSON	FAMILY MEMBER OF SALLY SMITH, BOARD MEMBER	61,373	EMPLOYMENT		No
(3) MARK SHEFFERT	ALLINA DIRECTOR AND MEDICAL GRAPHICS DIAGNOSTICS CORPORATION DIRECTOR	248,605	MARK SHEFFERT SERVES ON THE ALLINA HEALTH BOARD OF DIRECTORS AND SERVES AS THE BOARD CHAIR AND DIRECTOR OF MEDICAL GRAPHICS DIAGNOSTICS CORPORATION IN WHICH ALLINA HEALTH PURCHASED SUPPLIES AND EQUIPMENT		No
(4) JOSEPH GOSWITZ MD	ALLINA DIRECTOR AND HOSPITAL PATHOLOGY ASSOCIATES DIRECTOR AND OFFICER	3,106,137	JOSEPH GOSWITZ, MD SERVES ON THE ALLINA HEALTH BOARD OF DIRECTORS AND SERVES ON THE BOARD OF DIRECTORS AND AS TREASURER OF HOSPITAL PATHOLOGY ASSOCIATES, P A WHICH PROVIDES PATHOLOGY SERVICES TO ALLINA HEALTH		No
(5) KELLY MORRISON	FAMILY MEMBER OF CHRISTINE MORRISON, BOARD MEMBER	1,094,835	KELLY MORRISON IS A GREATER THAN 5% OWNER OF WOMEN'S HEALTH CONSULTANTS, PA (WHC) ALLINA HEALTH PURCHASED CERTAIN ASSETS OF WHC (\$1,067,435) ALLINA HEALTH ALSO PAID WHC FOR A MEDICAL DIRECTOR (\$27,400)		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation
SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS	

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

▶Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

Part ITypes of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial				
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (CONTACT LENS)	X	2	59,240	FAIR MARKET VALUE
26 Other ▶ (SPORTS EQUIPM)	X	1	20,305	FAIR MARKET VALUE
27 Other ▶ (MEDICAL EQUIP)	X	13	11,810	FAIR MARKET VALUE
28 Other ▶ ()				

29

Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement

30a

During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?

30a

Yes

No

b

If "Yes," describe the arrangement in Part II

31

Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

31

Yes

32a

Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

32a

Yes

b

If "Yes," describe in Part II

33

If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

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

Cat No 51227J

Schedule M (Form 990) (2013)

Part II

Supplemental Information. Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference	Explanation
PART I, LINE 32B	ALLINA HEALTH MAY FROM TIME TO TIME AND IN ORDINARY COURSE OF ITS CHARITABLE ACTIVITIES ACCEPT NON CASH CONTRIBUTIONS OF PUBLICLY TRADED SECURITIES ALLINA HEALTH USES THIRD PARTIES SUCH AS SECURITIES BROKERAGE FIRMS TO LIQUIDATE THE PUBLICLY TRADED SECURITIES TO CASH ON THE OPEN SECURITIES MARKET THE SALE OF PUBLICLY TRADED SECURITIES ARE GENERALLY SUBJECT TO MARKET RATE BROKERAGE COMMISSIONS AND FEES OF THE THIRD PARTY SECURITIES BROKER

SCHEDULE O
(Form 990 or 990-EZ)**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.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

2013**Open to Public
Inspection**

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number

36-3261413

**Return
Reference****Explanation**

FORM 990,
PART VI,
SECTION B,
LINE 11

THE ALLINA HEALTH SYSTEM FORM 990 WAS PREPARED BY THE TAX SERVICES FUNCTION OF ALLINA HEALTH SYSTEM. THE FORM 990 FILING WAS SUBJECTED TO A RIGOROUS REVIEW PROCESS BY ALLINA'S TAX MANAGER AND TAX DIRECTOR. ALLINA'S CHIEF FINANCIAL OFFICER ALSO PERFORMED AN EXECUTIVE REVIEW OF THE FORM 990. AFTER THE MANAGEMENT REVIEW PROCESS DESCRIBED ABOVE WAS COMPLETED, THE FINAL FORM 990, AS ULTIMATELY FILED WITH THE INTERNAL REVENUE SERVICE (IRS), WAS PROVIDED TO EACH VOTING MEMBER OF THE ALLINA HEALTH SYSTEM BOARD OF DIRECTORS. AN ALLINA HEALTH SYSTEM BOARD OF DIRECTORS MEETING WAS HELD ON OCTOBER 30, 2014 TO REVIEW AND DISCUSS THE FORM 990 FILING. THE ALLINA HEALTH SYSTEM BOARD OF DIRECTORS VOTED ON AND APPROVED A RESOLUTION APPROVING THE FORM 990, THE MINNESOTA CHARITABLE ORGANIZATION ANNUAL REPORT TO BE FILED WITH THE MINNESOTA ATTORNEY GENERAL AND THE WISCONSIN CHARITABLE ORGANIZATION ANNUAL REPORT TO BE FILED WITH THE WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS. THE BOARD OF DIRECTORS RESOLUTION ALSO DIRECTED OFFICERS TO FILE THE FORM 990 WITH THE IRS, THE CHARITABLE ANNUAL REPORT WITH THE CHARITIES DIVISION OF THE OFFICE OF THE MINNESOTA ATTORNEY GENERAL AND THE WISCONSIN CHARITABLE ORGANIZATION ANNUAL REPORT WITH THE WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS. THE ABOVE STATED REVIEW AND APPROVAL PROCESS OCCURRED PRIOR TO FILING THE ALLINA HEALTH SYSTEM FORM 990 WITH THE IRS, THE MINNESOTA CHARITABLE ORGANIZATION ANNUAL REPORT WITH THE MINNESOTA ATTORNEY GENERAL AND THE WISCONSIN CHARITABLE ANNUAL REPORT WITH THE WISCONSIN DEPARTMENT OF FINANCIAL INSTITUTIONS.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	<p>THE ORGANIZATION HAS SEVERAL METHODS OF MONITORING AND ENFORCING COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY. FIRST, THE ORGANIZATION REGULARLY DISTRIBUTES CONFLICT OF INTEREST DISCLOSURE QUESTIONNAIRES TO ITS OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES. THESE INDIVIDUALS ARE REQUIRED TO DISCLOSE ANNUALLY ANY INTEREST THAT COULD GIVE RISE TO CONFLICTS, INCLUDING ANY FAMILY OR BUSINESS RELATIONSHIP. SECOND, THE GENERAL COUNSEL'S OFFICE ANNUALLY DELIVERS A REPORT TO ALLINA'S BOARD OF DIRECTORS WHICH INCLUDES, AMONG OTHER THINGS, THE RESULTS OF THE CONFLICT OF INTEREST QUESTIONNAIRE, AN ANALYSIS OF POTENTIAL CONFLICTS, AND GUIDANCE FOR SATISFACTORILY RESOLVING CONFLICTS. THIRD, THE ORGANIZATION UNDERTAKES MANDATORY COMPLIANCE TRAINING OF ALL ITS EMPLOYEES WHICH INCLUDES TRAINING ON CONFLICTS OF INTEREST. FOURTH, ALL EMPLOYEES RECEIVE, AND ARE EXPECTED TO CONDUCT THEMSELVES IN ACCORDANCE WITH ALLINA'S CODE OF CONDUCT. THE CODE OF CONDUCT CONTAINS EDUCATIONAL MATERIALS AND GUIDANCE TO RESOLVE POTENTIAL CONFLICTS OF INTEREST. FIFTH, ALLINA MAINTAINS A CORPORATE INTEGRITY HOTLINE, A CONFIDENTIAL 24 HOUR EXTERNAL RESOURCE TO HELP ANSWER QUESTIONS RELATED TO ETHICAL BUSINESS CONDUCT. ALL CALLS TO THE INTEGRITY LINE ARE KEPT CONFIDENTIAL.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>THE COMPENSATION COMMITTEE OF THE ALLINA HEALTH SYSTEM BOARD OF DIRECTORS IS RESPONSIBLE FOR ALL COMPENSATION AND BENEFITS PROGRAM ELEMENTS FOR NON-COLLECTIVELY BARGAINED ALLINA HEALTH SYSTEM EMPLOYEES. ALLINA HEALTH SYSTEM USES A PROCESS FOR DETERMINING COMPENSATION FOR THE CEO AND CERTAIN OTHER OFFICERS AND KEY EMPLOYEES THAT INCLUDED ALL OF THE FOLLOWING ELEMENTS: REVIEW AND APPROVAL BY THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS, THE MEMBERS OF WHICH ARE INDEPENDENT AND WITHOUT A CONFLICT OF INTEREST AS DEFINED IN REGULATION SECTION 53.4958-6(C)(1)(III); ENGAGEMENT OF AN INDEPENDENT COMPENSATION CONSULTANT SPECIALIZING IN EXECUTIVE COMPENSATION; USE OF DATA AS TO COMPARABLE COMPENSATION FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSITIONS AT SIMILARLY SITUATED ORGANIZATIONS; CONTEMPORANEOUS DOCUMENTATION, SUBSTANTIATION AND RECORDKEEPING WITH RESPECT TO DELIBERATIONS AND DECISIONS REGARDING THE COMPENSATION ARRANGEMENT; THE ABOVE DESCRIBED PROCESS; AND AN ASSESSMENT IS PERFORMED AT LEAST ANNUALLY FOR THE FOLLOWING POSITIONS: CHIEF EXECUTIVE OFFICER/PRESIDENT, CHIEF FINANCIAL OFFICER, CHIEF CLINICAL OFFICER, EXECUTIVE VICE PRESIDENT - ALLINA HOSPITALS, PRESIDENT - ABBOTT NORTHWESTERN HOSPITAL, PRESIDENT - UNITED HOSPITAL, PRESIDENT - MERCY HOSPITAL, PRESIDENT - UNITY HOSPITAL, EXECUTIVE VICE PRESIDENT - AMBULATORY CARE, PRESIDENT - ALLINA CLINICS, SENIOR VICE PRESIDENT - GENERAL COUNSEL, SENIOR VICE PRESIDENT - CLINICAL SERVICE LINES, SENIOR VICE PRESIDENT - CHIEF COMPLIANCE OFFICER. IN ADDITION, THE COMPENSATION COMMITTEE REVIEWS AND APPROVES ALL COMPENSATION CHANGES OF THE CHIEF EXECUTIVE OFFICER AND THE OTHER FORE MENTIONED POSITIONS LISTED IN ADVANCE OF THE CHANGE.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	<p>ALLINA HEALTH SYSTEM MAKES ITS FORM 990, FORM 1023, GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC UPON REQUEST. TO ARRANGE AN INSPECTION OR RECEIVE A COPY, PLEASE CONTACT THE FOLLOWING: ALLINA HEALTH SYSTEM TAX SERVICES, MAIL ROUTE 10890, P.O. BOX 43, MINNEAPOLIS, MN 55407-0043. TELEPHONE: 612-262-0660. PHYSICAL ADDRESS: 2925 CHICAGO AVENUE, MINNEAPOLIS, MN 55407-1321. THE FORM 990 AND FORM 1023 ARE ALSO AVAILABLE DIRECTLY FROM THE INTERNAL REVENUE SERVICE. THE FORM 990 AND FINANCIAL STATEMENTS ARE ALSO AVAILABLE FROM THE CHARITIES DIVISION OF THE OFFICE OF THE MINNESOTA ATTORNEY GENERAL. THE FINANCIAL STATEMENTS ARE ALSO AVAILABLE FROM DIGITAL ASSURANCE CERTIFICATION (DAC) AND ON THEIR WEBSITE AT DACBOND.COM. DAC CLIENTS MEET THE IRS SECTION 6104(D) REQUIREMENTS ON ALLOWING "PUBLIC INSPECTION OF CERTAIN ANNUAL RETURNS, REPORTS, AND APPLICATIONS FOR EXEMPTION AND NOTICES OF STATUS" VIA THE DAC WEBSITE. DAC ENSURES THE RELIABILITY AND ACCURACY OF THE POSTED DOCUMENTS AND TAKES REASONABLE PRECAUTIONS TO PREVENT ALTERATION, DESTRUCTION OR ACCIDENTAL LOSS OF THE POSTED DOCUMENTS. WHERE REQUESTED, A USER MAY DOWNLOAD A DOCUMENT, PRINT A DOCUMENT, EMAIL A DOCUMENT OR, GIVEN REASONABLE WRITTEN NOTICE, DAC WILL MAIL A NOTIFICATION INDICATING WHERE SUCH DOCUMENTS ARE AVAILABLE WITHIN 7 DAYS OF THE WRITTEN REQUEST, PER IRS TREAS. REG. SECTION 301.6104(D)-2(D).</p>

