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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 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
CENTRACARE HEALTH SYSTEM

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
1406 6TH AVENUE NORTH

City or town, state or province, country, and ZIP or foreign postal code
ST CLOUD, MN 56303

D Employer identification number
41-1813221

E Telephone number
(320) 251-2700

G Gross receipts $ 178,492,147

F Name and address of principal officer
TERENCE R PLADSON MD
1406 6TH AVENUE NORTH
ST CLOUD, MN 56303

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW CENTRACARE COM

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

L Year of formation 1995

M State of legal domicile MN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE CENTRACARE HEALTH SYSTEM WORKS TO IMPROVE THE HEALTH OF EVERY PATIENT, EVERY DAY

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	9
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,284
6	Total number of volunteers (estimate if necessary)	**6**	349
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	422,632
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-43,599

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	39,006,808	13,811,966
9	Program service revenue (Part VIII, line 2g)	72,795,293	157,331,689
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,446,528	692,785
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	2,543,184	733,069
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	115,791,813	172,569,509
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	9,751
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	21,761,867	70,142,368
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶688,664		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	66,510,057	93,329,433
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	88,271,924	163,481,552
19	Revenue less expenses Subtract line 18 from line 12	27,519,889	9,087,957

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	143,227,013	176,582,230
21	Total liabilities (Part X, line 26)	77,796,813	90,797,825
22	Net assets or fund balances Subtract line 21 from line 20	65,430,200	85,784,405

Part II Signature Block

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

Sign Here

****** — Signature of officer — 2015-04-21 — Date

GREGORY R KLUGHERZ CFO — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
TODD A JACKSON				P00092672

Firm's name ▶ MCGLADREY LLP — Firm's EIN ▶ 42-0714325

Firm's address ▶ 801 NICOLLET MALL SUITE 1100, MINNEAPOLIS, MN 55402 — Phone no (612) 332-4300

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

THE MISSION OF CENTRACARE HEALTH SYSTEM (CCHS) IS TO OPERATE AN INTEGRATED MULTI-ORGANIZATIONAL HEALTH CARE SYSTEM DESIGNED TO PROVIDE ACCESS TO QUALITY HEALTH CARE SERVICES AT AN AFFORDABLE PRICE

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 $ 53,032,858 including grants of $ 9,751) (Revenue $ 60,002,976)

CENTRACARE HEALTH SYSTEM (CCHS) IS AN INTEGRATED HEALTH SYSTEM, COMPRISED OF FOUR CRITICAL ACCESS HOSPITALS, ONE ACUTE CARE HOSPITAL, A MULTI-SPECIALTY CLINIC, SURGICAL CENTER, RETAIL PHARMACY NETWORK, NURSING HOME AND A FOUNDATION CCHS SERVES ITS PATIENTS IN 4 MAIN AREAS MONTICELLO HOSPITAL IS CONSIDERED A DISREGARDED ENTITY FOR PURPOSES OF 990 REPORTING, THUS IT IS INCLUDED WITH THIS 990 FILING MONTICELLO HOSPITAL IS A 25 BED CRITICAL ACCESS HOSPITAL AND ALSO OPERATES A 10 BED ACUTE REHAB UNIT IN FISCAL YEAR 2014, THEY HAD 4,554 PATIENT DAYS, 25,267 OUTPATIENT VISITS AND 10,815 EMERGENCY ROOM VISITS, WHICH GENERATED $63,503,196 OF PROGRAM REVENUE AND $57,289,207 OF PROGRAM EXPENSE

4b (Code) (Expenses $ 22,301,434 including grants of $) (Revenue $ 27,371,138)

CENTRACARE HEALTH - PAYNESVILLE HOSPITAL IS CONSIDERED A DISREGARDED ENTITY FOR PURPOSES OF 990 REPORTING, THUS IT IS INCLUDED WITH THIS 990 FILING CENTRACARE HEALTH - PAYNESVILLE HOSPITAL IS A 25 BED CRITICAL ACCESS HOSPITAL IN FISCAL YEAR 2014, THEY HAD 1,729 PATIENT DAYS, 3,818 OUTPATIENT VISITS AND 2,295 EMERGENCY ROOM VISITS, WHICH GENERATED $27,371,138 OF PROGRAM REVENUE AND $22,301,434 OF PROGRAM EXPENSE

4c (Code) (Expenses $ 22,250,714 including grants of $) (Revenue $ 25,706,485)

CENTRACARE LABORATORY SERVICES ALL HOSPITALS UNDER ITS UMBRELLA AS WELL AS CENTRACARE CLINIC IT ALSO PERFORMS TESTS FOR VARIOUS FACILITIES IN THE REGION CENTRACARE LABORATORY PERFORMED 1 7 MILLION TESTS IN FISCAL YEAR 2014, WHICH GENERATED $31,739,156 IN PROGRAM REVENUE AND INCURRED $22,250,714 OF EXPENSES

(Code) (Expenses $ 16,405,454 including grants of $) (Revenue $ 44,567,093)

THE OTHER MAIN ACTIVITY OF CENTRACARE HEALTH SYSTEM IS THE INFORMATION TECHNOLOGY SERVICES PROVIDED TO ALL ENTITIES WITHIN THE CENTRACARE UMBRELLA ACTIVITIES INCLUDE FIELDING HELP DESK CALLS, INSTALLING SOFTWARE AND HARDWARE, MAINTAINING THE SERVERS, AND OTHER RELATED INFORMATION SYSTEM TASKS THE REVENUE GENERATED FROM THIS ACTIVITY IN FISCAL YEAR 2014 WAS $38,992,238 AND GENERATED EXPENSES OF $10,744,688CENTRACARE SURGICAL CENTER (CCSC) PROVIDES SURGICAL SERVICES TO THE COMMUNITY IT SERVES IN FISCAL YEAR 2014 THERE WERE 3,413 SURGERIES PERFORMED CCSC GENERATED $5,574,855 OF REVENUE AND $5,660,766 OF EXPENSE FOR AN OPERATING LOSS OF $85,911

4d Other program services (Describe in Schedule O)

(Expenses $ 16,405,454 including grants of $) (Revenue $ 44,567,093)

4e **Total program service expenses** ▶ 113,990,460

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response 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 . .	1a	155		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,284		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response 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	**1a** 12		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
b	Enter the number of voting members included in line 1a, above, who are independent	**1b** 9		
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

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

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

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

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

▶ GREGORY R KLUGHERZ 1406 SIXTH AVENUE NORTH
ST CLOUD, MN 56303 (320) 251-2700

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

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

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

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

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) TERENCE R PLADSON MD PRESIDENT/CEO	40 00 4 00	X		X				1,357,426	0	251,324
(2) GENE WINDFELDT DIRECTOR, CHAIR	2 00 1 00	X		X				5,000	0	0
(3) ROBERT WHITE DIRECTOR, VICE CHAIR	2 00 1 00	X		X				2,500	0	0
(4) THOMAS W LEITHER MD DIRECTOR & NEPHROLOGIST	2 00 40 00	X						0	410,968	40,376
(5) CHRISTOPHER COBORN DIRECTOR	2 00 2 00	X						2,000	0	0
(6) DAVID AGERTER MD DIRECTOR	2 00 1 00	X						1,000	0	0
(7) DENISE ROSIN DIRECTOR	2 00 1 00	X						2,000	0	0
(8) MIKE BENUSA DIRECTOR	2 00 1 00	X						2,500	0	0
(9) GARY MARSDEN DIRECTOR	2 00 1 00	X						2,000	0	0
(10) MOHAMED YASSIN MD DIRECTOR	2 00 1 00	X						2,500	0	0
(11) MARY JO WILLIAMSON DIRECTOR	2 00 1 00	X						1,500	0	0
(12) ROBERT STOCKER MD DIRECTOR & OB/GYN	2 00 38 00	X						0	536,750	19,125
(13) JOSEPH UPHUS DIRECTOR	2 00 1 00	X						1,000	0	0
(14) GREGORY R KLUGHERZ TREASURER/CFO	14 00 27 00			X				0	628,226	126,100
(15) PAUL R HARRIS CORPORATE SECRETARY	25 00 16 00			X				434,166	0	77,979
(16) JAMES R DAVIS VICE PRESIDENT	25 00 15 00				X			386,595	0	26,538
(17) ERIC M LOHN REGIONAL CFO	8 00 32 00				X			161,181	0	14,414

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) GERRY G GILBERTSON ADMINISTRATOR-MELROSE	50 39 50				X			258,228	0	41,761
(19) DANIEL J SWENSON ADMINISTRATOR-LONG PRAIRIE	50 39 50				X			240,472	0	50,657
(20) DELANO A CHRISTANSON ADMINISTRATOR - SAUK CENTRE	50 39 50				X			156,451	0	48,011
(21) MARY E WELLS ADMINISTRATOR - MONTICELLO	40 00 50				X			201,942	0	7,261
(22) JOSEPH D HELLIE VICE PRESIDENT	1 00 39 00				X			0	175,619	35,458
(23) JOSEPH M BLONSKI MD PHYSICIAN	40 00					X		287,371	0	40,107
(24) MARK J LARKIN VICE PRESIDENT OF DEVELOPMENT	40 00					X		284,177	0	64,499
(25) MARY V PHIPPS DIRECTOR	40 00					X		217,665	0	40,295
(26) KEVIN R SWITZER ASSOCIATE DIRECTOR	40 00					X		208,741	0	31,215
(27) JIMMIE L BROWNING ASSOCIATE DIRECTOR	40 00					X		206,908	0	582
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,423,323	1,751,563	915,702

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 40

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
CENTRAL MINNESOTA EMERGENCY PHYSICIANS 1406 6TH AVE NORTH ST CLOUD MN 56303	EMERGENCY COVERAGE	4,398,498
MAYO MEDICAL LABORATORIES PO BOX 4100 ROCHESTER MN 559034100	LABORATORY SERVICES	3,601,500
CENTRACARE CLINIC 1200 6TH AVE N ST CLOUD MN 56303	PHYSICIAN SERVICES	2,097,531
METRO ANESTHESIA CONSULTANT 9855 AETNA AVE NE MONTICELLO MN 55362	ANESTHESIA SERVICES	1,427,367
CENTRAL MINNESOTA DIAGNOSTIC INC 150 10TH STREET NW MILACA MN 56353	RADIOLOGY SERVICES	1,403,187