Return Reference	Explanation
FORM 990, PART VII, SECTION A EXPLANATION	FORM 990, PART VII, SECTION A ALLINA HEALTH SYSTEM PROVIDES COMPENSATION TO THE BOARD OF DIRECTORS FOR SERVING IN THE BOARD AND FOR SERVING ON CERTAIN COMMITTEES THE FOLLOWING COMPENSATION WAS PAID BY ALLINA HEALTH SYSTEM FOR SERVICES PROVIDED TO US AND NOT DISCLOSED ON PART VII OR SCHEDULE J \$14,000 PAID TO HOSPITAL PATHOLOGY ASSOCIATED FOR THE SERVICES OF JOSEPH GOSWITZ \$25,000 DONATED TO COMMITTEE FOR HEALTHCARE INNOVATION, RESEARCH AND COMMUNITY ENGAGEMENT FOR THE SERVICES OF MARK JORDAHL

Return Reference	Explanation
FORM 990, PART XI, LINE 9	PENSION LIABILITY ADJUSTMENTS 13,661,269 DISTRIBUTION TO MEMBERS - MICC -3,528,924 ASPEN MEDICAL GROUP NET ASSETS TRANSFERRED TO ALLINA HEALTH SYSTEM -83,625,121 QUELLO CLINIC LTD NET ASSETS TRANSFERRED TO ALLINA HEALTH SYSTEM -3,854,500 ALLINA CLINIC HOLDINGS LTD NET ASSETS TRANSFERRED TO ALLINA HEALTH SYSTEM -27,378,719 REGINA MEDICAL CENTER NET ASSETS TRANSFERRED TO ALLINA HEALTH SYSTEM 26,766,670 ALLINA INTEGRATED MEDICAL NETWORK PRIOR YEAR FUND BALANCE -1,681,660

Return Reference	Explanation
PART XII, LINE 2C	THIS PROCESS REMAINS UNCHANGED FROM PRIOR YEAR

Return Reference	Explanation
FORM 990, PART XI, LINE 9 EXPLANATION	DETAILS OF ALLINA HEALTH SYSTEM/ASPEN MEDICAL GROUP, QUELLO CLINIC LTD, ALLINA CLINIG HOLDINGS LTD AND REGINA MEDICAL CENTER MERGER ASPEN MEDICAL GROUP, QUELLO CLINIC LTD, ALLINA CLINIC HOLDINGS LTD AND REGINA MEDICAL CENTER MERGED WITH AND INTO ITS PARENT ORGANIZATION ALLINA HEALTH SYSTEM, A MINNESOTA 317A NONPROFIT CORPORATION AND 501(C)(3) TAX EXEMPT ORGANIZATION ALLINA HEALTH SYSTEM IS THE SURVIVING AND SUCCESSOR ORGANIZATION AS A RESULT AND FOR TAX REPORTING PURPOSES, ALL ASSETS AND LIABILITIES OF ASPEN MEDICAL GROUP, QUELLO CLINIC LTD, ALLINA CLINIC HOLDINGS LTD AND REGINA MEDICAL CENTER HAVE BEEN TRANSFERRED TO ALLINA HEALTH SYSTEM THE FUND BALANCE TRANSFERRED WAS \$88,091,670

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
ALLINA HEALTH SYSTEM

Employer identification number
36-3261413

Part I Identification of Disregarded Entities

Complete if the organization answered "Yes" on 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
(1) ACCOUNTS RECEIVABLE SERVICES LLC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 55-0811834	DEBT COLLECTION	MN	6,119,050	25,149,899	ALLINA HEALTH SYSTEM
(2) AXIS HEALTHCARE LLC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 41-1855603	HEALTHCARE SERVICES	MN	1,198,773	6,175,540	ALLINA HEALTH SYSTEM
(3) ALLINA HEALTH PIONEER ACO LLC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 61-1726509	HEALTHCARE SERVICES	MN	0	0	ALLINA HEALTH SYSTEM

Part II Identification of Related Tax-Exempt Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
See Additional Data Table							

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
See Additional Data Table												

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

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

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

	Yes	No
1a		No
1b	Yes	
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n		No
1o		No
1p	Yes	
1q		No
1r		No
1s	Yes	

2

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

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

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
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Additional Data

Software ID:

Software Version:

EIN: 36-3261413

Name: ALLINA HEALTH SYSTEM

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) ABBOTT NORTHWESTERN HOSPITAL FOUNDATION PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 04-3643816	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
(1) MERCY & UNITY HOSPITALS FOUNDATION PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 30-0086426	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
(2) PHILLIPS EYE INSTITUTE FOUNDATION PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 41-1613017	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
(3) COURAGE KENNY FOUNDATION PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 41-1952989	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
(4) UNITED HOSPITAL FOUNDATION PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 23-7420998	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
(5) CENTER FOR HEALTHCARE INNOVATION FOUNDATION PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 26-3553868	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
(6) ALLINA ASSOCIATED FOUNDATION PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 27-4116873	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
(7) ASPEN MEDICAL GROUP PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 41-1452624	HEALTHCARE SERVICES	MN	501(C)(4)		ALLINA HEALTH SYSTEM		No
(8) ALLINA INTEGRATED MEDICAL NETWORK PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 27-5129095	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No
(9) UNITED AND CHILDRENS AMBULATORY SURGERY CENTER ASSOCIATION 310 NORTH SMITH AVENUE ST PAUL, MN 55102 41-1694626	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	N/A		No
(10) MBP FACILITY LLC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 45-4078371	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	N/A		No
(11) WESTHEALTH INC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 41-1768814	HEALTHCARE SERVICES	MN	501(C)(3)	LINE 3	ALLINA HEALTH SYSTEM		No
(12) REGINA MEDICAL CENTER PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 41-0740678	HEALTHCARE SERVICES	MN	501(C)(3)	LINE 3	ALLINA HEALTH SYSTEM		No
(13) REGINA FOUNDATION PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 554400043 41-1987372	SUPPORTING ORGANIZATION	MN	501(C)(3)	LINE 11A, I	ALLINA HEALTH SYSTEM		No

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(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) Dispropportionate allocations?		(i) Code V-UBI amount in Box 20 of K-1 (Form 1065)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
APPLE VALLEY BUILDING ASSOCIATES LLC 14655 GALAXIE AVENUE APPLE VALLEY, MN 55124 41-1677072	RENTAL REAL ESTATE	MN	ALLINA HEALTH SYSTEM	RELATED	207,170	3,865,052		No		Yes		50 000 %
METROPOLITAN INTEGRATED CANCER CARE LLC ONE POST ST35TH FL SAN FRANCISCO, CA 94104 20-5068485	RADIOLOGY	DE	ALLINA HEALTH SYSTEM	UNRELATED	3,976,846	4,198,034		No		Yes		80 000 %
SOUTHWEST SURGICAL CENTER LLC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 41-2013700	SURGICAL SERVICES	MN	ALLINA HEALTH SYSTEM	RELATED	3,465,870	1,577,217		No		Yes		83 330 %
MAGNETO LEASING LLC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 20-1582501	RENTAL EQUIPMENT	MN	ALLINA HEALTH SYSTEM	RELATED	29,354	12,565		No		Yes		50 000 %
ASPEN SLEEP CENTER LLC 1010 BANDANA BOULEVARD WEST ST PAUL, MN 55108 26-1850227	HEALTHCARE SERVICES	MN	ALLINA HEALTH SYSTEM	RELATED	549,664	381,775		No			No	65 000 %
GERIATRIC SERVICES OF MINNESOTA LLC 3366 OAKDALE AVE NORTH SUITE 551 ROBBINSDALE, MN 55422 45-3357936	HEALTHCARE SERVICES	MN	ALLINA HEALTH SYSTEM	RELATED	180,789	243,599		No		Yes		45 000 %
NORTHSTAR SLEEP CENTER LLC 920 EAST 28TH STREET SUITE 700 MINNEAPOLIS, MN 55407 45-2532456	HEALTHCARE SERVICES	MN	ALLINA HEALTH SYSTEM	RELATED	217,451	344,039		No		Yes		50 000 %
DISTRICT ONE CANCER CENTER LLC 200 STATE AVENUE FAIRBAULT, MN 55021 45-1258847	HEALTHCARE SERVICES	MN	ALLINA HEALTH SYSTEM	RELATED	-14,648	554,090		No		Yes		50 000 %
CROSBY CARDIOVASCULAR SERVICES LLC 920 E 28TH STREET SUITE 500 MINNEAPOLIS, MN 55407 41-2010368	HEALTHCARE SERVICES	MN	ALLINA HEALTH SYSTEM	RELATED	19,258	984,971		No		Yes		50 000 %
MOBILE IMAGING SERVICES LLC 1221 NICOLLET MALL SUITE 600 MINNEAPOLIS, MN 55403 41-1883212	RADIOLOGY	MN	ALLINA HEALTH SYSTEM	RELATED	97,570	228,821		No		Yes		50 000 %
BPA HEALTH LLC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 35-2490984	HEALTHCARE SERVICES	MN	ALLINA HEALTH SYSTEM	RELATED				No		Yes		33 330 %

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
HEALTHSPAN SERVICES COMPANY PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 41-1249999	DEBT COLLECTION	MN	ALLINA HEALTH SYSTEM	C			100 000 %		No
ALLINA SPECIALTY ASSOCIATES INC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 41-1802815	HEALTHCARE SERVICES	MN	ALLINA HEALTH SYSTEM	C	5,518,735	48,416,917	100 000 %		No
ALLINA CLINIC HOLDINGS LTD PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 26-3954371	HOLDING COMPANY	MN	ALLINA HEALTH SYSTEM	C			100 000 %		No
QUELLO CLINIC LIMITED PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 41-0874754	HEALTHCARE SERVICES	MN	ALLINA CLINIC HOLDINGS LTD	C	5,180,584		100 000 %		No
ALLINA HEALTH SYSTEM TRUST PO BOX 535007 PITTSBURGH, PA 15253 27-6712988	TRUST	PA	ALLINA HEALTH SYSTEM	T			100 000 %		No
ALLINA HEALTH SYSTEM DEFINED BENEFIT MASTER TRUST 500 GRANT STREET SUITE 0625 PITTSBURGH, PA 15258 37-6520273	TRUST	PA	ALLINA HEALTH SYSTEM	T			100 000 %		No
ALLINA HEALTH SYSTEM KEYSHARE PLAN PO BOX 535007 PITTSBURGH, PA 15253 27-6678945	TRUST	PA	ALLINA HEALTH SYSTEM	T			100 000 %		No
LIFESPAN AFFILIATES DEFERRED COMPENSATION PLAN PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 41-1720860	TRUST	MN	ALLINA HEALTH SYSTEM	T	57,989		100 000 %		No
CREATEHEALTH INC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 26-0594364	HEALTHCARE SERVICES	MN	ALLINA HEALTH SYSTEM	C	1,988,611		100 000 %		No
QUELLO STK MERGER SUB INC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 46-4290372	MERGER FACILITATION	DE	ALLINA HEALTH SYSTEM	C			100 000 %		No
QUELLO NON STK MERGER SUB INC PO BOX 43 MAIL ROUTE 10890 MINNEAPOLIS, MN 55440 46-4298122	MERGER FACILITATION	DE	ALLINA HEALTH SYSTEM	C			100 000 %		No

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
ABBOTT NORTHWESTERN HOSPITAL FOUNDATION	C	10,839,592	CASH
ABBOTT NORTHWESTERN HOSPITAL FOUNDATION	B	2,077,931	COST
AXIS HEALTHCARE LLC	B	1,841,197	COST
COURAGE KENNY FOUNDATION	P	3,450,000	CASH
MERCY & UNITY HOSPITALS FOUNDATION	C	688,124	CASH
MERCY & UNITY HOSPITALS FOUNDATION	B	1,106,899	COST
PHILLIPS EYE INSTITUTE FOUNDATION	C	495,023	CASH
PHILLIPS EYE INSTITUTE FOUNDATION	B	200,552	COST
COURAGE KENNY FOUNDATION	C	21,944,660	CASH
COURAGE KENNY FOUNDATION	B	221,295	COST
UNITED HOSPITAL FOUNDATION	C	14,672,740	CASH
UNITED HOSPITAL FOUNDATION	B	1,236,183	COST
CENTER FOR HEALTHCARE INNOVATION FOUNDATION	C	593,411	CASH
CENTER FOR HEALTHCARE INNOVATION FOUNDATION	B	98,766	COST
ALLINA ASSOCIATED FOUNDATION	C	1,584,252	CASH
ALLINA ASSOCIATED FOUNDATION	B	1,839,547	COST
ALLINA SPECIALTY ASSOCIATES INC	C	1,152,517	COST
APPLE VALLEY BUILDING ASSOCIATES LLC	C	200,000	CASH
SOUTHWEST SURGICAL CENTER LLC	C	3,400,000	CASH
MAGNETO LEASING LLC	C	29,466	CASH
ASPEN SLEEP CENTER LLC	C	403,000	CASH
ALLINA CLINIC HOLDINGS LTD	C	3,294,884	COST
QUELLO CLINIC LTD	C	1,096,430	COST
WESTHEALTH INC	P	13,708,279	COST
NORTHSTAR SLEEP CENTER LLC	C	25,000	CASH

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
METROPOLITAN INTEGRATED CANCER CARE LLC	C	4,418,524	CASH
GERIATRIC SERVICES OF MINNESOTA LLC	C	135,000	CASH
ALLINA INTEGRATED MEDICAL NETWORK	B	1,804,854	COST
ASPEN MEDICAL GROUP	S	83,625,120	CASH
QUELLO CLINIC LTD	S	27,378,719	CASH
ALLINA CLINIC HOLDINGS LTD	S	3,854,500	CASH
REGINA MEDICAL CENTER	R	26,766,670	CASH
CREATEHEALTH INC	S	3,024,028	CASH



ALLINA HEALTH SYSTEM

Consolidated Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

ALLINA HEALTH SYSTEM

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KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Board of Directors
Allina Health System

We have audited the accompanying consolidated financial statements of Allina Health System (the System), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U S generally accepted accounting principles, 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

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

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



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Allina Health System as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended, in accordance with U S generally accepted accounting principles

KPMG LLP

Minneapolis, Minnesota
March 11, 2014

ALLINA HEALTH SYSTEM

Consolidated Balance Sheets

December 31, 2013 and 2012

(Dollars in thousands)

Assets	2013	2012
Current assets		
Cash and cash equivalents	\$ 132,704	147,405
Short-term investments	315,058	341,033
Patient accounts receivable, less allowances for uncollectible accounts of \$84,088 in 2013 and \$59,398 in 2012	405,095	385,761
Inventories	53,146	53,088
Other current assets	75,126	60,469
	<u>981,129</u>	<u>987,756</u>
Investments	1,123,312	955,921
Investments with limited uses	152,555	131,539
Land, buildings, and equipment, net	1,050,770	956,776
Other assets	225,597	176,732
	<u>3,533,363</u>	<u>3,208,724</u>
Total assets	\$	
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 420,116	391,905
Other current liabilities	117,138	118,766
	<u>537,254</u>	<u>510,671</u>
Long-term debt	614,806	634,722
Other liabilities	369,909	426,093
	<u>1,521,969</u>	<u>1,571,486</u>
Total liabilities		
Net assets		
Unrestricted	1,857,436	1,501,921
Temporarily restricted	98,925	89,536
Permanently restricted	55,033	45,781
	<u>2,011,394</u>	<u>1,637,238</u>
Total net assets		
Total liabilities and net assets	\$ 3,533,363	3,208,724

See accompanying notes to consolidated financial statements

ALLINA HEALTH SYSTEM

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2013 and 2012

(Dollars in thousands)

	<u>2013</u>	<u>2012</u>
Revenues		
Patient service revenue net of contractual adjustments	\$ 3,291,537	3,173,116
Provision for bad debts	(90,581)	(76,201)
Net patient service revenue	3,200,956	3,096,915
Other operating revenue	219,609	181,458
Total revenues	<u>3,420,565</u>	<u>3,278,373</u>
Expenses		
Salaries and benefits	2,096,786	2,038,575
Supplies and services	758,210	721,793
Depreciation and amortization	138,145	132,564
Financing costs	24,591	25,989
State assessments and taxes	75,787	70,852
Utilities and maintenance	71,179	63,323
Other operating expenses	122,428	97,243
Total expenses	<u>3,287,126</u>	<u>3,150,339</u>
Operating income	133,439	128,034
Nonoperating gains (losses)		
Investment return	92,983	88,713
Gains (losses) on interest rate swap agreements	25,634	(13,029)
Contributions received in acquisitions	76,611	—
Other	(2,210)	(3,237)
Excess of revenues over expenses	<u>326,457</u>	<u>200,481</u>

ALLINA HEALTH SYSTEM

Consolidated Statements of Operations and Changes in Net Assets

Years ended December 31, 2013 and 2012

(Dollars in thousands)

	<u>2013</u>	<u>2012</u>
Unrestricted net assets		
Excess of revenues over expenses	\$ 326,457	200,481
Net assets released from restrictions for capital purposes	18,469	7,260
Amortization of unrealized loss on interest rate swap agreement	874	874
Other	9,715	565
	<u>355,515</u>	<u>209,180</u>
Increase in unrestricted net assets		
Temporarily restricted net assets		
Contributions	18,982	27,312
Contributions received in acquisitions	12,188	—
Investment return	9,280	7,621
Net assets released from restrictions	(30,255)	(15,856)
Other	(806)	95
	<u>9,389</u>	<u>19,172</u>
Increase in temporarily restricted net assets		
Permanently restricted net assets		
Contributions for endowment funds	209	760
Contributions for endowment funds received in acquisitions	9,537	—
Investment return	106	80
Other	(600)	(1,215)
	<u>9,252</u>	<u>(375)</u>
Increase (decrease) in permanently restricted net assets		
Increase in net assets	374,156	227,977
Net assets at beginning of year	<u>1,637,238</u>	<u>1,409,261</u>
Net assets at end of year	<u>\$ 2,011,394</u>	<u>1,637,238</u>

See accompanying notes to consolidated financial statements

ALLINA HEALTH SYSTEM
Consolidated Statements of Cash Flows
Years ended December 31, 2013 and 2012
(Dollars in thousands)

	2013	2012
Operating activities		
Increase in net assets	\$ 374,156	227,977
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities		
Depreciation and amortization	138,145	132,564
Provision for bad debts	90,581	76,201
Goodwill impairment	1,341	1,848
Loss (gain) on sale of land, buildings, and equipment	778	(595)
Unrealized gain on interest rate swaps	(39,260)	(738)
Realized and unrealized gains on investments, net	(83,668)	(79,070)
Restricted contributions	(19,191)	(28,072)
Contributions of cash for long-lived assets	(1,393)	(2,327)
Contributions received in acquisitions	(98,336)	—
Earnings on joint ventures	(15,342)	(11,840)
Pension plan expenses	10,819	69,294
Pension plan contributions	(52,916)	(46,000)
Changes in assets and liabilities net of acquisition		
Change in accounts receivable and other current assets	(111,684)	(87,853)
Change in accounts payable and other current liabilities	8,378	(9,066)
Change in other assets and liabilities	(37,816)	(9,425)
Net cash and cash equivalents provided by operating activities	<u>164,592</u>	<u>232,898</u>
Investing activities		
Proceeds from sales of land, buildings, and equipment	57,839	2,122
Purchases of land, buildings, and equipment	(213,603)	(210,312)
Contributions of cash for long-lived assets	1,393	2,327
Cash received in acquisitions	2,399	—
(Purchases) sales of investments classified as trading	(13,239)	(43,425)
Sales (purchases) of investments with limited uses	16,629	9,497
Draws on construction funds	—	3,917
Distributions received from joint ventures	11,776	12,820
Contributions to joint ventures	(4,160)	(4,935)
Net cash and cash equivalents used in investing activities	<u>(140,966)</u>	<u>(227,989)</u>
Financing activities		
Restricted contributions, net	19,191	28,072
Change in pledges receivable	1,128	(22)
Change in outstanding checks payable	(8,065)	18,785
Draw on Line of Credit	19,965	—
Principal payments of long-term debt	(70,546)	(28,587)
Net cash and cash equivalents (used in) provided by financing activities	<u>(38,327)</u>	<u>18,248</u>
(Decrease) increase in cash and cash equivalents	(14,701)	23,157
Cash and cash equivalents at beginning of year	<u>147,405</u>	<u>124,248</u>
Cash and cash equivalents at end of year	<u>\$ 132,704</u>	<u>147,405</u>
Schedule of noncash financing activities		
Capitalized lease	\$ —	336

See accompanying notes to consolidated financial statements

ALLINA HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(Dollars in thousands)

(1) Organization and Basis of Presentation

Allina Health System (the System) is a not-for-profit corporation whose consolidated financial statements include the accounts of its owned subsidiaries and controlled affiliates

The System consists of five hospitals located in the Minneapolis and Saint Paul metropolitan area, six hospitals located outside the metropolitan area, physician clinics employing approximately 1,260 providers, various other health care-related entities, and seven foundations supporting health-related services

In June 2013, the System acquired Courage Center, and became the sole owner (note 19)

In September 2013, the System acquired the remaining 75% interest of its joint venture in Regina Medical Center, and became the sole owner (note 19)

All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements

(2) Summary of Significant Accounting Policies

(a) *Use of Estimates*

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

(b) *Cash and Cash Equivalents*

Cash and cash equivalents include bank deposits and short-term investments with an original maturity of three months or less from the date of purchase that have not otherwise been classified as long-term assets due to a designation for long-term purposes.

(c) *Pledges Receivable*

Pledges are recorded in the period that the pledges are made and represent unconditional promises to give. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. A discount on each pledge is computed using the risk-free interest rate available at the time the pledge was made for the duration of the pledge. An allowance for uncollectible pledges receivable is determined based on a review of estimated collectibility and historical experience.

(d) *Derivative Financial Instruments*

The System uses interest rate swaps as part of its risk-management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. Interest rate swaps are used to hedge identified and approved exposures. Interest rate swaps are recognized as either assets or

ALLINA HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(Dollars in thousands)

liabilities in accordance with the netting provisions in the counterparty agreement and are measured at fair value

The System accounts for its interest rate swaps in accordance with Accounting Standards Codification (ASC) Topic 815, *Derivatives and Hedging*, which requires entities to recognize all derivative instruments as either assets or liabilities in the consolidated balance sheets at their respective fair values

For interest rate swaps that are not designated as cash flow hedges, gains or losses resulting from changes in the fair values of the interest rate swaps are reported as nonoperating gains or losses. Any differences between interest received and paid under nonhedged swap agreements are reported with the change in fair value of the swaps as nonoperating gains or losses.