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 ▶ 23

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	13,730,043			
	e	Government grants (contributions)	1e	52,066			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	29,857			
	g	Noncash contributions included in lines 1a-1f $		13,730,043			
	h	**Total.** Add lines 1a-1f . . . . . ▶		13,811,966			
Program Service Revenue			Business Code				
	2a	PATIENT & SERVICE REVENUE	900099	118,496,478	118,073,846	422,632	
	b	CORPORATE REVENUE	900099	20,673,639	20,673,639		
	c	HEALTH INSURANCE PREMIUM CREDIT	900099	10,724,143	10,724,143		
	d	SHARED/LEGAL SYSTEM REVENUE	900099	4,621,370	4,621,370		
	e	OTHER REVENUE	900099	1,736,796	1,736,796		
	f	All other program service revenue		1,079,263	1,079,263		
	g	**Total.** Add lines 2a–2f . . . . . ▶		157,331,689			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		671,369			671,369
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real / (ii) Personal				
	6a	Gross rents	5,856,545				
	b	Less rental expenses	5,856,545				
	c	Rental income or (loss)	0				
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	52,801				
	b	Less cost or other basis and sales expenses	31,385				
	c	Gain or (loss)	21,416				
	d	Net gain or (loss) . . . . . ▶		21,416			21,416
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a	29,142				
	b	Less cost of goods sold . . b	34,708				
	c	Net income or (loss) from sales of inventory . . ▶		-5,566			-5,566
		Miscellaneous Revenue	Business Code				
	11a	REVENUE FROM JOINT VENTURES	900099	738,635	738,635		
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶		738,635			
	12	**Total revenue.** See Instructions . . . . . ▶		172,569,509	157,647,692	422,632	687,219

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	9,751	9,751		
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	3,678,475		3,678,475	
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	53,311,454	51,968,892	1,322,389	20,173
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,743,149	2,585,464	136,380	21,305
9 Other employee benefits	7,116,946	6,643,245	473,701	
10 Payroll taxes	3,292,344	2,925,700	273,244	93,400
11 Fees for services (non-employees)				
a Management				
b Legal	839,029	8,194	830,284	551
c Accounting	117,803	4,054	113,749	
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)	19,169,811	17,428,744	1,493,542	247,525
12 Advertising and promotion	404,519	113,768	198,859	91,892
13 Office expenses	2,157,837	1,533,524	567,589	56,724
14 Information technology	34,655,546		34,655,546	
15 Royalties . .				
16 Occupancy	541,427	541,418		9
17 Travel	61,177	21,261	28,664	11,252
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	436,872	283,422	131,131	22,319
20 Interest	2,004,137	251,726	1,752,410	1
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	3,920,941	3,188,979	729,250	2,712
23 Insurance	1,128,945	286,997	840,374	1,574
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES/DRUGS	15,385,583	15,356,363	29,181	39
b BAD DEBT	3,062,479	3,062,479		
c MEDICAID SURCHARGE/MN C	1,896,420	1,896,420		
d				
e All other expenses	7,546,907	5,880,059	1,547,660	119,188
25 **Total functional expenses.** Add lines 1 through 24e	163,481,552	113,990,460	48,802,428	688,664
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		10,231,691	1	15,715,128
	2	Savings and temporary cash investments		3,265,272	2	496,690
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		19,634,313	4	36,583,201
	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		1,499,031	7	1,437,263
	8	Inventories for sale or use		2,087,353	8	2,676,939
	9	Prepaid expenses and deferred charges		1,362,576	9	1,386,050
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 184,140,855			
	b	Less accumulated depreciation	10b 98,096,239	78,626,884	10c	86,044,616
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		25,899,853	12	31,747,194
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		620,040	15	495,149
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		143,227,013	16	176,582,230
Liabilities	17	Accounts payable and accrued expenses		26,776,918	17	33,618,221
	18	Grants payable			18	
	19	Deferred revenue		406,109	19	138,928
	20	Tax-exempt bond liabilities		44,688,542	20	42,425,678
	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		1,634,889	23	8,903,231
	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		4,290,355	25	5,711,767
	26	**Total liabilities.** Add lines 17 through 25		77,796,813	26	90,797,825
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		65,430,200	27	85,784,405
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		65,430,200	33	85,784,405
	34	Total liabilities and net assets/fund balances		143,227,013	34	176,582,230

Part XI Reconcilliation 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	172,569,509
2	Total expenses (must equal Part IX, column (A), line 25)	2	163,481,552
3	Revenue less expenses Subtract line 2 from line 1	3	9,087,957
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	65,430,200
5	Net unrealized gains (losses) on investments	5	212,245
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	11,054,003
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	85,784,405

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

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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
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

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

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

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
3 ☐ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____
5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)
8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
11 ☑ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h
a ☐ Type I **b** ☐ Type II **c** ☑ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated
e ☑ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☑
g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

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

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of monetary support
See Additional Data Table									
Total									117,842,942

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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	

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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	Employer identification number
CENTRACARE HEALTH SYSTEM	41-1813221

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

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

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 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) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		8,534
j	Total Add lines 1c through 1i			8,534
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	CCHS PAYS DUES TO THE MINNESOTA HOSPITAL ASSOCIATION (MHA) AND AMERICAN MEDICAL GROUP, A PORTION OF WHICH RELATES TO LOBBYING ACTIVITIES FOR FY2014, MHA HAS DETERMINED THAT 3 8% OR $5,784 OF ITS MEMBERSHIP DUES WERE USED FOR LOBBYING PURPOSES THE AMERICAN MEDICAL GROUP HAS DETERMINED THAT 20% OR $2,750 OF ITS MEMBERSHIP DUES WERE USED FOR LOBBYING PURPOSES THE TOTAL LOBBYING EXPENSES FOR FY14 TOTALED $8,534

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

Part VI Land, Buildings, and Equipment. 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		8,777,911		8,777,911
b Buildings		123,546,076	57,210,098	66,335,978
c Leasehold improvements				
d Equipment		51,317,901	40,886,141	10,431,760
e Other		498,967		498,967
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				86,044,616

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) FUNDS HELD BY TRUSTEE UNDER BOND INDENTURES	14,718,440	C
(B) FUNDS HELD BY BOARD FOR FUTURE PROPERTY & EQUIP REPLACEMENT/EXPANSION	8,420,539	C
(C) INVESTMENT IN JOINT VENTURES	5,707,930	C
(D) INVEST IN MUTUAL SERVICE CORP	2,900,285	C
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	31,747,194	

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
EXECUTIVE BENEFIT ACCRUAL	2,900,285
LT SETTLEMENT RESERVES	1,151,751
PENSION ACCRUAL	278,853
CONTINGENT CONSIDERATION	1,380,878
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	5,711,767

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

Part XI **Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** 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 XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

Employer identification number
41-1813221

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			466,299	0	466,299	0 510 %
b Medicaid (from Worksheet 3, column a)			12,360,566	11,215,344	1,145,222	1 250 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			12,826,865	11,215,344	1,611,521	1 760 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			21,398	0	21,398	0 020 %
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			12,667		12,667	0 010 %
j **Total.** Other Benefits			34,065		34,065	0 030 %
k **Total.** Add lines 7d and 7j			12,860,930	11,215,344	1,645,586	1 790 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

			Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2 2,911,312		
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 0		
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	25,674,704
6	Enter Medicare allowable costs of care relating to payments on line 5	6	25,845,544
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-170,840
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

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

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

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	1 MONTICELLO CANCER CENTER	RADIATION & ONCOLOGY SERVICES	60 000 %	0 %	0 %
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

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

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

Name of hospital facility or facility reporting group CENTRACARE HEALTH - MONTICELLO

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) 1

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

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 175 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☑ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☑ Other similar actions (describe in 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**	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☑ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☑ Other similar actions (describe in 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 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible 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?	**21**		No
If "Yes," explain in Part VI			
22 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?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group CENTRACARE HEALTH - PAYNESVILLE

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) 2

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

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 175 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 250 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☑ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☑ Other similar actions (describe in 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**	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☑ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☑ Other similar actions (describe in 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 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☑ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible 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?	**21**		No
If "Yes," explain in Part VI			
22 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?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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.