For interest rate swaps that are designated and qualify as cash flow hedges, the effective portion of the gains or losses resulting from changes in the fair value is reported as a component of unrestricted net assets. The ineffective portion, if any, is reported in excess of revenues over expenses in the current period. If hedging relationships cease to be highly effective, gains or losses on the interest rate swaps would be reported in excess of revenues over expenses and accumulated losses would be amortized into excess of revenues over expenses over the remaining life of the debt. Any differences between interest received and paid under the interest rate swap designated as a cash flow hedge is recorded as a component of interest expense. As of December 31, 2013, the System does not have any swaps designated as cash flow hedges.

(e) Inventories

Inventories include drugs and supplies and are recorded at the lower of cost or market on a first-in, first-out (FIFO) basis.

(f) Bond Issue Costs

Costs of bond issuance are deferred and amortized on a straight-line basis over the shorter of the term of the related indebtedness or related liquidity facility.

(g) Investments in Unconsolidated Entities

Investments in entities in which the System has the ability to exercise significant influence over operating and financial policies but does not have operational control are recorded under the equity method of accounting and included in other assets in the consolidated balance sheets. The System's share of net earnings or losses of the entities is included in other operating revenue (note 8).

(h) Investments with Limited Uses

Investments with limited uses are reported at fair value and include assets held by trustees for repayment of long-term debt, assets in escrow for capital projects, assets held for self-insured professional and general liability claims, and donor-restricted funds.

ALLINA HEALTH SYSTEM

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(Dollars in thousands)

(i) Land, Buildings, and Equipment

Land, buildings, and equipment are carried at cost and depreciated using the straight-line method over their estimated useful lives. Interest cost, net of related interest income, incurred during the period for construction of capital assets is capitalized as a component of the cost of acquiring those assets and totaled \$744 and \$925 for 2013 and 2012, respectively.

The following useful lives are used in computing depreciation:

Land improvements	5–25 years
Buildings	25–40 years
Building additions and improvements	10–20 years
Equipment	2–15 years

(j) Deferred Income Taxes

The System's taxable subsidiaries record deferred income taxes due to temporary differences between financial reporting and tax reporting for certain assets and liabilities. The System accounts for income taxes under the asset-and-liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Effective January 1, 2008, the System adopted FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This guidance is now included within Accounting Standards Codification (ASC) topic 740, *Income Taxes* (ASC 740). ASC 740 prescribes a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. Under ASC 740, tax positions will be evaluated for recognition, derecognition, and measurement using consistent criteria and will provide more information about the uncertainty in income tax assets and liabilities. The System recorded no assets or liabilities in 2013 and 2012 for uncertain tax positions. The System has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions.

(k) Professional and General Liability Claims

The System is insured for professional and general liability claims in excess of self-insured retention limits with an external insurance carrier.

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(l) *Temporarily and Permanently Restricted Net Assets*

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors and are required to be maintained in perpetuity.

(m) *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets to the System 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. Gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets in the consolidated statements of operations and changes in net assets. In the absence of a donor specification that restricts income and gains on temporarily restricted gifts, such income and gains are reported as income of unrestricted net assets. In order to protect permanently restricted gifts from a loss of purchasing power, the System uses a spending-rate policy to determine the portion of investment return that can be used to support operations of the current period.

The System reports gifts of equipment or other long-lived assets as unrestricted support 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, the System reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(n) *Net Patient Service Revenue*

Net patient service revenue is reported at the estimated net realizable amounts from patients and third-party payers for services provided, including estimated retroactive adjustments due to 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 such revenue is no longer subject to such audits, reviews, and investigations.

The provisions for bad debts and charity care are based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in health care coverage, and other collection indicators. After satisfaction of amounts due from insurance, the System follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by the System.

(o) *Other Revenue*

Other revenue includes income from investments in unconsolidated entities, rental income, pharmacy and ancillary sales, and grant revenue. Grant revenue includes Meaningful Use-Health Information

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Technology for Economic and Clinical Health Act Stimulus Grants of \$23,515 and \$20,443 for 2013 and 2012, respectively

(p) *Excess of Revenues over Expenses*

Excess of revenues over expenses includes operating income and nonoperating gains and losses. Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments not classified as trading securities and interest rate swaps designated as cash flow hedges, and changes in liability relating to defined-benefit plans not marked-to-market

(q) *Investment Securities*

The System classifies its investments as trading or available-for-sale. The available-for-sale investments include those held whose uses are limited. All other investments are classified as trading. Trading and available-for-sale investments, including bond funds and construction funds, are recorded at fair value. Investments in alternative investments are recorded at net asset value as a practical expedient to fair value. Unrealized gains and losses on trading securities are included in excess of revenues over expenses. Unrealized gains and losses on available-for-sale investments are excluded from excess of revenues over expenses and are reported as a separate component of other changes in unrestricted net assets.

(r) *Fair Value Measurements*

The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The System determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the System follows the fair value hierarchy, as outlined in the fair value measurements and disclosures accounting guidance, which distinguishes between observable and unobservable inputs.

(3) Net Patient Service Revenue

The System has agreements with third-party payers who provide payments for health care services at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges, and per diem payments. Other payments are received in the form of pay for performance, shared savings, care management, or medical home management per patient fees.

The System utilizes a process to identify and appeal certain settlements by Medicare and other third-party payers. Additional reimbursement is recorded in the year the appeal is successful. During 2013 and 2012, successful appeals, cost report settlements, and other adjustments to prior year estimates, including the rural floor budget neutrality adjustment and settlements related to revised Supplemental Security Income ratios for 2006 through 2011, resulted in an increase in net patient service revenue of \$16,648 and \$50,003, respectively. The System recognizes significant amounts of patient service revenue at the time services are rendered even though it does not assess the patient's ability to pay. For uninsured patients who do not qualify for charity care, the System recognizes revenue on the basis of discounted rates. On the basis of

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historical experience, a significant portion of the System's patients will be unable or unwilling to pay for the services provided. Thus, the System records a significant provision for bad debts related to uninsured patients and self-pay balances of insured patients who are unable or unwilling to pay for the services provided. The System also records a provision for bad debts related to self-pay balances of insured patients. Patient service revenue net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period by major payer is as follows:

	2013	2012
Medicare and Medicaid	38%	38%
Managed care	57	57
Commercial and other	2	3
Self-pay	3	2
	<u>100%</u>	<u>100%</u>

The System grants credit without collateral to its patients, most of whom are residents in the communities that it serves and are insured under third-party payer agreements. The System reduces its patient accounts receivable by an allowance for doubtful accounts. Deductibles and coinsurance are classified as either third-party or self-pay receivables on the basis of which party has the primary remaining financial responsibility, while the total gross revenue remains classified based on the primary payer at the time of service. In evaluating the collectibility of accounts receivable, the System analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. The System used a consistent methodology to estimate the allowance and provision for bad debts in the years 2013 and 2012. For receivables associated with self-pay patients after satisfaction of amounts due from insurance, the System follows established guidelines for charging off certain past-due patient balances against the allowance for doubtful accounts. The System has not changed its charity care or uninsured discount policies during the years 2013 or 2012. The System does not maintain an allowance for doubtful accounts from third-party payers, nor did it have significant write-offs from third-party payers. The mix of net patient accounts receivable by major payer as of December 31 consists of the following:

	2013	2012
Medicare and Medicaid	35%	34%
Managed care	42	40
Self-pay	12	14
Commercial and other	11	12
	<u>100%</u>	<u>100%</u>

Two managed care payers accounted for approximately 36% and 35% of net patient service revenue in 2013 and 2012, respectively. Amounts due from these two managed care payers accounted for approximately 25% and 25% of net patient accounts receivable at December 31, 2013 and 2012, respectively.

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(4) Community Benefits

The System has adopted the Catholic Health Association/VHA Inc (CHA/VHA) definition for community benefits provided in the service areas of the System. The major components are defined below:

(a) Cost of Providing Charity Care

The System provides medical care without charge or at reduced cost to residents of the communities that it serves through the provision of charity care. Policies have been established to identify charity care cases that meet certain guidelines for a patient's ability to pay for services. The cost of providing charity care is measured by applying a cost-to-charge ratio to the charges identified as charity care.

(b) Costs in Excess of Medicaid Payments

The System provides services to public program enrollees (Medicaid). Such public programs typically reimburse at amounts less than cost.

(c) Medicaid Surcharge

The System is a participant in the Medicaid Surcharge program. The current program includes a 1.56% surcharge on a hospital's net patient service revenue (excluding Medicare revenue). Reported amounts are net of any disproportionate share adjustments.

(d) MinnesotaCare Tax

The System also participates in the funding of medical care for the uninsured through a MinnesotaCare tax of 2% on certain net patient service revenue. Patients who are unable to get insurance through their employer are eligible to participate in MinnesotaCare.

(e) Community Benefit Services

In the furtherance of its charitable purpose, the System provides a wide variety of community health improvement programs and activities to the various communities that it serves in response to specific needs within those communities. Examples are programs and activities designed to improve the quality of life and build healthier communities. Community services activities include social service programs, health screenings, in-home caregiver services, support counseling for patients and families, crisis intervention, health enhancement and wellness programs, classes on specific conditions, and telephone information services. The System provides these services through programs such as Heart Safe Communities, the Backyard Initiative, Free Bikes 4 Kidz, Neighborhood Health Connection, and Health Powered Kids, all of which focus on partnering with the community to improve health through building social connections and increasing healthy, active living.

(f) Subsidized Health Services

The System provides necessary health care services, which include 24-hour emergency services to the community, burn units, outpatient hospice and palliative care services, and behavioral health

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services. These clinical services are provided despite financial losses so significant that negative margins remain after removing the effects of charity care, Medicaid shortfalls, and bad debt. These services are provided because they meet an identified community need and, if no longer offered, would either be unavailable in the area or fall to the responsibility of government or another not-for-profit organization to provide.

(g) *Education and Workforce Development*

The System provides education and training programs and financial assistance for providers, health care students, and other health professionals.

(h) *Research*

The System participates in clinical and community health research that is shared with the health care community, including clinical research related to integrative medicine and cancer interventions as well as community health research related to care model innovations and population health.

(i) *Cash and In-Kind Donations*

The System donates funds and in-kind services to individuals and or the community at large and other not-for-profit organizations. Examples are the donation of space for use by community groups, event sponsorships, donation of food, equipment and supplies, and grants.

(j) *Community Building*

The System engages in community activities that address root causes of health problems such as poverty, homelessness, and environmental issues. The System recognizes that good health is dependent on societal, community, and family environments as well as individual choices, and is affected by much more than the provision of health care services. The System participates in community-building activities including economic development work through Chambers of Commerce, workforce development through career days and mentoring programs, public safety efforts such as National Night Out celebrations, and community health improvement work through participation on local community coalitions.

(k) *Other Community Benefit Cost*

The System allocates staff time to manage community benefit reporting, assess community benefit programs and needs, and develop and implement programs and activities in response to those needs.

The System contributes additional resources to the communities in which it provides services. The major components are defined below.

Costs in Excess of Medicare Payments – The System provides services to public program enrollees (Medicare). Such public programs typically reimburse at amounts less than cost.

Other Care Provided without Compensation (Bad Debt) – The System provides medical care in which charges are uncollected beyond what is provided under the definition of charity care.

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Discounts Offered to Uninsured Patients – The hospitals in the System provide a discount on billed charges for medically necessary care delivered to patients who are uninsured and ineligible for government programs or otherwise medically indigent. The unbilled portion of uninsured care is excluded from net patient service revenue.

Taxes and Fees – The System pays property taxes to local and state government used in funding civil and education services to the community.

The following is an estimate of the community benefits provided by the System:

	2013	2012
Cost of providing charity care (charges forgone of \$74,083 and \$80,384, respectively)	\$ 29,500	30,400
Costs in excess of Medicaid payments	53,900	53,400
Medicaid surcharge	23,100	21,600
MinnesotaCare tax	42,800	41,100
Community services	8,600	9,000
Subsidized health services	2,600	2,500
Education and workforce development	23,800	23,100
Research	15,800	10,500
Cash and in-kind donations	3,000	3,500
Community building	400	700
Other community benefit cost	5,100	4,400
Total cost of community benefit (as defined by CHA/VHA guidelines)	208,600	200,200
Costs in excess of Medicare payments	189,500	156,900
Other care provided without compensation (bad debt)	90,500	76,200
Discounts offered to uninsured patients	46,500	39,200
Taxes and fees	6,300	5,600
Total value of community contributions	\$ 541,400	478,100

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(5) Cash and Cash Equivalents and Investments

As of December 31, cash and cash equivalents and investments, including those with limited uses, consist of the following

	2013	2012
Cash and cash equivalents	\$ 132,704	147,405
Money market collective fund and short-term fixed income	165,233	66,414
Fixed income	665,229	564,324
Equity securities	369,187	205,080
Investments accounted for at net asset value	391,276	592,675
	<u>\$ 1,723,629</u>	<u>1,575,898</u>

Certain investments are held for the following limited uses as of December 31

	2013	2012
By trustee for repayment of long-term debt	\$ 2,193	2,765
By trustee for swap collateralization	—	13,640
In escrow for capital projects	26	25
Donor-restricted funds	139,525	105,004
Self-insured professional and general liability claims	10,811	10,105
	<u>\$ 152,555</u>	<u>131,539</u>

Total investment return consists of the following

	2013	2012
Investment earnings in unrestricted net assets		
Interest and dividend income (net of expense of \$1.125 and \$932 for 2013 and 2012, respectively)	\$ 17,512	16,181
Realized gains on investments	88,915	2,731
Unrealized (losses) gains on investments	(13,444)	69,801
	<u>92,983</u>	<u>88,713</u>
Investment earnings in restricted net assets		
Interest and dividend income	1,189	1,163
Realized gains on investments	7,866	422
Unrealized gains on investments	331	6,116
	<u>9,386</u>	<u>7,701</u>
	<u>\$ 102,369</u>	<u>96,414</u>

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Total investment return is reported in the consolidated statements of operations and changes in net assets as follows

	<u>2013</u>	<u>2012</u>
Nonoperating gains	\$ 92,983	88,713
Changes in restricted net assets	9,386	7,701
	<u>\$ 102,369</u>	<u>96,414</u>

(6) Other Current Assets

Other current assets as of December 31 consist of the following

	<u>2013</u>	<u>2012</u>
Pledges and notes receivable	\$ 5,598	8,732
Prepaid expenses	10,475	9,194
Other miscellaneous receivables	59,053	42,543
	<u>\$ 75,126</u>	<u>60,469</u>

(7) Land, Buildings, and Equipment

Land, buildings, and equipment as of December 31 consist of the following

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 94,497	79,475
Buildings	1,264,600	1,146,387
Equipment	1,366,368	1,292,383
	2,725,465	2,518,245
Less accumulated depreciation and amortization	<u>1,727,334</u>	<u>1,639,216</u>
	998,131	879,029
Construction in progress	<u>52,639</u>	<u>77,747</u>
	<u>\$ 1,050,770</u>	<u>956,776</u>

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(8) Other Assets

Other assets as of December 31 consist of the following

	<u>2013</u>	<u>2012</u>
Cash surrender value of insurance policies	\$ 4,461	4,116
Pledges and notes receivable, less current portion	18,853	16,065
Investment in unconsolidated entities	52,380	46,717
Deferred bond issuance costs, net	4,133	4,542
Deferred compensation	120,426	98,690
Other	25,344	6,602
	<u>\$ 225,597</u>	<u>176,732</u>

The following table represents the System's investment in and share of net earnings of unconsolidated entities recorded under the equity method of accounting as of and for the years ended December 31

	<u>Percentage ownership</u>	<u>Equity investment</u>		<u>Share of net earnings</u>	
		<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
St Francis Regional Medical Center	33.33%	\$ 30,283	25,930	4,353	4,275
Other entities	16% - 50%	22,097	20,787	10,989	7,565
		<u>\$ 52,380</u>	<u>46,717</u>	<u>15,342</u>	<u>11,840</u>

The following table reflects summarized financial information for St Francis Regional Medical Center as of and for the years ended December 31

	<u>2013</u>	<u>2012</u>
Total assets	\$ 165,590	162,854
Total liabilities	74,296	75,428
Total net assets	91,294	87,426
Total revenue	120,928	120,719
Total operating expenses	112,365	111,113
Total investment return and other nonoperating	3,753	3,169
Excess of revenues over expenses	12,316	12,775

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(9) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of December 31 consist of the following

	<u>2013</u>	<u>2012</u>
Outstanding checks	\$ 54,137	62,202
Trade accounts payable	57,492	43,063
Accrued payroll, taxes, and vacation	171,431	161,526
Other	137,056	125,114
	<u>\$ 420,116</u>	<u>391,905</u>

(10) Other Current Liabilities

Other current liabilities as of December 31 consist of the following

	<u>2013</u>	<u>2012</u>
Current portion of estimated reserves for professional and general liability claims	\$ 12,762	12,981
Current portion of estimated reserves for workers' compensation claims	13,138	13,217
Employee health plan claims incurred but not reported	14,094	17,218
Defined-contribution retirement plan	35,800	34,519
Due to third-party payers	1,976	1,762
Current portion of long-term debt	39,368	39,069
	<u>\$ 117,138</u>	<u>118,766</u>

(11) Long-Term Debt

Long-term debt as of December 31 consists of the following

	<u>2013</u>	<u>2012</u>
Fixed Rate Revenue Bonds, Series 2009A-1 (Allina Health System), annual interest rate from 4.50% to 5.25%	\$ 108,015	109,515
Fixed Rate Revenue Bonds, Series 2009A-2 (Allina Health System), annual interest rate from 3.25% to 5.50%	71,145	71,430
Variable Rate Revenue Bonds, Series 2009B&C (Allina Health System), Variable Rate Demand Notes, average annual interest rate of 0.08% during 2013, 0.04% at December 31, 2013	164,525	164,525

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	<u>2013</u>	<u>2012</u>
Fixed Rate Revenue Bonds, Series 2007A (Allina Health System), annual interest rate from 4.50% to 5.50%	\$ 111,565	117,550
Variable Rate Revenue Bonds, Series 2007C (Allina Health System), Variable Rate Demand Notes, average annual interest rate of 0.09% during 2013, 0.05% at December 31, 2013	121,950	122,625
Variable Rate Revenue Bonds, Series 1998A (Allina Health System) Periodic Auction Reset, average annual interest rate of 0.12% during 2013, 0.08% at December 31, 2013	18,875	24,925
Variable Rate Health Care System Revenue Bonds, Series 1993B (HealthSpan) Periodic Auction Reset, average annual interest rate of 0.15% in 2013, 0.09% at December 31, 2013	26,100	27,400
Variable Rate Demand Hospital Revenue Bonds, Series 1985 (Health Central), average annual interest rate of 0.11% during 2013, 0.06% at December 31, 2013	3,400	5,700
Fixed-Rate Health Facilities Revenue Bonds, Series 1994A	—	9,990
Variable Rate Taxable Bonds, Series 1994B (WestHealth)	—	10,400
Line of Credit	19,965	—
Capitalized leases	4,622	5,208
Other	201	221
	<u>650,363</u>	<u>669,489</u>
Unamortized portion of original issue premium	3,811	4,302
Current portion	<u>(39,368)</u>	<u>(39,069)</u>
	<u>\$ 614,806</u>	<u>634,722</u>

Certain divisions of the System are members of the Allina Obligated Group (Obligated Group), which is subject to the terms and conditions of the Master Trust Indenture dated October 1, 1998, as amended, between the System and Wells Fargo Bank Minnesota, National Association, and is jointly and severally liable for any debts and/or other obligations of each Obligated Group member and the Obligated Group as a whole. The Obligated Group members include the hospitals, nonhospital specialty care services, and certain physician clinics. The System also operates several wholly owned direct and indirect subsidiaries outside of the Obligated Group, including clinics and foundations.

In June 2011, through an acquisition, the System assumed a fixed-rate mortgage payable, the fixed-rate Revenue Bonds, Series 1994A, issued by the City of Plymouth, on behalf of WestHealth and the variable rate WestHealth Taxable Bonds, Series 1994B, issued pursuant to an Indenture of Trust. The mortgage payable had a balloon payment due in August 2012, and was fully repaid in May 2012. The 1994A and

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1994B Bonds were paid in full on January 15, 2013, and are classified as current portion long-term debt at December 31, 2012. The 1994B Bonds were secured through a bank under a Standby Bond Purchase Agreement (the Agreement), which terminated on January 15, 2013 with payment of the bonds. Under the Agreement, the bank had committed to purchase bonds if put and not remarketed. There were no draws over the life of the agreement.

In November 2009, the City of Minneapolis and the Housing and Redevelopment Authority of the City of Saint Paul, on behalf of the System, issued fixed-rate Revenue Bonds, Series 2009A-1 and 2009A-2, in the aggregate principal amount of \$113,415 and \$71,830, respectively. In addition, Variable Rate Revenue Bonds, Series 2009B&C, were issued in the aggregate amount of \$164,525. The 2009A-1 Bonds are secured by the Obligated Group's pledged revenue and were used to acquire, construct, and renovate certain of the System's facilities and refinance and legally defease, in part, the 2007B Bonds. The 2009A-2 Bonds are secured by the Obligated Group's pledged revenue and were used to redeem, in part, the Series 1998A Variable Rate Revenue Bonds at a redemption price of 93%. The 2009B&C Bonds are secured by the Obligated Group's pledged revenue and were used to refinance and legally defease the remaining portion of the Series 2007B Variable Rate Revenue Bonds not refinanced through the issuance of the 2009A-1 Bonds.

The Series 2009B&C Bonds are secured by letters of credit issued by two banks. Repayment of draws against the letters is secured by term credit agreements with the banks in the amount of \$114,525, which expires on January 5, 2017, and \$50,000, which expires on January 4, 2015. If the bonds were put and not remarketed, the banks would be required to purchase the bonds. Draws under the term credit agreements to repay the banks for the purchase of the bonds are payable in an amount equal to the principal payments necessary to repay the draws over five years in equal quarterly installments, beginning 367 days after the draw, based on the bank's base rate plus 2.00%.

Payment of principal and interest on the Series 2007A, Series 1998A, and Series 1993B Bonds is insured. Interest rates on the variable rate Series 1998A and Series 1993B Bonds are determined by auction. If an auction fails, interest rates payable to the existing bondholders are determined by a formula incorporated in the bond documents for these two series of bonds.

The Series 1985 Bonds are secured by a letter of credit issued by a bank. Repayment of draws against the letter is secured by a term credit agreement with the bank in the aggregate amount of \$3,400, which expires on January 4, 2015. If the bonds were put and not remarketed, the bank would be required to purchase the bonds. Draws under the term credit agreement to repay the bank for the purchase of the bonds are payable in an amount equal to the principal payments necessary to repay the draws over five years in equal quarterly installments, beginning 367 days after the draw, based on the bank's base rate plus 2.00%.

On June 18, 2008, the System completed a conversion of the Series 2007C Bonds from auction rate securities to variable rate demand bonds. This conversion included the insurer's consent to remove the insurance and for a bank to support the bonds with a direct pay letter of credit. Repayment of draws against the letter is secured by a term credit agreement with the bank in the aggregate amount of \$121,950, which expires on January 4, 2015. If the bonds were put and not remarketed, the bank would be required to purchase the bonds. Draws under the term credit agreement to repay the bank for the purchase of the bonds

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are payable in an amount equal to the principal payments necessary to repay the draws over five years, beginning 367 days after the draw, based on the bank's base rate plus 2.00%

In September 2013, through an acquisition, the System assumed the fixed rate Revenue Bonds, Series 2010, issued by the City of Hastings, on behalf of Regina Medical Center. In December 2013, the System utilized its line of credit with a bank in the amount of \$19.965 to pay off the Series 2010 Bond, which was classified in current portion long-term debt at December 31, 2013.