Form and Line Reference	Explanation
See Additional Data Table	

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? **8**

	Name and address	Type of Facility (describe)
1	MONTICELLO CARE CENTER 1104 EAST RIVER STREET MONTICELLO,MN 55362	SKILLED NURSING FACILITY
2	MONTICELLO CLINIC 1001 HART BLVD STE 100 MONTICELLO,MN 55362	CLINIC
3	KORONIS MANOR CARE CENTER 200 WEST FIRST STREET PAYNESVILLE,MN 56362	SKILLED NURSING FACILITY
4	CCH PAYNESVILLE- BELGRADE CLINIC 505 NELSON AVENUE BELGRADE,MN 56312	CLINIC
5	CCH PAYNESVILLE - COLD SPRING CLINIC 308 FIFTH AVENUE SOUTH COLD SPRING,MN 56320	CLINIC
6	CCH PAYNESVILLE - EDEN VALLEY CLINIC 405 MEEKER AVENUE EDEN VALLEY,MN 56362	CLINIC
7	CCH PAYNESVILLE - PAYNESVILLE CLINIC 200 WEST FIRST STREET PAYNESVILLE,MN 56362	CLINIC
8	CCH PAYNESVILLE - RICHMOND CLINIC 130 FIRST STREET NE RICHMOND,MN 56368	CLINIC
9		
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 7	THE HOSPITALS' TOTAL EXPENSES (NET OF BAD DEBT) WERE REDUCED BY OTHER OPERATING REVENUE (NET OF EHR INCENTIVE REVENUE) AND ALSO BY MEDICAID SURCHARGE AND TAXES, AND THEN DIVIDED BY TOTAL PATIENT REVENUE TO DETERMINE COST TO CHARGE RATIO

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	THE HOSPITALS' BAD DEBT EXPENSE WAS ESTIMATED USING THE COST TO CHARGE RATIO DESCRIBED IN PART I, LINE 7 AND MULTIPLYING BY TOTAL BAD DEBTS (WHICH ARE WRITTEN OFF AT GROSS CHARGES UNLESS A SELF PAY DISCOUNT WAS TAKEN ON THE ACCOUNT PRIOR TO BEING WRITTEN OFF)

Form and Line Reference	Explanation
PART III, LINE 4	THE FOLLOWING IS FROM THE "ACCOUNTS RECEIVABLE" PARAGRAPH INCLUDED IN NOTE 2 OF THE ORGANIZATION'S AUDITED FINANCIALS "PATIENT AND RESIDENT ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF EXPECTED NET COLLECTIONS, CONSIDERING HISTORICAL NET COLLECTION, BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUECY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE ANY MODIFICATIONS TO THE PROVISION FOR UNCOLLECTIBLE ACCOUNTS TO ESTABLISH AN APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CENTRACARE FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PAST-DUE PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICITONS ON COLLECTION EFFORTS AS DETERMINED BY CENTRACARE "

Form and Line Reference	Explanation
PART III, LINE 8	THE SHORTFALL OF $171 THOUSAND IN TREATING MEDICARE PATIENTS SHOULD BE CONSIDERED A COMMUNITY BENEFIT IN ITS ENTIRETY THE HOSPITALS PROVIDE AN EXCELLENT LEVEL OF CARE TO THE PEOPLE IN THE COMMUNITY DESPITE THE SHORTFALL IN REIMBURSEMENT FORM MEDICARE, THE HOSPITALS CONTINUE TO PROVIDE ESSENTIAL HEALTHCARE SERVICES TO THE POPULATION THE AMOUNT ON LINE 7 OF PART III WAS DETERMINED BY UTILIZING THE MEDICARE COST REPORT UTILIZING KEY SECTIONS OF THAT REPORT, PRIMARILY THE D SERIES AND E SERIES

Form and Line Reference	Explanation
PART III, LINE 9B	THE COLLECTION POLICIES AT THE HOSPITALS REQUIRE COLLECTION STAFF TO OFFER CHARITY TO PATIENTS WHO INDICATE THAT PAYMENT MAY BE AN ISSUE IF A PATIENT DOES QUALIFY FOR FULL CHARITY, ALL OTHER COLLECTION EFFORTS MUST CEASE, IF A PATIENT QUALIFIES FOR PARTIAL CHARITY, COLLECTION EFFORTS WILL CONTINUE ON THE BALANCE OF THE ACCOUNT THESE PROVISIONS APPLY TO BOTH HOSPITAL EMPLOYED COLLECTION STAFF AND COLLECTION AGENCY STAFF NO PATIENTS, WHETHER THEY QUALIFY FOR CHARITY OR NOT, ARE REPORTED TO CREDIT RATING AGENCIES

Form and Line Reference	Explanation
PART VI, LINE 2	NO NEEDS ASSESSMENT WAS COMPLETED IN 2013

Form and Line Reference	Explanation
PART VI, LINE 3	INPATIENTS WHO ARE SELF PAY ARE IDENTIFIED, AND A REPRESENTATIVE OF THE HOSPITALS' BILLING DEPARTMENT EXPLAINS THE CHARITY CARE POLICY TO PATIENTS THEY ALSO EXPLAIN THE SELF PAY DISCOUNT AND SCREENS THE PATIENT FOR ELIGIBILITY FOR ANY STATE OR FEDERAL PROGRAMS THEY ALSO ASSIST THE PATIENT WITH ANY PAPERWORK REQUIRED TO APPLY FOR SUCH PROGRAMS OUTPATIENTS WHO ARE SELF PAY RECEIVE AN AUTOMATIC SELF PAY DISCOUNT IF THE PATIENT DOES NOT REMIT PAYMENT, COLLECTION STAFF ATTEMPT TO REACH THE PATIENT BY PHONE PATIENTS ARE TOLD ABOUT THE CHARITY PROGRAM FOR BOTH INPATIENTS AND OUTPATIENTS, ALL STATEMENTS CONTAIN A LETTER REGARDING THE AVAILABILITY OF CHARITY CARE ALSO ALL PRECOLLECTION LETTERS HAVE THIS SAME LANGUAGE INDICATING THE AVAILABILITY AND PROCESS OF OBTAINING CHARITY CARE

Form and Line Reference	Explanation
PART VI, LINE 4	CENTRACARE HEALTH - MONTICELLO IS LOCATED IN CENTRAL MINNESOTA IN WRIGHT COUNTY THE 2010 CENSUS SHOWS A POPULATION OF 11,553 WHICH WAS A 46 84% INCREASE OVER THE 2000 FIGURE OF 7,867 THIS AREA OF THE STATE IS SHOWING A SIGNIFICANT INCREASE IN POPULATION AND IS EXPECTED TO CONTINUE INTO THE FUTURE THE AGE DEMOGRAPHICS OF THE REGION ARE AS FOLLOWS 0-5 13 34% 6-11 10 95%, 12 TO 17 10 01%, 18 TO 24 9 17%, 25-34 18 61%, 35-44 13 77%, 45-54 10 01%, 55-64 6 73%, 65-74 3 38%, 75-84 2 50%, 85+ 1 54% THE 2010 CENSUS DATA ETHNICITY BREAKDOWN FOR MONTICELLO, MN WAS AS FOLLOWS CAUCASIAN 92 47%, HISPANIC 3 54%, ASIAN 1 06%, AFRICAN AMERICAN 1 03%, OTHER 3 6% CENTRACARE HEALTH - PAYNESVILLE IS LOCATED IN CENTRAL MINNESOTA IN STEARNS COUNTY THE 2010 CENSUS SHOWS A POPULATION OF 2,115 WHICH WAS A 6 70% DECREASE OVER THE 2000 FIGURE OF 2,267 THIS AREA OF THE STATE IS SHOWING A SLIGHT DECREASE IN POPULATION AND IS EXPECTED TO CONTINUE INTO THE FUTURE THE AGE DEMOGRAPHICS OF THE REGION ARE AS FOLLOWS 0-5 8 04% 6-11 7 14%, 12 TO 17 8 89%, 18 TO 24 7 85%, 25-34 10 07%, 35-44 11 49%, 45-54 13 19%, 55-64 12 53%, 65-74 8 18%, 75-84 3 91%, 85+ 4 87% THE 2010 CENSUS DATA ETHNICITY BREAKDOWN FOR PAYNESVILLE, MN WAS AS FOLLOWS CAUCASIAN 97 21%, HISPANIC 2 32%, ASIAN 38%, AND AFRICAN AMERICAN 09%

Form and Line Reference	Explanation
PART VI, LINE 5	THE ORGANIZATION PROMOTES THE HEALTH OF THE COMMUNITY IN SEVERAL IMPORTANT WAYS ONE OF THESE WAYS IS THROUGH THE COMMUNITY COLLABORATION COMMITTEE (CCC), A STANDING COMMITTEE OF THE CENTRACARE HEALTH FOUNDATION THE CCC HAS A MEMBERSHIP OF OVER 30 PERSONS REPRESENTING HEALTHCARE AND COMMUNITY NEEDS ACROSS CENTRAL MINNESOTA THE CCC MEETS MONTHLY TO DISCUSS WAYS TO ADDRESS TYPICAL HEALTH ISSUES THROUGH AWARENESS BUILDING, EDUCATION AND/OR AN INTERVENTION PROJECT THERE ARE SEVERAL COMMUNITY HEALTH OUTREACH INITIATIVES THAT THE FOUNDATION IS INVOLVED WITH THESE INITIATIVES INCLUDE 1) BLEND CHILDHOOD OBESITY COALITION OF CENTRAL MINNESOTA (GOAL IS TO REDUCE THE INCIDENCE OF CHILDHOOD OBESITY BY 2016), 2) SMOKE FREE COMMUNITIES (CONTINUED EFFORTS TO CREATE CLEAN INDOOR AND OUTDOOR AIR FOR ALL), 3) QUITPLAN CLINICS (COLLABORATION WITH CENTRACARE CLINIC TO HELP THOSE TRYING TO QUIT SMOKING), AND 4) CENTRACARE CLINIC MEDICAL HOME PILOT

Form and Line Reference	Explanation
PART VI, LINE 6	THE HOSPITALS ARE PART OF CENTRACARE HEALTH SYSTEM (CCHS) WHICH PROVIDES A BROAD RANGE OF HEALTH CARE SERVICES TO THE PATIENTS OF CENTRAL MINNESOTA CCHS IS DEDICATED TO IMPROVING THE HEALTH OF PEOPLE LIVING AND WORKING IN THE COMMUNITIES IT SERVES TO ACCOMPLISH ITS GOALS IT WORKS ACTIVELY WITH ITS AFFILIATE HEALTH CARE ORGANIZATIONS CCHS CONTINUES TO FOCUS ON PROVIDING THE BEST CARE POSSIBLE AND IN REINVESTING INTO THE COMMUNITY CCHS ALSO PROMOTES WELLNESS BY SPONSORING PROGRAMS AND EVENTS IN LOCAL COMMUNITIES THAT FOCUS ON HEALTHY EATING AND EXERCISE, AND BY CONDUCTING SCREENINGS FOR CONDITIONS SUCH AS HIGH BLOOD PRESSURE

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	MN

Additional Data

Software ID:
Software Version:
EIN: 41-1813221
Name: CENTRACARE HEALTH SYSTEM

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 1J CCH'S CHNA PROCESS ALSO CONSIDERED SECONDARY DATA FROM THE DARTMOUTH ATLAS, ROBERT WOOD JOHNSON, MINNESOTA DEPARTMENT OF HEALTH, US CENSUS BUREAU, MINNESOTA HOSPITAL ASSOCIATION, ST CLOUD AREA UNITED WAY, CATHOLIC CHARITIES OF THE DIOCESE OF ST CLOUD, MINNESOTA SENIOR FEDERATION, PUBLIC HEALTH DEPARTMENTS FROM APPROPRIATE COUNTIES AND ADDITIONAL FEDERAL AND STATE ENTITIES THE CHNA WAS INFORMED BY A COLLABORATIVE AND ONGOING COMMUNITY HEALTH SURVEY JOINTLY FUNDED AND MANAGED WITH A NUMBER OF AREA COUNTIES WHO WERE JOINTLY CONDUCTING COMMUNITY SURVEYS TO INFORM THEIR COMMUNITY HEALTH ASSESSMENTS IN SUPPORT OF DEVELOPMENT OF THEIR COMMUNITY HEALTH IMPROVEMENT PLANS LACK OF CURRENT PUBLIC HEALTH DATA WAS A SIGNIFICANT INFORMATION GAP IN THE CHNA AS THE SURVEY COULD NOT BE COMPLETED IN TIME TO INCLUDE ITS DATA IN THE CCH CHNA CCH HAS COMMITTED TO A CONTINUING EFFORT WITH PUBLIC HEALTH OFFICIALS TO JOINTLY DEVELOP PRIORITIES WITH THE COUNTIES AS A PART OF ITS ACTION PLANS

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - PAYNESVILLE	PART V, SECTION B, LINE 1J CENTRACARE HEALTH - PAYNESVILLE BECAME PART OF THE CENTRACARE HEALTH SYSTEM (CCHS) GROUP ON OCTOBER 1, 2013 CCHS CONDUCTED ITS MOST RECENT CHNA JOINTLY WITH ALL OF ITS 501(C)(3) HOSPITALS AS OF THE BEGINNING OF ITS FISCAL YEAR 2013 (7/1/2012) BECAUSE PAYNESVILLE WAS NOT PART OF THE CCH GROUP AS OF 7/1/2012 IT WAS NOT INCLUDED IN THE MOST RECENT CHNA

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 3 DATA WAS OBTAINED FROM LOCAL COUNTY PUBLIC HEALTH DEPARTMENTS, INCLUDING THEIR MOST RECENT HEALTH ASSESSMENTS AND COMMUNITY REPORTS IN ADDITION, HEALTH-RELATED INFORMATION WAS COLLECTED FROM AREA NONPROFIT ORGANIZATIONS THAT REGULARLY CONDUCT ASSESSMENTS AND EVALUATIONS OF THE SERVICES THEY PROVIDE AND THEIR TARGETED DEMOGRAPHICS USEFUL MATERIAL WAS GATHERED FROM THE LOCAL UNITED WAY, CATHOLIC CHARITIES, THE CENTRAL MINNESOTA COUNCIL ON AGING, AND THE TRI-COUNTY ACTION PROGRAM (TRI-CAP) THESE ORGANIZATIONS SUPPORT A BROAD RANGE OF CONSTITUENTS WITH DIVERSE HEALTH-RELATED NEEDS, THEY REPRESENT DEMOGRAPHICS THAT ARE STATISTICALLY MORE LIKELY TO ENCOUNTER HEALTH-RELATED BARRIERS CCH ALSO CONDUCTED A SERIES OF FOCUS GROUPS THAT INFORMED ITS CHNA SPECIFICALLY, THE FOCUS GROUPS REPRESENTED POPULATIONS OF COLOR, RECENT IMMIGRANT POPULATIONS, CULTURAL MINORITIES, THOSE WHO WERE AUDIBLY CHALLENGED AND OTHERS WHO WERE DEEMED TO BE UNDER-REPRESENTED OR UNDER-SERVED

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 4 CCH CONDUCTED ITS CHNA JOINTLY WITH ALL OF ITS 501(C)(3) HOSPITALS AS OF THE BEGINNING OF ITS FISCAL 2013 THOSE FACILITIES INCLUDED ST CLOUD HOSPITAL, CENTRACARE HEALTH MELROSE, CENTRACARE HEALTH LONG PRAIRIE, CENTRACARE HEALTH SAUK CENTRE AND CENTRACARE HEALTH - MONTICELLO EACH HOSPITAL PREPARED INDIVIDUAL ACTION PLANS TO THE CHNA BASED ON SPECIFIC INPUT FROM THOSE COMMUNITIES

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 5D IN ADDITION TO MAKING ITS CHNA AVAILABLE TO THE PUBLIC ON ITS WEB SITE AND AT ITS BUSINESS OFFICE, CCH HAS SHARED COPIES OF THE CHNA WITH COUNTY PUBLIC HEALTH OFFICIALS AND, INTERNALLY, WITH INDIVIDUALS WORKING ON QUALITY IMPROVEMENT AND COMMUNITY HEALTH INITIATIVES CCH HAS ALSO PUBLISHED CONTACT INFORMATION FOR ITS DIRECTOR OF COMMUNITY & GOVERNMENT RELATIONS TO RESPOND TO QUESTIONS OR CONCERNS ABOUT THE CHNA THE DIRECTOR HAS ALSO PRESENTED RESULTS OF THE CHNA TO COMMUNITY GROUPS AND TO REPRESENTATIVES OF LOCAL FUNDING GROUPS

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 6I THE NEEDS IDENTIFIED BY THE CHNA ARE CURRENTLY IN ORGANIZATIONAL WORK PLANS AND ARE UNDER IMPLEMENTATION

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 7 PER GUIDANCE FROM THE IRS, REGULATION 1 501(R)-3(C), THE CHNA FOR CCH ELECTED NOT TO DIRECTLY ADDRESS SEVERAL DETERMINANTS OF HEALTH THAT IT IDENTIFIED IN ITS PROCESS WHICH WERE NOT WITHIN THE ORGANIZATION'S CAPABILITIES OR CORE COMPETENCIES EXAMPLES OF ISSUES NOT SPECIFICALLY ADDRESSED IN THE CHNA ACTION PLANS INCLUDE HIGH SCHOOL GRADUATION RATES, AFFORDABLE HOUSING OR SUPPORTED HOUSING (CCH DID SUPPORT AN EFFORT OF THE CITY OF ST CLOUD TO CONDUCT A HOUSING ASSESSMENT AS A RESULT OF THE CHNA PROCESS AND IS ALREADY THE LARGEST AREA PROVIDER OF SUPPORTED HOUSING DUE TO ITS EXTENSIVE CHEMICAL DEPENDENCY PROGRAMS AND SENIOR HOUSING PROGRAMS)

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 16E THE ORGANIZATION EMPLOYES THE USE OF COLLECTION AGENCIES TO COLLECT A PATIENT'S BALANCE AFTER THOSE EFFORTS ARE EXHAUSTED, THE ORGANIZATION DOES UTILIZE LAWSUITS AS WELL

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - PAYNESVILLE	PART V, SECTION B, LINE 16E THE ORGANIZATION EMPLOYES THE USE OF COLLECTION AGENCIES TO COLLECT A PATIENT'S BALANCE AFTER THOSE EFFORTS ARE EXHAUSTED, THE ORGANIZATION DOES UTILIZE LAWSUITS AS WELL

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 17E THE ORGANIZATION CONTRACTS WITH SEVERAL COLLECTION AGENCIES TO ATTEMPT TO COLLECT PATIENT BALANCES

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - PAYNESVILLE	PART V, SECTION B, LINE 17E THE ORGANIZATION CONTRACTS WITH SEVERAL COLLECTION AGENCIES TO ATTEMPT TO COLLECT PATIENT BALANCES

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - MONTICELLO	PART V, SECTION B, LINE 20D PER AGREEMENT WITH THE MINNESTOA ATTORNEY GENERAL, THE ORGANIZATION PROVIDES A DISCOUNT TO THE UNINSURED EQUAL TO THE AVERAGE DISCOUNT OF OUR LARGEST (BY VOLUME) NON-GOVERNMENTAL PAYOR

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.

Form and Line Reference	Explanation
CENTRACARE HEALTH - PAYNESVILLE	PART V, SECTION B, LINE 20D PER AGREEMENT WITH THE MINNESTOA ATTORNEY GENERAL, THE ORGANIZATION PROVIDES A DISCOUNT TO THE UNINSURED EQUAL TO THE AVERAGE DISCOUNT OF OUR LARGEST (BY VOLUME) NON-GOVERNMENTAL PAYOR

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

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

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) PAYNESVILLE SCHOOLS 795 W BUSINESS HIGHWAY 23 PAYNESVILLE,MN 56365	41-6004060		5,000				SUPPORT OF THE LEAD THE WAY PROGRAM