Aggregate annual maturities of long-term debt and mandatory sinking fund requirements, as stated under the actual debt terms, for each of the five years following December 31, 2013, are as follows:

2014	\$	39,368
2015		20,193
2016		21,373
2017		21,864
2018		23,113
Thereafter		524,452

Aggregate principal payments of long-term debt based on the variable rate demand notes being put back to the System and a corresponding draw being made on underlying liquidity facilities, for each of the five years following December 31, 2013, are as follows:

2014	\$	39,368
2015		77,423
2016		79,383
2017		80,134
2018		81,168
Thereafter		292,887

The System uses interest rate swaps as a part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. Four of the five interest rate swaps are used to hedge identified debt, or interest rate exposures, and are not used for speculative purposes. One of the interest rate swaps was established for speculative purposes and is not tied directly to outstanding debt. Interest rate swaps are recognized as either other long-term assets or other long-term liabilities in accordance with the netting provisions in the counterparty agreement and are measured at fair value.

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As of December 31, 2013, the System had no collateral posted. As of December 31, 2012, the System posted collateral of \$13,640, related to two of the System's swaps due to changes in interest rates. The following table provides details regarding the System's fair value of the derivative instruments at December 31, 2013, none of which are designated as cash flow hedging instruments.

Fixed payer interest rate swaps							
Swap	Balance sheet location	Fair value	Notional amount outstanding	Rate paid	Rate received	Average rate received in 2013	Counterparty
2009BC	Other liabilities	\$ 7,195	41,131	3.74%	% of LIBOR	0.47%	Wells Fargo
2009BC	Other liabilities	21,407	123,394	3.73	% of LIBOR	0.47	JP Morgan
2007C	Other liabilities	17,924	121,950	3.58	% of LIBOR	0.37	UBS
2001	Other liabilities	12,461	50,000	5.17	SIFM-A	0.09	Goldman Sachs
1998-A	Other liabilities	2,589	19,375	4.44	SIFM-A	0.09	Goldman Sachs
Total		\$ 61,576	355,850				

The following table provides details regarding the System's fair value of the derivative instruments at December 31, 2012, none of which are designated as cash flow hedging instruments.

Fixed payer interest rate swaps							
Swap	Balance sheet location	Fair value	Notional amount outstanding	Rate paid	Rate received	Average rate received in 2012	Counterparty
2009BC	Other liabilities	\$ 11,848	41,131	3.74%	% of LIBOR	0.50%	Wells Fargo
2009BC	Other liabilities	35,455	123,394	3.73	% of LIBOR	0.50	JP Morgan
2007C	Other liabilities	29,846	122,625	3.58	% of LIBOR	0.40	UBS
2001	Other liabilities	19,721	50,000	5.17	SIFM-A	0.16	Goldman Sachs
1998-A	Other liabilities	3,966	23,475	4.44	SIFM-A	0.16	Goldman Sachs
Total		\$ 100,836	360,625				

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The following table provides details regarding the gains (losses) from the System derivative instruments in the consolidated statements of operations and changes in net assets, none of which are currently designated as hedging instruments. The 1998A swap was designated as a hedging instrument until December 31, 2008.

	Amount of gain (loss) on change in fair value recognized as nonoperating: gains (losses) on interest rate swap agreements		Amount of loss reclassified from unrestricted net assets into revenues over expenses as nonoperating: gains (losses) on interest rate swap agreements		Amount of interest paid to counterparty recognized as nonoperating: gains (losses) on interest rate swap agreements		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
2009BC	\$ 18,701	1,310	—	—	(5,363)	(5,352)	13,338	(4,042)
2007C	11,922	290	—	—	(3,917)	(3,923)	8,005	(3,633)
2001	7,260	(949)	—	—	(2,526)	(2,518)	4,734	(3,467)
1998A	1,377	87	(874)	(874)	(946)	(1,100)	(443)	(1,887)
	<u>\$ 39,260</u>	<u>738</u>	<u>(874)</u>	<u>(874)</u>	<u>(12,752)</u>	<u>(12,893)</u>	<u>25,634</u>	<u>(13,029)</u>

The System records the swaps' liability at fair value, which requires nonperformance risk (i.e., credit risk), to be included in the valuation. Nonperformance risk is defined as the risk that the obligation will not be fulfilled and affects the value at which the liability is transferred. This nonperformance risk is determined by adjusting the discounting rate by a credit spread as of the reporting date. The addition of the credit spread to the discounting rate reduces the reported liability. Because of market volatility, the fair value reported liability of the swaps is approximately \$1.916 and \$8.665 less as of December 31, 2013 and 2012, respectively, than the mark-to-market valuations (note 14).

The estimated fair value of long-term debt was \$676,238 and \$708,909 as of December 31, 2013 and 2012, respectively. Interest rates that are currently available to the System for issuance of debt with similar terms and remaining maturities are used to estimate the fair value of fixed-rate debt through the use of discounted cash flow analyses. The fair value measurement was done using Level 2 criteria (note 14). The carrying amount of variable rate bonds and other notes payable approximates fair value.

Interest paid, net of amounts capitalized, was \$16,467 and \$16,947 during 2013 and 2012, respectively.

The System has a Revolving Credit Agreement with Wells Fargo Bank through June 29, 2014, which consists of a line of credit of \$26,000. The interest rate on the line of credit is the Reserve Adjusted London Interbank Offered Rate (LIBOR) plus 0.7%, and is secured by a note under the 1998 Master Trust Indenture. The unused line fee for the revolving line of credit is 0.175% per annum. In December 2013, the System had a draw of \$19,965 on the line of credit to pay off the Regina Medical Center 2010 Series Bond, which was classified in current portion long-term debt at December 31, 2013. The System also had insurance-related letters of credit applied against the line of credit in the amount of \$4,036 and \$3,150 at December 31, 2013 and 2012, respectively.

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(12) Other Liabilities

Other liabilities as of December 31 consist of the following

	<u>2013</u>	<u>2012</u>
Estimated reserves for professional and general liability claims, less current portion	\$ 57,462	59,937
Estimated reserves for workers' compensation claims, less current portion	27,660	30,115
Net pension and postretirement liability	12,500	59,257
Interest rate swaps payable	61,576	100,836
Deferred compensation	147,212	125,212
Leasehold incentive allowance	20,910	16,750
Financing obligation	25,624	25,624
Other	16,965	8,362
	<u>\$ 369,909</u>	<u>426,093</u>

(13) Restricted Net Assets

Temporarily restricted net assets have been restricted by donors for the following purposes as of December 31

	<u>2013</u>	<u>2012</u>
Capital	\$ 11,032	18,300
Charity and indigent care	4,454	4,132
Education and research	19,761	16,572
Patient care	18,405	17,997
Other	45,273	32,535
	<u>\$ 98,925</u>	<u>89,536</u>

Income on the following permanently restricted net assets is restricted for the following purposes as of December 31

	<u>2013</u>	<u>2012</u>
Capital	\$ 128	77
Charity and indigent care	1,806	1,806
Education and research	18,371	18,020
Patient care	12,710	11,772
Other	22,018	14,106
	<u>\$ 55,033</u>	<u>45,781</u>

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(14) Fair Value Measurements

The System's investments include money market, fixed income, and equity securities, which are carried at fair value based on quoted market prices and are classified as trading securities. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. In addition, the System invests in limited partnerships that hold interests in hedge funds, private equity, emerging markets, debt, and commodities, which are accounted for at net asset value as a practical expedient to fair value, and the System recognizes the increase or decrease in the partnerships' net asset value in nonoperating gains (losses). The System generally has liquidity ranging from 30 to 90 days in these funds. Certain of the underlying partnerships may hold some securities without readily determinable fair values.

For all financial instruments other than investments, derivatives, and long-term debt (note 11), the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments.

Realized gains and losses on investments, interest, dividends, and declines in investment value determined to be other than temporary are recorded as nonoperating gains (losses) unless the investment return is restricted by donor or law. Changes in unrealized gains and losses that are considered temporary are recorded as nonoperating gains (losses) for investments classified as trading and as other changes in unrestricted net assets for investments classified as other-than-trading. Investment return restricted by donor or law is recorded as changes in restricted net assets.

The System determines the fair value of its financial instruments based on the fair value hierarchy established in ASC Topic 820, *Fair Value Measurement*, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs: quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

Level 3 Inputs: unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability (including risk assumptions) developed based on the best information available in the circumstances.

Inputs and valuation techniques for significant other observable and significant unobservable inputs are as follows:

For Level 2 and Level 3 cash equivalents and fixed income assets that rely on significant other observable inputs and significant unobservable inputs, the System employs multiple third-party information providers to help determine the fair value of the assets. Level 2 and Level 3 securities in separately managed accounts are held at Bank of New York Mellon (BNYMellon), who acts as Trustee and Custodian for the assets. As Custodian, BNYMellon uses multiple pricing services to value the assets. The investment managers utilize their own pricing services and valuation processes. Any significant discrepancies between

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Custodian and investment manager values are reconciled on a monthly basis by the managers and BNYMellon. The System also employs an investment consultant who researches significant pricing differences between the manager and custodian on a security-by-security basis. The consultant will notify the Custodian of any significant pricing issues.

For Level 2 and Level 3 funds of hedge funds, limited partnership assets, and commingled monthly valued funds, the System utilizes net asset value per share or its equivalent to determine the fair value of the assets. For Level 2, the System has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date.

The System's financial assets and liabilities that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2013 as follows:

		Fair value measurements using		
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents				
Cash	\$ 28,797	28,797	—	—
Money market funds	103,907	103,907	—	—
Total cash and cash equivalents	132,704	132,704	—	—
Short-term and long-term investments – trading securities				
Short-term fixed income	121,404	121,218	186	—
Money market collective fund	3,365	—	3,365	—
Total short-term fixed income and money market	124,769	121,218	3,551	—
Equity				
Financials	14,006	14,006	—	—
Consumer	6,007	6,007	—	—
Industrials	10,084	10,084	—	—
Technology	7,100	7,100	—	—
Healthcare	2,505	2,505	—	—
International equity mutual funds	222,882	222,882	—	—
Other equity	78,030	78,030	—	—
Total equity	340,614	340,614	—	—

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	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Fixed income				
U S Treasury securities	\$ 158,206	158,206	—	—
U S Agency securities	128,227	—	128,227	—
Corporate bonds	116,217	—	116,217	—
Mortgage, commercial, and asset-backed securities	91,826	—	91,826	—
Sovereigns	3,781	—	3,781	—
Term loan private placement	35,891	—	35,690	201
Other	77,845	63,306	14,539	—
Total fixed income	611,993	221,512	390,280	201
Investments accounted for at net asset value				
Global bonds fund	55,536	—	55,536	—
Global equity fund	65,869	—	65,869	—
Emerging markets equity fund	29,834	—	29,834	—
Equity long short hedge funds	48,975	—	48,975	—
Opportunistic fixed income hedge funds	74,456	—	74,456	—
Fund of hedge funds	4,328	—	2,069	2,259
Private equity funds	8,638	—	—	8,638
Emerging market debt fund	53,367	—	53,367	—
Commodities	19,991	—	19,991	—
Total investments accounted for at net asset value	360,994	—	350,097	10,897
Total investments – trading securities	1,438,370	683,344	743,928	11,098
Investments with limited uses – trading securities				
Short-term fixed income	15,657	15,647	10	—
Money market collective fund	21,186	—	21,186	—
Equity	28,573	28,573	—	—
Fixed income	43,485	15,974	27,494	17
Investments accounted for at net asset value	30,282	—	29,368	914
Restricted foundation trusts (fixed income)	9,751	—	9,751	—
Total investments with limited uses – trading securities	148,934	60,194	87,809	931