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

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

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

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

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

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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
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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 4B	THE CORPORATIONS' EXECUTIVES ARE ELIGIBLE TO PARTICIPATE IN BENEFIT PLANS WHICH INCLUDE TAX DEFERRRED NON-QUALIFIED INVESTMENT ACCOUNTS THESE PLANS MAY PROVIDE, BUT ARE NOT CERTAIN TO PROVIDE, FOR PAYMENT OF TAX DEFERRED COMPENSATION TO THESE EXECUTIVES AT SOME TIME IN THE FUTURE THE EXECUTIVE HAS NO LEGAL RIGHT TO THESE DOLLARS UNTIL, AND UNLESS, CERTAIN FUTURE EVENTS OCCUR IN ACCORDANCE WITH THE INSTRUCTIONS TO THE FORM 990, THE AMOUNTS LISTED IN SECTION VII AND IN SCHEDULE J REFLECT THIS TAX DEFERRED COMPENSATION THIS COMPENSATION IS POTENTIALLY REPORTED TWICE ON THE FORM 990 ONCE WHEN THE COMPENSATION IS DEFERRED OR ACCRUED AND AGAIN IF IT IS PAID TO THE EXECUTIVE THE FOLLOWING INDIVIDUALS PARTICIPATED IN THE NON-QUALIFIED PLAN TERENCE R PLADSON - PAID $225,588, ACCRUED $215,925 GREGORY R KLUGHERZ - PAID $84,515, ACCRUED $98,076 PAUL R HARRIS - PAID $67,504, ACCRUED $42,880 GERRY G GILBERTSON - PAID $29,981, ACCRUED $31,077 DANIEL J SWENSON - PAID $14,312, ACCRUED $18,188 MARK J LARKIN - PAID $11,571, ACCRUED $20,137 DELANO CHRISTIANSON - PAID $0, ACCRUED $12,563 JAMES R DAVIS - PAID $45,254, ACCRUED $0
PART I, LINE 6	THE ORGANIZATION PROVIDES INCENTIVE COMPENSATION TO DESIGNATED INDIVIDUALS BASED ON FOUR DISCRETE AREAS A COMPARISON BETWEEN BUDGETED AND ACTUAL NET OPERATING INCOME FOR CENTRACARE CLINIC OR CENTRACARE HEALTH SYSTEM, ACHIEVEMENT OF IMPROVEMENT IN PATIENT SATISFACTION GOALS AS COMPARED TO NATIONAL AND BASELINE RANKINGS, ACHIEVEMENT OF IMPROVEMENT IN OVERALL EMPLOYEMENT ENGAGEMENT SCORES, AND ACHIEVEMENT OF UP TO THREE INDIVIDUAL GOALS WHICH ARE TIED TO THE CENTRACARE SYSTEM'S STRATEGIC PLAN THE INCENTIVE COMPENSATION PAID OUT IS NOT A PORTION OR PERCENTAGEOF ACTUAL NET EARNINGS OF ANY CENTRACARE HEALTH SYSTEM AFFILIATE, HOWEVER NET EARNINGS GOALS ARE REQUIRED TO BE MET BEFORE INCENTIVE COMPENSATION IS PAID

Additional Data

Software ID:
Software Version:
EIN: 41-1813221
Name: CENTRACARE 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				
TERENCE R PLADSON MD PRESIDENT/CEO	(I)	852,388	268,267	236,771	235,050	20,959	1,613,435	225,588
	(II)	0	0	0	0	0	0	0
THOMAS W LEITHER MD DIRECTOR & NEPHROLOGIST	(I)	0	0	0	0	0	0	0
	(II)	350,424	55,202	5,342	19,002	22,128	452,098	0
ROBERT STOCKER MD DIRECTOR & OB/GYN	(I)	0	0	0	0	0	0	0
	(II)	445,755	90,360	635	19,125	3,295	559,170	0
GREGORY R KLUGHERZ TREASURER/CFO	(I)	0	0	0	0	0	0	0
	(II)	422,200	96,448	109,578	110,826	19,039	758,091	84,515
PAUL R HARRIS CORPORATE SECRETARY	(I)	300,778	63,000	70,388	52,913	33,817	520,896	67,504
	(II)	0	0	0	0	0	0	0
JAMES R DAVIS VICE PRESIDENT	(I)	284,429	48,737	53,429	12,764	20,148	419,507	45,254
	(II)	0	0	0	0	0	0	0
ERIC M LOHN REGIONAL CFO	(I)	84,493	18,463	58,225	10,285	4,372	175,838	0
	(II)	0	0	0	0	0	0	0
GERRY G GILBERTSON ADMINISTRATOR-MELROSE	(I)	167,944	40,332	49,952	41,761	8,722	308,711	29,981
	(II)	0	0	0	0	0	0	0
DANIEL J SWENSON ADMINISTRATOR-LONG PRAIRIE	(I)	182,093	42,165	16,214	28,825	23,623	292,920	14,312
	(II)	0	0	0	0	0	0	0
DELANO A CHRISTANSON ADMINISTRATOR - SAUK CENTRE	(I)	151,754	2,481	2,216	24,455	25,109	206,015	0
	(II)	0	0	0	0	0	0	0
MARY E WELLS ADMINISTRATOR - MONTICELLO	(I)	198,220	2,622	1,100	0	7,666	209,608	0
	(II)	0	0	0	0	0	0	0
JOSEPH D HELLIE VICE PRESIDENT	(I)	0	0	0	0	0	0	0
	(II)	161,975	6,711	6,933	12,292	23,771	211,682	0
JOSEPH M BLONSKI MD PHYSICIAN	(I)	271,276	8,062	8,033	18,967	21,626	327,964	0
	(II)	0	0	0	0	0	0	0
MARK J LARKIN VICE PRESIDENT OF DEVELOPMENT	(I)	219,072	51,326	13,779	39,434	29,074	352,685	11,571
	(II)	0	0	0	0	0	0	0
MARY V PHIPPS DIRECTOR	(I)	189,583	19,669	8,413	16,230	24,552	258,447	0
	(II)	0	0	0	0	0	0	0
KEVIN R SWITZER ASSOCIATE DIRECTOR	(I)	198,489	5,931	4,321	9,976	21,726	240,443	0
	(II)	0	0	0	0	0	0	0
JIMMIE L BROWNING ASSOCIATE DIRECTOR	(I)	200,835	5,281	792	0	1,068	207,976	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

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	THE CITY OF ST CLOUD	41-6005515	78916VBB5	08-10-2009	201,078,369	HEALTH CARE REVENUE BONDS 2008D		X		X		X
B	THE CITY OF ST CLOUD	41-6005515	78916VBX7	02-03-2010	187,558,690	HEALTH CARE REVENUE BONDS 2010AB		X		X		X
C	THE CITY OF ST CLOUD	41-6005515		12-28-2011	10,000,000	HEALTH CARE REVENUE BONDS 2011A		X		X		X
D	THE CITY OF ST CLOUD	41-6005515		12-28-2011	31,445,000	HEALTH CARE REVENUE BONDS 2011B		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	73,000,000			
2	Amount of bonds legally defeased				
3	Total proceeds of issue	201,078,369	187,558,690	10,000,000	31,445,000
4	Gross proceeds in reserve funds	1,408,277	11,776,763		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,954,596	2,076,662	150,000	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds	192,377,062			
10	Capital expenditures from proceeds			8,916,874	
11	Other spent proceeds				31,445,000
12	Other unspent proceeds			933,126	
13	Year of substantial completion	2013	2010	2012	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		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?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X		X		X		X	
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X		X		X		X	
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		1 500 %		0 690 %	
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 ▶	1 000 %		2 110 %		0 %		0 %	
6	Total of lines 4 and 5	1 000 %		2 110 %		1 500 %		0 690 %	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X		X	

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		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		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 THE CITY OF ST CLOUD DATE THE REBATE COMPUTATION WAS PERFORMED 07/08/2014 ISSUER NAME THE CITY OF ST CLOUD DATE THE REBATE COMPUTATION WAS PERFORMED 06/20/2014

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

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	THE CITY OF ST CLOUD	41-6005515		09-19-2012	64,885,000	HEALTH CARE REVENUE BONDS 2012		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds legally defeased				
3	Total proceeds of issue	64,885,000			
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	3,500			
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion	2013			

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	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						
2	Are there any lease arrangements that may result in private business use of bond-financed property?	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						
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?								
c	Are there any research agreements that may result in private business use of bond-financed property?	X							
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X							
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 %						
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 ▶		0 400 %						
6	Total of lines 4 and 5		0 400 %						
7	Does the bond issue meet the private security or payment test?		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						
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
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							

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X						
b	Exception to rebate?	X							
c	No rebate due?		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							
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

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						
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X						
7	Has the organization established written procedures to monitor the requirements of section 148?	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							

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

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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
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

Part I Types 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 ▶ (NET ASSET CON)	X	1	13,730,043	FMV
26	Other ▶(_____)				
27	Other ▶(_____)				
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 . . . 29

			Yes	No
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		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		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?	32a		No
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			

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

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (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
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART III, LINE 2	
FORM 990, PART VI, SECTION B, LINE 11	ANNUALLY AT THE BOARD'S APRIL MEETING, PRIOR TO FILING WITH THE IRS, THE FULL BOARD HAS AN OPPORTUNITY TO REVIEW THE IRS FORM 990 WITH THE STAFF, TO ASK QUESTIONS AND SEEK CLARIFICATIONS, AND TO APPROVE THE FINAL DOCUMENT
FORM 990, PART VI, SECTION B, LINE 12C	THE BOARD MEMBERS ARE REQUIRED TO REVIEW AND SIGN A CONFLICT OF INTEREST QUESTIONNAIRE TWICE A YEAR ALL STAFF SIGN CONFLICTS OF INTEREST FORMS ON AN ANNUAL BASIS THE QUESTIONNAIRES ARE REVIEWED BY THE CORPORATE COMPLIANCE OFFICER AS WELL AS THE CORPORATE COMPLIANCE GROUP (A COMPLIANCE COMMITTEE WHICH INCLUDES INTERNAL MEMBERS AND OUTSIDE COUNSEL) THE RESPONSES TO THE QUESTIONNAIRES ARE THEN REVIEWED WITH THE EXECUTIVE COMMITTEE OF THE BOARD THE CORPORATE COMPLIANCE OFFICER IS RESPONSIBLE FOR MONITORING CONFLICTS OF INTERESTS RELATED TO BOARD AND STAFF AND TO ALERT AFFECTED PARTIES WHEN A CONFLICT ARISES WHEN AN ACTUAL CONFLICT ARISES, THE AFFECTED PARTY IS ASKED TO RECUSE HIM/HER SELF FROM THE DECISION MAKING PROCESS THE CORPORATE COMPLIANCE OFFICER ATTENDS BOARD MEETINGS AND SPECIFIED BOARD COMMITTEE MEETINGS WHERE CONFLICT ISSUES MAY ARISE
FORM 990, PART VI, SECTION B, LINE 15	THE COMPENSATION AND BENEFITS OF THE PRESIDENT AND THE VICE PRESIDENTS (NON-MEDICAL PROVIDERS) ARE SUBJECT TO FULL COMPENSATION AND BENEFITS COMPARABILITY STUDIES CONDUCTED BIENNIALLY BY A THIRD PARTY INDEPENDENT COMPENSATION CONSULTANT HOWEVER, THE COMPENSATION PORTION OF THE STUDY IS REVIEWED ANNUALLY BY THE CONSULTANT AND UPDATED FOR COMPENSATION COMMITTEE AND BOARD OF DIRECTORS REVIEW AND APPROVAL
FORM 990, PART VI, SECTION C, LINE 19	GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY, AND FINANCIAL STATEMENTS ARE NOT REQUIRED BY LAW TO BE MADE AVAILABLE TO THE PUBLIC AND CENTRACARE HEALTH SYSTEM DOES NOT MAKE THEM AVAILABLE
FORM 990, PART IX, LINE 11G	MISCELLANEOUS PROGRAM SERVICE EXPENSES 7,538,003 MANAGEMENT AND GENERAL EXPENSES 358,880 FUNDRAISING EXPENSES 7,211 TOTAL EXPENSES 7,904,094 CONTRACTED SERVICES/PURCH SVCS PROGRAM SERVICE EXPENSES 9,890,741 MANAGEMENT AND GENERAL EXPENSES 1,134,662 FUNDRAISING EXPENSES 240,314 TOTAL EXPENSES 11,265,717
FORM 990, PART XI, LINE 9	PENSION PLAN ADJUSTMENT -4,976 NET EQUITY TRANSFERS BTWN RELATED ORGS 10,162,028 OTHER CHANGES 204,316 DISTRIBUTIONS -1,000,000 NON-CONTROLLING INTEREST IN MONTICELLO CANCER CENTER 1,692,635
FORM 990, PART I, LINE 6 - TOTAL NUMBER OF VOLUNTEERS	CENTRACARE HEALTH SYSTEM HAD 349 VOLUNTEERS IN FY14 THAT DONATED A TOTAL OF APPROXIMATELY 12,027 HOURS TO VARIOUS DEPARTMENTS 119 OF THE VOLUNTEERS DONATED APPROXIMATELY 6,027 HOURS TO MONTICELLO HOSPITAL AND 230 VOLUNTEERS DONATED APPROXIMATELY 6,000 HOURS TO PAYNESVILLE HOSPITAL
FORM 990, PAGE 1, LINE 11 "OTHER REVENUE"	THE AMOUNT REPORTED ON LINE 11 OF PAGE 1, "OTHER REVENUE" IS $733,069 FOR THE CURRENT YEAR AND $2,543,184 FOR THE PRIOR YEAR THE REASON FOR THE DIFFERENCE IS DUE TO A CHANGE IN REPORTING PRESENTATION THE HEALTH INFO TECH INCENTIVE INCOME INCLUDED IN "ALL OTHER PROGRAM SERVICE REVENUE" ON LINE 2G OF THE STATEMENT OF REVENUE WAS REPORTED ON LINE 11 AS MISCELLANEOUS INCOME ON THE 2012 (FY13) FORM 990 THE INCOME OF THESE ACTIVITIES RELATES TO THE MISSION OF THE ORGANIZATION AND IS THE REASON FOR THE CHANGE IN PRESENTATION

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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
CENTRACARE HEALTH SYSTEM

Employer identification number
41-1813221

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) CENTRACARE SURGERY CENTER LLC 1406 6TH AVE N ST CLOUD, MN 56303 61-1514974	SURGICAL CENTER	MN	5,599,175	3,036,396	CENTRACARE HEALTH SYSTEM
(2) CENTRACARE HEALTH - MONTICELLO 1013 HART BLVD MONTICELLO, MN 55362 46-1584944	HEALTHCARE	MN	64,702,555	63,412,530	CENTRACARE HEALTH SYSTEM
(3) CENTRACARE HEALTH - PAYNESVILLE 200 WEST FIRST STREET PAYNESVILLE, MN 56362 43-3298651	HEALTHCARE	MN	41,302,289	31,848,291	CENTRACARE 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	(g) No
(1) ST CLOUD HOSPITAL 1406 6TH AVE N ST CLOUD, MN 56303 41-0695596	ACUTE/LT CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(2) CENTRACARE HEALTH-MELROSE 11 NORTH 5TH AVE WEST MELROSE, MN 56352 41-1865315	ACUTE/LT CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(3) CENTRACARE HEALTH-LONG PRAIRIE 20 SE 9TH STREET LONG PRAIRIE, MN 56347 41-1924645	ACUTE/LT CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(4) CENTRACARE HEALTH-SAUK CENTRE 425 ELM STREET NORTH SAUK CENTRE, MN 56378 45-2438973	ACUTE CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(5) CENTRAL MINNESOTA EMERGENCY PHYSICIANS 1406 6TH AVE N ST CLOUD, MN 56303 41-1708142	EMERGENCY PHYSICIANS	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(6) CENTRACARE CLINIC 1200 6TH AVE NORTH ST CLOUD, MN 56303 41-1806657	MULTI-SPECIALTY	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(7) CENTRACARE HEALTH FOUNDATION 1406 6TH AVE N ST CLOUD, MN 56303 41-1855173	FUNDRAISING	MN	501(C)(3)	LINE 7	CENTRACARE HEALTH SYSTEM	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) MONTICELLO CANCER CENTER 1001 HART BLVD STE 50 MONTICELLO, MN 55362 26-1909519	RADIATION & ONCOLOGY SERVICES	MN	CENTRACARE HEALTH SYSTEM - MONTICELLO	RELATED	11,470,796	6,609,919		No		Yes		60 000 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity? Yes	(i) No
(1) CENTRACARE PHARMACY SERVICES INC 1406 6TH AVE N ST CLOUD, MN 56303 41-1620618	RETAIL PHARMACY	MN	CENTRACARE HEALTH SYSTEM	C	2,411,073	3,658,154	100 000 %	Yes	

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 41-1813221
Name: CENTRACARE HEALTH SYSTEM

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

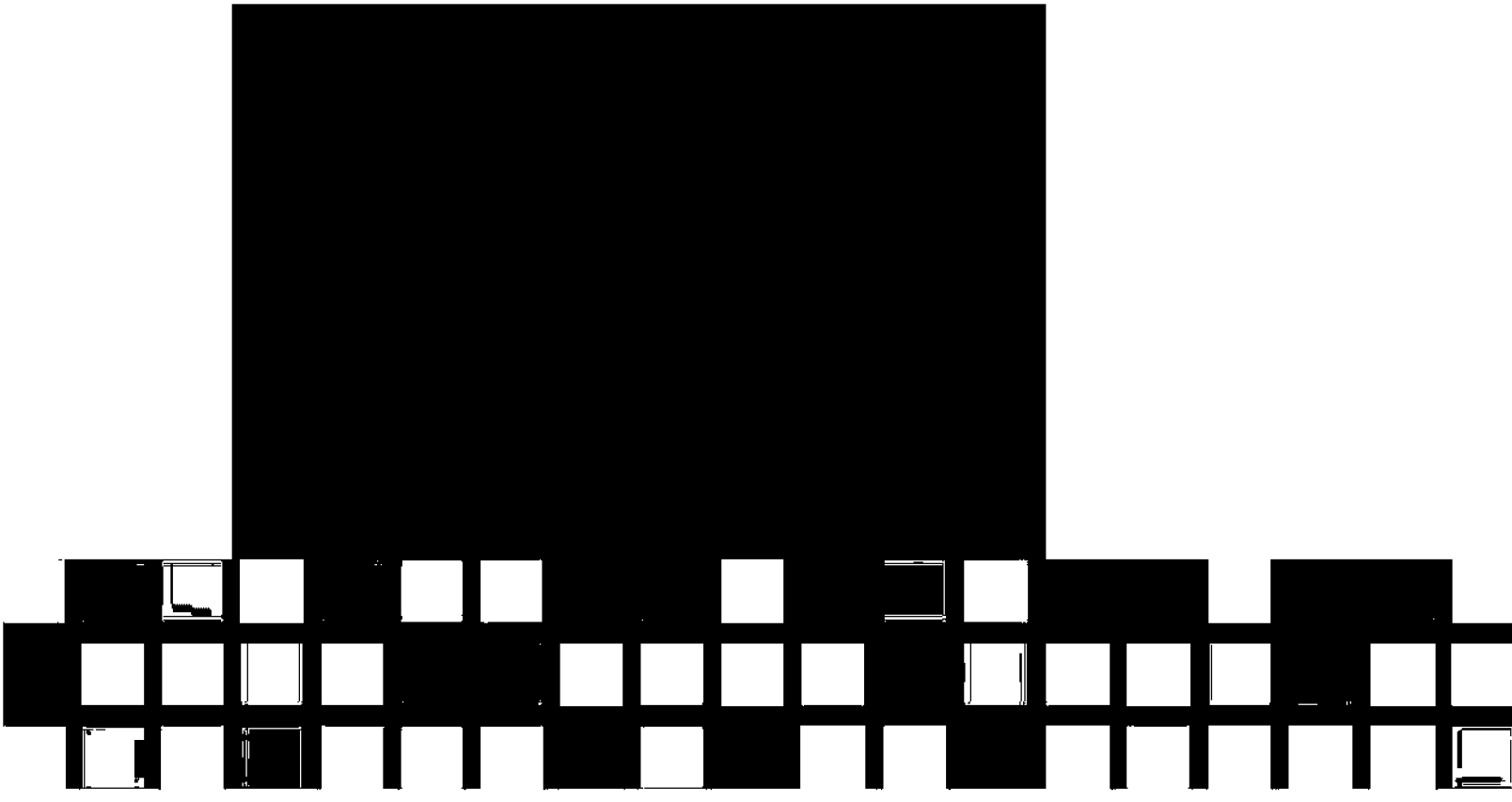
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) ST CLOUD HOSPITAL 1406 6TH AVE N ST CLOUD, MN 56303 41-0695596	ACUTE/LT CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(1) CENTRACARE HEALTH-MELROSE 11 NORTH 5TH AVE WEST MELROSE, MN 56352 41-1865315	ACUTE/LT CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(2) CENTRACARE HEALTH-LONG PRAIRIE 20 SE 9TH STREET LONG PRAIRIE, MN 56347 41-1924645	ACUTE/LT CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(3) CENTRACARE HEALTH-SAUK CENTRE 425 ELM STREET NORTH SAUK CENTRE, MN 56378 45-2438973	ACUTE CARE	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(4) CENTRAL MINNESOTA EMERGENCY PHYSICIANS 1406 6TH AVE N ST CLOUD, MN 56303 41-1708142	EMERGENCY PHYSICIANS	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(5) CENTRACARE CLINIC 1200 6TH AVE NORTH ST CLOUD, MN 56303 41-1806657	MULTI-SPECIALTY	MN	501(C)(3)	LINE 3	CENTRACARE HEALTH SYSTEM	Yes	
(6) CENTRACARE HEALTH FOUNDATION 1406 6TH AVE N ST CLOUD, MN 56303 41-1855173	FUNDRAISING	MN	501(C)(3)	LINE 7	CENTRACARE HEALTH SYSTEM	Yes	