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	<u>Total</u>	<u>Fair value measurements using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments with limited uses – available-for-sale securities				
Money market fund	\$ 2.163	2.163	—	—
U.S. agency securities	1.458	—	1.458	—
Total investments with limited uses – available-for-sale securities	3.621	2.163	1.458	—
Total investments with limited uses	152.555	62.357	89.267	931
Total	\$ 1.723.629	878.405	833.195	12.029
Liabilities				
Interest rate swaps	\$ 61.576	—	61.576	—

	<u>Total</u>	<u>Fair value measurements, Level 3</u>		
		<u>Term loan</u>	<u>Hedge funds</u>	<u>Private equity</u>
Balance, December 31, 2012	\$ 3.867	—	3.867	—
Total realized and unrealized losses included in excess of revenues over expenses	1.730	2	240	1,488
Purchases	10.029	217	—	9.812
Sales	(3,597)	(1)	(1,659)	(1,937)
Balance, December 31, 2013	\$ 12.029	218	2,448	9,363

There were no significant transfers in or out of Level 1 or Level 2 securities during the years ended December 31, 2012 and 2013

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The System's financial assets and liabilities that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2012 as follows

	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Cash and cash equivalents				
Cash	\$ 38,403	38,403	—	—
Money market funds	109,002	109,002	—	—
Total cash and cash equivalents	147,405	147,405	—	—
Short-term and long-term investments – trading securities				
Short-term fixed income	37,491	37,491	—	—
Money market collective fund	2,137	—	2,137	—
Total short-term fixed income and money market	39,628	37,491	2,137	—
Equity				
Financials	10,556	10,556	—	—
Consumer	4,381	4,381	—	—
Industrials	8,672	8,672	—	—
Technology	2,796	2,796	—	—
Healthcare	751	751	—	—
International equity mutual funds	156,705	156,705	—	—
Other equity	5,639	5,639	—	—
Total equity	189,500	189,500	—	—
Fixed income				
U.S. Treasury securities	114,219	114,219	—	—
U.S. Agency securities	96,399	—	96,399	—
Corporate bonds	126,707	—	126,707	—
Mortgage, commercial, and asset-backed securities	99,581	—	99,581	—
Sovereigns	5,831	—	5,831	—
Term loan private placements	26,274	—	26,274	—
Other	51,165	43,839	7,326	—
Total fixed income	520,176	158,058	362,118	—
Investments accounted for at net asset value				
TIPS fund	30,956	—	30,956	—
Global bonds fund	42,665	—	42,665	—
Global equity fund	51,660	—	51,660	—

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	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Emerging markets equity fund	\$ 23,556	—	23,556	—
Equity long short fund of hedge funds	180,638	—	180,638	—
Multistrategy fund of hedge funds	183,230	—	179,657	3,573
Commodities	34,945	—	34,945	—
Total investments accounted for at net asset value	547,650	—	544,077	3,573
Total investments – trading securities	1,296,954	385,049	908,332	3,573
Investments with limited uses – trading securities				
Short-term fixed income	22,970	22,970	—	—
Money market collective fund	1,654	—	1,654	—
Equity	15,580	15,580	—	—
Fixed income	39,720	12,134	27,586	—
Investments accounted for at net asset value	45,025	—	44,731	294
Restricted foundation trusts	4,428	—	4,428	—
Total investments with limited uses – trading securities	129,377	50,684	78,399	294
Investments with limited uses – available-for-sale securities				
Money market fund	2,162	2,162	—	—
Total investments with limited uses – available-for-sale securities	2,162	2,162	—	—
Total investments with limited uses	131,539	52,846	78,399	294
Total	\$ 1,575,898	585,300	986,731	3,867
Liabilities				
Interest rate swaps	\$ 100,836	—	100,836	—

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	Fair value measurements, Level 3		
	Total	Term loan	Hedge funds
Balance, December 31, 2011	\$ 6.546	191	6.355
Total realized and unrealized losses included in excess of revenues over expenses	(274)	(5)	(269)
Purchases	—	—	—
Sales	(2.405)	(186)	(2.219)
Balance, December 31, 2012	<u>\$ 3.867</u>	<u>—</u>	<u>3.867</u>

Level 3 pricing is based on net asset value or ownership values provided by hedge fund managers who obtain the net asset value or ownership values from the underlying managers in which they invest

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent), including restricted and unrestricted assets, as of December 31, 2013 are as follows

	Net asset value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Global bonds fund	\$ 60.195	—	Monthly	15 days
Global equity fund	71.394	—	45 days	15 days
Emerging markets equity fund	32.337	—	Daily	5 days
Equity long/short hedge funds	53.083	—	Monthly/quarterly	30-90 days
Opportunistic fixed income hedge funds	80.702	—	Quarterly	45-90 days
Fund of hedge funds	4.691	—	Quarterly	90 days
Private equity funds	9.363	29.296	10 years	NA
Emerging market debt fund	57.843	—	Daily	Same day
Commodities	21.668	—	Monthly	30 days
Total	<u>\$ 391.276</u>	<u>29.296</u>		

Global bond fund includes fixed- and floating-rate debt securities of governments and government-related entities, as well as derivatives. The net asset value of the fund has been estimated using the net asset value per share of the investment. The fund provides full disclosure of the underlying holdings.

Global equity fund is an investment in a fund that invests in global equities. The net asset value of the fund has been estimated using the net asset value per share of the investment. The fund provides full disclosure of the underlying holdings.

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Emerging markets equity fund is an investment in a fund that invests in emerging market equities. The net asset value of the fund has been estimated using the net asset value per share of the investment. The fund provides full disclosure of the underlying holdings.

Emerging market debt fund is an investment in a fund that invests in emerging market debt. The net asset value of the fund has been estimated using the net asset value per share of the investment. The fund provides full disclosure of the underlying holdings.

Commodities include investments in a partnership that invests in long-only equities and commodity derivatives that are traded on public exchanges. The net asset value of the investments in this category has been estimated by the ownership interest in the partnership. The fund provides full disclosure of the underlying holdings and ownership interest.

Equity long/short hedge funds include investments in hedge funds that invest both long and short in U.S. and global common stocks through a hedge funds structure. The value of the investments in this category has been estimated using the net asset value per share of the investments.

Fund of hedge funds include investments in fund of hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The value of the investments in this category has been estimated using the net asset value per share of the investments. The fund of hedge funds were liquidated over the course of 2013 with the exception of one fund of hedge funds investment, which as of December 31, 2013 has a value of \$2.448 and one of the hedge fund of funds audit holdback is also included in this category. The fund is currently in liquidation and is making quarterly redemptions to shareholders. Since June 30, 2009, over 99% of the funds have been distributed.

Opportunistic fixed income hedge funds include investments in strategic fixed income and distressed debt hedge fund managers. These managers have the ability to invest across the capital structure and around the globe. The value of the investments in this category has been estimated using the net asset value per share of the investment.

Private equity funds include a limited partnership investment that focuses on health care services and information technology companies as well as a limited partnership that invests in distressed and opportunistic real estate investments. The fair value of the portfolio companies is determined using valuation techniques and procedures in accordance with recommendations by the American Institute of Certified Public Accountants (AICPA) for valuing private companies.

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The System's deferred compensation investments recorded as other assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2013 as follows

	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Assets				
Mutual funds				
Large cap domestic equity	\$ 35,981	35,981	—	—
Mid cap domestic equity	8,034	8,034	—	—
Small cap domestic equity	7,326	7,326	—	—
International equity	17,640	17,640	—	—
Fixed income	25,473	25,473	—	—
Balanced	7,826	7,826	—	—
Life cycle	1,313	1,313	—	—
Money market	2,653	2,653	—	—
Other	2,769	2,769	—	—
Total mutual funds	109,015	109,015	—	—
Guaranteed investment contracts	11,411	—	—	11,411
Total assets	\$ 120,426	109,015	—	11,411

	Fair value measurements, Level 3
Balance, December 31, 2012	\$ 10,248
Total interest income	232
Purchases	3,619
Sales	(2,688)
Balance, December 31, 2013	\$ 11,411

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The System's deferred compensation investments recorded as other assets that are measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2012 as follows

	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Assets				
Mutual funds				
Large cap domestic equity	\$ 29,010	29,010	—	—
Mid cap domestic equity	6,342	6,342	—	—
Small cap domestic equity	5,716	5,716	—	—
International equity	13,751	13,751	—	—
Fixed income	22,145	22,145	—	—
Balanced	6,094	6,094	—	—
Life cycle	976	976	—	—
Money market	2,603	2,603	—	—
Other	1,805	1,805	—	—
Total mutual funds	88,442	88,442	—	—
Guaranteed investment contracts	10,248	—	—	10,248
Total assets	\$ 98,690	88,442	—	10,248

	Fair value measurements, Level 3
Balance, December 31, 2011	\$ 10,026
Total realized and unrealized losses	219
Purchases	3,424
Sales	(3,421)
Balance, December 31, 2012	\$ 10,248

(15) Benefit Plans

Defined-Benefit Cash Balance Plan

On December 31, 2008, the System froze a defined-benefit cash-balance pension plan (the Plan), covering a large number of noncontract employees. In 2013, the System received approval from the Internal Revenue Service to fully terminate the Plan effective as of December 31, 2012. In November 2013, the System fully distributed the plan assets to participants.

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The actual asset allocation as of December 31, 2012 was as follows

	2012
Global equity	2%
Fixed income (debt securities)	82
Diversified funds of hedge funds	—
Real assets	2
Cash	14
	<u>100%</u>

The following table summarizes certain information for the Plan

	2013	2012
Projected benefit obligation at beginning of year	\$ 498,821	444,834
Service cost – benefits earned during the year	—	442
Interest cost on the accumulated benefit obligation	11,826	20,078
Actuarial loss	3,043	58,844
Benefits paid from plan assets	(513,690)	(25,377)
Projected benefit obligation at end of year	<u>—</u>	<u>498,821</u>
Change in plan assets		
Fair value of plan assets at beginning of year	460,925	430,233
Actual return on plan assets	765	10,070
Contributions from the System	52,000	46,000
Benefits paid from plan assets	(513,690)	(25,378)
Fair value of plan assets at end of year	<u>—</u>	<u>460,925</u>
Deficit	<u>—</u>	<u>(37,896)</u>
Net amount recognized	<u>\$ —</u>	<u>(37,896)</u>
Accumulated benefit obligation at end of year	\$ —	498,200

The projected benefit obligation (PBO) at December 31, 2012 was the present value of the future benefit payments accrued to date and included expected future salary increases. The PBO present value was determined by using a discount rate that was developed using a yield curve composed of hypothetical zero-coupon bond rates.

As of December 31, 2012, the net amount recognized of \$37,896 is reported in the consolidated balance sheets as a noncurrent other liability.