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
CENTRACARE HEALTH SYSTEM - LONG PRAIRIE	A	137,381	ARMS LENGTH
CENTRACARE HEALTH SYSTEM - MELROSE	A	111,131	ARMS LENGTH
CENTRACARE PHARMACY SERVICES INC	A	122,118	ARMS LENGTH
CENTRACARE CLINIC	A	3,925,109	ARMS LENGTH
ST CLOUD HOSPITAL	A	16,162	ARMS LENGTH
ST CLOUD HOSPITAL	O	464,902	ARMS LENGTH
CENTRACARE CLINIC	O	450,347	ARMS LENGTH
CENTRACARE CLINIC	P	7,129,294	ARMS LENGTH
ST CLOUD HOSPITAL	P	1,532,580	ARMS LENGTH
ST CLOUD HOSPITAL	Q	40,116,817	ARMS LENGTH
CENTRACARE HEALTH SYSTEM - MELROSE	Q	287,284	ARMS LENGTH
CENTRACARE HEALTH SYSTEM - LONG PRAIRIE	Q	303,621	ARMS LENGTH
CENTRACARE HEALTH SYSTEM - SAUK CENTRE	Q	340,627	ARMS LENGTH
CENTRACARE CLINIC	Q	7,138,207	ARMS LENGTH
CENTRACARE FOUNDATION	Q	2,392,263	ARMS LENGTH
CENTRACARE CLINIC	R	12,080,123	ARMS LENGTH
CENTRACARE PHARMACY SERVICES INC	R	462,849	ARMS LENGTH
ST CLOUD HOSPITAL	S	21,070,000	ARMS LENGTH
CENTRACARE HEALTH SYSTEM - MELROSE	S	1,003,407	ARMS LENGTH
CENTRACARE HEALTH SYSTEM - LONG PRAIRIE	S	831,252	ARMS LENGTH
CENTRACARE HEALTH SYSTEM - MELROSE	D	1,947,912	ARMS LENGTH
CENTRACARE HEALTH SYSTEM - LONG PRAIRIE	D	2,384,274	ARMS LENGTH

CentraCare Health

Consolidated Financial Report
With Supplementary Information
With Independent Auditor's Reports Thereon
June 30, 2014 and 2013



McGladrey

Assurance ▪ Tax ▪ Consulting

Contents

McGladrey

Independent Auditor's Report

To the Board of Directors
CentraCare Health
St Cloud, Minnesota

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of CentraCare Health System (CentraCare), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, 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 accounting principles generally accepted in the United States of America, this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CentraCare as of June 30, 2014 and 2013, and the results of its operations and changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

McGladrey LLP

Minneapolis, Minnesota
September 22, 2014

CentraCare Health

Consolidated Balance Sheets
June 30, 2014 and 2013

Assets	**2014**	2013
Current Assets		
Cash and cash equivalents	**$ 88,599,358**	$ 89,050,874
Accounts receivable		
Patients and residents, less allowance for uncollectible accounts of $19,264,000 in 2014 and $15,014,000 in 2013	**153,670,827**	142,478,937
Other receivables	**19,886,202**	14,841,354
Inventories	**13,846,893**	13,218,656
Prepaid expenses and other	**9,468,251**	8,901,306
Third-party payor settlements	**543,467**	876,692
Current portion of funds held by trustees under bond indentures	**54,330**	70,884
Total current assets	**286,069,328**	269,438,703
Assets Whose Use Is Limited		
Funds held by trustee under workers' compensation agreement	**3,120,720**	3,200,657
Funds held by trustee under bond indentures, net of current portion	**23,660,946**	24,781,547
Funds designated by Board for future property and equipment replacement and expansion	**502,879,708**	416,197,629
Total assets whose use is limited	**529,661,374**	444,179,833
Property and Equipment, net	**610,832,498**	587,546,615
Deferred Debt Acquisition Costs, net	**5,016,966**	5,284,085
Interest Rate Swap Instruments	**228,743**	16,324
Other Assets	**18,913,917**	17,645,169
Total assets	**$ 1,450,722,826**	$ 1,324,110,729

See Notes to Consolidated Financial Statements

Liabilities and Net Assets	**2014**	2013
Current Liabilities		
Current maturities of long-term debt	**$ 12,281,719**	$ 13,231,747
Accounts payable	**37,565,853**	31,208,598
Third-party payor settlements	**6,718,993**	2,990,997
Accrued salaries and benefits	**89,877,724**	89,226,258
Accrued interest and other	**2,494,408**	2,509,258
Total current liabilities	**148,938,697**	139,166,858
Long-Term Liabilities		
Long-term debt	**413,091,152**	415,964,609
Interest rate swap instruments	**25,737,188**	27,736,770
Accrued pension liability	**27,570,736**	24,548,257
Other liabilities	**21,863,346**	21,688,728
Total long-term liabilities	**488,262,422**	489,938,364
Total liabilities	**637,201,119**	629,105,222
Commitments and Contingencies		
Net Assets		
Unrestricted	**798,620,910**	680,784,063
Unrestricted—noncontrolling interest	**3,732,294**	3,039,659
Temporarily restricted	**10,898,393**	10,911,675
Permanently restricted	**270,110**	270,110
Total net assets	**813,521,707**	695,005,507
Total liabilities and net assets	**$ 1,450,722,826**	$ 1,324,110,729

CentraCare Health

Consolidated Statements of Operations and Changes in Net Assets
Years Ended June 30, 2014 and 2013

	2014	2013
Revenue		
Patient and resident service revenue, net of contractual adjustments	**$ 1,034,360,500**	$ 912,958,701
Provision for bad debts	**(20,453,979)**	(17,304,538)
Net patient and resident service revenue	**1,013,906,521**	895,654,163
Other operating revenue	**38,240,244**	42,494,271
Total revenue	**1,052,146,765**	938,148,434
Expenses		
Salaries and employee benefits	**624,366,550**	560,640,146
Supplies and other	**315,852,218**	271,134,274
Interest	**15,527,147**	14,778,840
Depreciation and amortization	**52,153,230**	44,458,049
Total expenses	**1,007,899,145**	891,011,309
Operating income	**44,247,620**	47,137,125
Nonoperating gains (losses)		
Investment income and gains, net	**65,486,581**	39,223,342
Gain (loss) on interest rate swaps, net	**(5,197,415)**	19,777,403
Contributed net assets of affiliations	**13,730,043**	44,626,143
Loss on debt refinancing	**-**	(1,866,670)
Other gains (losses), net	**(2,268,068)**	154,668
Total nonoperating gains, net	**71,751,141**	101,914,886
Revenue and gains in excess of expenses	**115,998,761**	149,052,011
Less revenues in excess of expenses attributable to noncontrolling interest	**(1,692,635)**	(3,039,659)
Revenue and gains in excess of expenses attributable to CentraCare	**114,306,126**	146,012,352
Other changes in unrestricted net assets		
Net assets released from restrictions	**4,040,983**	3,796,102
Adjustment to the funded status of the pension plan	**(850,278)**	11,661,154
Other changes in unrestricted net assets, net	**340,016**	(265,467)
Increase in unrestricted net assets	**117,836,847**	161,204,141
Temporarily restricted net assets		
Contributions	**4,027,701**	2,692,928
Net assets released from restrictions	**(4,040,983)**	(3,796,102)
Decrease in temporarily restricted net assets	**(13,282)**	(1,103,174)
Increase in net assets	**117,823,565**	160,100,967
Net assets at beginning of year, CentraCare	**691,965,848**	531,864,881
Net assets at end of year, CentraCare	**$ 809,789,413**	$ 691,965,848