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The Plan assets measured at fair value on a recurring basis were recorded using the fair value hierarchy at December 31, 2012 as follows

	Total	Fair value measurements using		
		Level 1	Level 2	Level 3
Investments				
Money market collective fund	\$ 65.842	65.842	—	—
Equity				
International equity mutual funds	9.600	9.600	—	—
Total equity	9.600	9.600	—	—
Fixed income				
U S agency securities	213.429	103.313	110.116	—
Corporate bonds	41.524	—	41.524	—
Mortgage, commercial, and asset-backed securities	22.872	—	22.872	—
Term loan/private placements	8.174	—	8.174	—
Sovereigns	23.140	22.124	1.016	—
Other	3.058	—	2.448	610
Total fixed income	312.197	125.437	186.150	610
Investments accounted for at net asset value				
TIPS fund	4.950	—	4.950	—
Corporate bonds	61.621	—	61.621	—
Funds of hedge funds	1.682	—	—	1.682
Commodities	5.033	—	5.033	—
Total investments accounted for at net asset value	73.286	—	71.604	1.682
Total investments	\$ 460.925	200.879	257.754	2.292

	Fair value measurements, Level 3		
	Total	Other-GIC	Hedge funds
Balance, December 31, 2011	\$ 3.410	589	2.821
Total realized and unrealized losses included in excess of revenues over expenses	(16)	21	(37)
Purchases	—	—	—
Sales	(1.102)	—	(1.102)
Balance, December 31, 2012	\$ 2.292	610	1.682

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The above information was determined using a measurement date of December 31 and the following assumptions

	<u>2012</u>
Weighted average discount rate	3.00%
Rate of increase in future compensation levels	4.50

Net periodic pension cost consists of the following components

	<u>2013</u>	<u>2012</u>
Service cost – benefits earned during the year	\$ —	442
Interest cost on the accumulated benefit obligation	11,826	20,078
Expected return on plan assets	(11,090)	(13,018)
Net periodic pension cost	736	7,502
Mark-to-market adjustment	14,133	61,792
Total pension expense	\$ <u>14,869</u>	<u>69,294</u>

The net periodic pension cost was determined using the following assumptions

	<u>2012</u>
Weighted average discount rate	4.70%
Weighted average expected return on plan assets	3.00
Rate of increase in future compensation levels	4.50

The System is making contributions pursuant to provisions of a collective bargaining agreement. The assets for these active participants were spun out of the Plan on January 2, 2013 and into a newly created stand-alone defined benefit pension plan, known as the Allina Health Pension Plan for Collectively Bargained Employees (the new plan). This plan holds assets of \$8.927 and has a projected benefit obligation of \$8.806 using a discount rate of 4.29% as of December 31, 2013. The System made contributions of \$416 and recorded a total pension gain of \$449 in 2013. The funded balance of \$121 as of December 31, 2013 is reported in the consolidated balance sheet as a noncurrent other asset.

The Defined Benefit Pension Plan of Courage Center was assumed in June 2013 with the acquisition of Courage Center. This plan, which was frozen in 2009, holds assets of \$23.621 and has a projected benefit obligation of \$26.585 using a discount rate of 5.0% as of December 31, 2013. The System made contributions of \$500 in 2013 and recorded a total pension gain of \$3.601 in 2013. The unfunded balance

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of \$2.964 as of December 31, 2013 is reported in the consolidated balance sheet as a noncurrent other liability

Multi-employer Plans

Contributions to the union-sponsored multi-employer plans are made in accordance with collective bargaining agreements. The risks of participation in these multi-employer plans are different from single-employer plans in the following aspects: a) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers, b) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, and c) if the System chooses to stop participating in some of its multi-employer plans and if the plan is underfunded, the System may be required to pay those plans an amount based on the underfunded status of the plan, referred to as the withdrawal liability. The System's participation in these plans for the year ended December 31, 2013 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2013 and 2012 is for the plan's year-end at December 31, 2012 and 2011, respectively. The zone status is based on information that the System received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject.

Pension fund	EIN/Pension plan number	Pension protection act zone status		FIP/RP Status pending/implemented	Contributions of the System in plan year		Surcharge imposed	Expiration date of collective bargaining agreement
		2012	2011		2012	2011		
Twin City Hospitals Minnesota Nurses Association Pension Plan	41-6184922- 001	Yellow	Yellow	Implemented	\$ 31.651	24.331	No	May 31, 2016
Other funds					3.945	3.655		
Total contributions					\$ 35.596	27.986		

Total amounts expensed under the union-sponsored multi-employer plans were \$40.591 and \$36.029 for 2013 and 2012, respectively.

The System contributes more than 5% of the total contributions to all of the plans in which it participated for the plan years 2012 and 2011. The System is required to make minimum contributions each year and will make contributions of \$35,961 in 2014.

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The funding improvement plan for the Twin City Hospitals Minnesota Nurses Association Pension Plan requires no contribution or benefit changes from the currently bargained amounts to achieve the funding improvement plan goals

At the date the System's consolidated financial statements were issued, Forms 5500 were not available for the plan year ended in 2013

Defined-Contribution Plans

Certain employees of the System are eligible to participate in defined-contribution plans, whereby 50% of the employees' initial 4% of salary contributions is matched. The defined-contribution plans were enhanced effective January 1, 2009 to provide an additional annual nonelective employer contribution for eligible employees as a replacement to the contribution made to the frozen pension plan. The additional contribution is given as a percent of pay, ranging from 3.0% to 4.5%, based on years of vesting service. Contributions are made during the year following the calendar year-end. The contribution payable to employees is recorded in other current liabilities. Total amounts expensed under defined-contribution plans were \$54,508 and \$52,594 for 2013 and 2012, respectively.

Postretirement Welfare Benefits

The System provides postretirement welfare benefits to certain employees. Postretirement welfare cost was \$2,313 and \$2,234 for 2013 and 2012, respectively. As of December 31, 2013 and 2012, accumulated postretirement benefit obligation was \$9,632 and \$21,631, respectively, and accrued postretirement benefit cost was \$9,362 and \$21,361, respectively. A discount rate of 3.5%, a rate of return on plan assets of 5.0%, and a medical plan trend rate of 7.0% in 2013, decreasing to 5.0% in 2020 and thereafter, have been assumed.

(16) Self-Insurance Reserves

The System insures its general and professional liability exposures under claims-made policies. Under these policies, the System has self-insured deductible amounts. Claim payments required in excess of certain occurrence and annual aggregate amounts are covered under umbrella policies. An insurance trust has been established, which covers specific claims periods. Actuarially determined amounts are contributed to pay for the estimated cost of claims. The System also self-insures workers' compensation exposures. If claims-made policies presently in force are not renewed or replaced with equivalent insurance, claims asserted after the end of the policy term will be uninsured.

The System has a fixed-rate surety bond in the amount of \$45,314 at December 31, 2013 and 2012. The surety bond was obtained in connection with the System's self-insured workers' compensation program at a rate of 0.37% per annum.

The System also has unused letters of credit totaling \$4,036 through February 28, 2015. The letters of credit were obtained in connection with the System's self-insured automobile and construction programs at a fee of 0.65% per annum.

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The System has made provisions for estimated professional and general liability and workers' compensation claims that have been retained by the System because of deductible provisions of various policies or because of unasserted claims and other uninsured exposures. Reserves of \$111,022 and \$116,250 as of December 31, 2013 and 2012, respectively, have been recorded based on undiscounted historical data.

Under the comprehensive welfare benefit plan, the System has made provisions for claims reported but not paid and claims incurred but not reported of \$14,094 and \$17,218 as of December 31, 2013 and 2012, respectively. Management of the plan believes the provisions are adequate to cover claims incurred.

(17) Taxes

The System has been determined to qualify as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The System has also been determined to be exempt from federal and state income tax on related income under Section 501(a) of the Internal Revenue Code and Minnesota Statute Section 290.05, Subdivision 2. Certain of the System's subsidiaries and affiliates qualify as tax-exempt organizations, while others are taxable. The System and its subsidiaries paid taxes of \$1,944 and \$942 in 2013 and 2012, respectively.

As of December 31, 2013 and 2012, the taxable subsidiaries of the System's continuing operations had a gross deferred tax asset of \$79,644 and \$78,049, respectively, resulting from net operating loss carryforwards, employee compensation and benefits accruals, provision for bad debts, and limitation of charitable contributions, offset by valuation allowances of \$78,946 and \$77,137, respectively, and a gross deferred tax liability of \$697 and \$912, respectively, primarily attributable to depreciation and a change in accounting method of a taxable subsidiary. The valuation allowance increased by \$1,809 and \$1,391 during 2013 and 2012, respectively.

As of December 31, 2013, the continuing operations of the System and its subsidiaries had net operating loss carryforwards of \$151,002 for income tax purposes, which expire in various years through 2033.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement and tax return methods of accounting. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The System has analyzed income tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The System believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the System's consolidated financial statements.

(18) Commitments and Contingencies

The System has various noncancelable operating occupancy lease agreements and other operating lease agreements for computer, medical, communication, and other equipment. The terms of certain of the lease agreements contain lease escalation clauses, allow for renewal of the leases, and require the System to pay

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operating costs in addition to minimum base rent. Base rent expense for operating leases totaled \$27,584 and \$23,011 for the years ended December 31, 2013 and 2012, respectively.

Aggregate future minimum lease payments required under operating lease agreements in effect on December 31, 2013 are as follows:

2014	\$	23,102
2015		21,134
2016		19,233
2017		16,930
2018		15,349
Thereafter		62,178
	\$	<u>157,926</u>

The System has incurred financing obligations relating to space lease agreements in a medical office building and a clinic. Under the guidance in ASC Topic 840, *Leases*, the System is considered the owner of the buildings. As of December 31, 2013 and 2012, the cost of the buildings and the related financing obligation are included in the accompanying consolidated balance sheets in property and equipment, net, and in other liabilities, respectively.

Future payments related to the financing transactions, which will be recorded as interest expense, are as follows:

2014	\$	1,175
2015		1,188
2016		1,202
2017		745
2018		716

Approximately 43% of employees are represented by various collective bargaining arrangements, of whom approximately 12% are represented by arrangements that are pending or expire within one year.

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

The System is subject to various legal proceedings and claims that are incidental to its normal business activities. With respect to these actions, established reserves are fairly stated, though actual results could vary from the estimates and assumptions that were used.

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(19) Acquisitions

On June 1, 2013, the System acquired and became the sole owner of Courage Center and the Courage Foundation to create a unique model of care that will make a difference in the communities the System serves. Courage Center provides rehabilitation services and was integrated with an existing service line of the System. The Courage Foundation also was integrated into an existing foundation of the System. The results of Courage Center's operations, including total revenues of \$16,809, have been included in the consolidated financial statements since the acquisition date.

On September 1, 2013, the System acquired and became the sole owner of Regina Medical Center and the Regina Foundation. Through the acquisition, the System will increase the healthcare services provided in the Regina Medical Center service area. Prior to becoming the sole owner of Regina Medical Center, the System had been a 25% member. Regina Medical Center is a hospital located outside the metropolitan area. The results of Regina Medical Center's operations, including total revenues of \$18,186, have been included in the consolidated financial statements since the acquisition date.

There was no consideration transferred for the acquisitions, resulting in the System recording an inherent contribution received for the net assets acquired. The following table summarizes the recognized amounts of estimated fair value of the assets acquired and liabilities assumed at the respective acquisition dates.

	Total	Courage Center and Courage Foundation	Regina Medical Center and Regina Foundation
Current and other long-term assets	\$ 103,677	68,367	35,310
Property and equipment	67,334	28,411	38,923
Liabilities	(34,675)	(28,148)	(6,527)
Long-term debt	(31,475)	—	(31,475)
Previously held equity interest	(6,525)	—	(6,525)
Total identifiable net assets acquired	<u>\$ 98,336</u>	<u>68,630</u>	<u>29,706</u>
Unrestricted nonoperating contribution received in acquisition	\$ 76,611	49,503	27,108
Restricted contribution received in acquisition	<u>21,725</u>	<u>19,127</u>	<u>2,598</u>
Total contribution received in acquisition	<u>\$ 98,336</u>	<u>68,630</u>	<u>29,706</u>

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(20) Functional Expenses

The System provides health care services to residents within its geographic location. Expenses related to providing these services included in the consolidated statements of operations and changes in net assets are as follows:

	<u>2013</u>	<u>2012</u>
Healthcare services	\$ 2,781,237	2,652,270
General and administrative	505,889	498,069
	<u>\$ 3,287,126</u>	<u>3,150,339</u>

(21) Subsequent Events

The System has evaluated subsequent events from the consolidated balance sheet date through March 11, 2014, the date at which the consolidated financial statements were issued, and determined there are no other items to disclose.