See Notes to Consolidated Financial Statements

CentraCare Health

Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities		
Increase in net assets	**$ 117,823,565**	$ 160,100,967
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**52,153,230**	44,458,049
Provision for bad debts	**20,453,979**	17,304,538
Contributed net assets of affiliations	**(13,730,043)**	(41,614,261)
Adjustment to the funded status of the pension plan	**850,278**	(11,661,154)
Loss on debt refinancing	**-**	1,866,670
Change in fair value of interest rate swaps, net	**(1,322,001)**	(26,073,834)
Gain from disposition of property and equipment	**(97,773)**	(1,871,168)
Restricted contributions	**(3,753,215)**	(2,692,928)
Changes in assets and liabilities		
Accounts receivable from patients and residents	**(26,822,671)**	(43,331,654)
Other current assets	**(4,155,283)**	(8,560,589)
Assets whose use is limited, including net realized and unrealized gains and losses	**(77,956,451)**	(37,542,988)
Accounts payable and other current liabilities	**7,523,825**	(1,413,307)
Other long-term assets and liabilities	**415,671**	44,675,808
Net cash provided by operating activities	**71,383,111**	93,644,149
Cash Flows From Investing Activities		
Purchases of property and equipment, net	**(65,909,035)**	(73,439,577)
Net cash from affiliations	**1,061,483**	14,632,680
Net cash used in investing activities	**(64,847,552)**	(58,806,897)
Cash Flows From Financing Activities		
Proceeds from long-term debt and lease transactions	**752,187**	67,061,514
Payments on defeasance of long-term debt	**-**	(70,000,000)
Debt issuance costs	**(3,000)**	(134,750)
Principal payments on long-term debt and capital leases	**(11,489,477)**	(9,287,631)
Restricted contributions	**3,753,215**	2,692,928
Net cash used in financing activities	**(6,987,075)**	(9,667,939)
Net increase (decrease) in cash and cash equivalents	**(451,516)**	25,169,313
Cash and Cash Equivalents at Beginning of Year	**89,050,874**	63,881,561
Cash and Cash Equivalents at End of Year	**$ 88,599,358**	$ 89,050,874
Supplemental Disclosures of Cash Flow Information		
Interest paid on long-term debt, leases and swap instruments	**$ 23,116,988**	$ 21,485,551
Net assets acquired		
Fair value of assets acquired	**$ 25,511,915**	$ 82,032,809
Fair value of liabilities assumed	**(11,781,872)**	(37,406,666)
Less cash acquired	**(1,061,483)**	(14,632,680)
Net assets received through affiliations, net of cash acquired	**$ 12,668,560**	$ 29,993,463

See Notes to Consolidated Financial Statements

Note 1. Organization and Basis of Presentation

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

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

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

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

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

Effective October 1, 2013, CCH—Paynesville, a Minnesota Limited Liability Company, executed a lease and affiliation agreement with Paynesville Area Hospital District to lease Paynesville Area Health Care System and its related operations in Paynesville, Minnesota See Note 11, Affiliations, for further discussion

CentraCare, the Corporation, the Clinic, CCHS—Melrose, CCHS—Long Prairie, CCHS—Sauk Centre, and the Foundation have been determined to qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code CCH—Monticello and CCH—Paynesville, as disregarded LLCs under Internal Revenue Service regulations, achieve tax-exempt treatment based on the exempt status of its parent, CentraCare Health System At June 30, 2014 and 2013, there were no uncertain tax positions

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

Note 2. Summary of Significant Accounting Policies

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

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

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

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

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

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

CentraCare invests in alternative investment funds (the funds) that hold interests in real estate and diversified hedge funds Investments in alternative funds are stated at fair value using the practical expedient based on net asset values as reported in the funds' audited financial statements, adjusted by management for additional investments, distributions received, and unaudited interim market performance since the fund audit date, as provided by the fund CentraCare classifies these funds as trading investments

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

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

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

Derivative transactions contain credit risk in the event the parties are unable to meet the terms of the contract, which is generally limited to the fair value due from counterparties on outstanding contracts At June 30, 2014 and 2013, CentraCare's swap counterparties had a Standard & Poor's credit rating of A or above

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

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

Capitalized interest: Interest cost incurred on borrowings designated for construction purposes, net of interest earned on such borrowed funds, is capitalized over the duration of the related construction projects Imputed interest cost incurred on construction financed through internally generated funds or other borrowings is capitalized over the duration of the related construction projects For the years ended June 30, 2014 and 2013, CentraCare capitalized interest totaling $370,000 and $495,000, respectively

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

Noncontrolling interest: CCH—Monticello has controlling interest in an operating entity An unrelated entity owns a noncontrolling interest CentraCare consolidates the activities of the operating entity, and the noncontrolling interest portion is recorded in unrestricted net assets

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

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

Note 2. Summary of Significant Accounting Policies (Continued)

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

CentraCare has received pledge contributions from various corporations, foundations and individuals Pledge receivables, net of allowances, of $8,632,000 and $8,959,000 are included in other receivables (current portion) and other assets at June 30, 2014 and 2013, respectively All pledges are expected to be collected within five years

Net patient and resident service revenue: Revenues are recorded when services have been performed Net patient and resident service revenue consists of gross charges for patient services less deductions (contractual adjustments) on services provided to enrollees of Medicare, Medicaid, Blue Cross and other third-party payor programs Contractual adjustments arising from various reimbursement arrangements with third-party payors are recognized on an estimated basis in the period in which the services are rendered Certain reimbursement arrangements are subject to retroactive audit and adjustment Differences between amounts originally recorded and finally settled are included in operations in the year in which the differences are known Adjustments to revenue related to prior periods decreased net patient and resident service revenue by approximately $1,116,000 for the year ended June 30, 2014, and increased net patient and resident service revenue by approximately $1,980,000 for the year ended June 30, 2013, which represented 0 1 percent and 0 2 percent, respectively, of patient and resident service revenue

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

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

The cost of charity care provided was approximately $7,205,000 and $7,043,000 for the years ended June 30, 2014 and 2013, respectively The cost of providing charity care is estimated by applying an overall cost-to-charge ratio to the charity charges incurred The cost-to-charge ratio is calculated based on total operating expenses less adjustments, as defined by the Internal Revenue Service in the instructions for Form 990—Schedule H

Note 2. Summary of Significant Accounting Policies (Continued)

Other operating revenue: Other operating revenue includes reimbursement of license fees and other expenses related to other organizations' use of CentraCare's electronic medical records system, food sales to employees and visitors, pharmacy and ancillary sales, and grant revenue Other revenue includes $5,861,000 and $7,673,000 earned from the electronic health record incentive programs (Medicare and Medicaid) for the years ended June 30, 2014 and 2013, respectively Income from incentive payments is subject to retrospective adjustments, as the incentive payments are calculated using data that is subject to audit Additionally, CentraCare's compliance with the meaningful use criteria is subject to audit

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

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

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

New accounting standards: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No 2014-09, *Revenue from Contracts with Customers,* which converged and replaced existing revenue recognition guidance, including industry-specific guidance This ASU requires revenue to be recognized in an amount that reflects the consideration the entity expects to be entitled to in an exchange of goods or services The update is effective July 1, 2017, for CentraCare CentraCare is currently assessing the impact of ASU No 2014-09 on its consolidated financial statements

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

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

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

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

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

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

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term CentraCare believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing that would have a material effect on its consolidated financial statements

As a service to the patient, CentraCare bills third-party payors directly and bills the patient when the patient's liability is determined Accounts receivable are reduced by an allowance for uncollectible accounts CentraCare's allowance for uncollectible accounts was 12 5 percent and 10 5 percent of accounts receivable at June 30, 2014 and 2013, respectively The increase in the allowance for uncollectible accounts as a percentage of accounts receivable was the result of variation in the timing of write-offs of patient accounts and the composition of accounts receivable at year-end In addition, CentraCare's write-offs were $9,464,000 and $14,229,000 for the years ended June 30, 2014 and 2013, respectively

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

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

	2014	2013
Gross patient and resident service charges	$ 2,258,487,122	$ 1,977,504,366
Allowances for contractual adjustments	(1,224,126,622)	(1,064,545,665)
Patient and resident service revenue, net of contractual adjustments	1,034,360,500	912,958,701
Provision for bad debts	(20,453,979)	(17,304,538)
Net patient and resident service revenue	$ 1,013,906,521	$ 895,654,163

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

	2014	2013
Medicare	35%	36%
Medicaid	12%	11%
Blue Cross	22%	21%
Commercial insurance	22%	23%
Self-pay and other	9%	9%
	100%	100%

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

	2014	2013
Medicare	37%	33%
Medicaid	10%	11%
Blue Cross	15%	16%
Commercial insurance	18%	19%
Self-pay and other	20%	21%
	100%	100%

Note 4. Assets Whose Use Is Limited

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

	2014	2013
Cash and cash equivalents	$ 7,932,199	$ 4,267,562
Commercial paper	3,805,486	3,580,726
Certificates of deposit	1,633,715	1,534,000
U S Treasury debt securities	1,423,945	1,424,473
U S government agency debt securities	11,555,916	11,434,065
Corporate debt securities	3,686,756	4,433,080
Fixed-income mutual funds	115,918,238	75,188,695
Asset-backed securities	2,228	2,649
Equity mutual funds	296,210,192	290,228,252
Marketable equity securities	16,500	16,500
Hedge funds of funds and hedge funds	72,180,998	37,897,634
Real estate partnership	15,349,531	14,243,081
	$ 529,715,704	$ 444,250,717

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

	2014	2013
Interest and dividend income	$ 5,953,980	$ 8,260,546
Net realized gains	22,283,264	15,584,947
Net change in unrealized gains and losses	37,268,353	15,380,916
Investment income and gains, net	$ 65,505,597	$ 39,226,409
Other operating revenue	$ 19,016	$ 3,067
Nonoperating income and gains, net	65,486,581	39,223,342
Investment income and gains, net	$ 65,505,597	$ 39,226,409

Note 4. Assets Whose Use Is Limited (Continued)

The following tables disclose the fair value and redemption frequency for those assets whose fair value is estimated using the net asset value per share as of June 30, 2014 and 2013

	2014—Fair Value Estimated Using Net Asset Value Per Share			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedge funds of funds (A)	$ 26,479,027	$ -	Quarterly	95 days
Hedge fund of funds (B)	22,588,445	-	Semiannual*	95 days
Hedge fund (C)	23,113,526	-	Quarterly*	65 days
Real estate partnership (D)	15,349,531	-	Quarterly	60 days
	$ 87,530,529	$ -		

	2013—Fair Value Estimated Using Net Asset Value Per Share			
	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Hedge funds of funds (A)	$ 37,897,634	$ -	Quarterly	65 days
Real estate partnership (D)	14,243,081	-	Quarterly	60 days
	$ 52,140,715	$ -		

*Initial lock-up period is two years from initial subscription

(A) The objective of the funds is to seek to achieve an attractive risk-adjusted return with moderate directional market exposure over a full market cycle The funds utilize an absolute return strategy, including equity hedge, relative value, event-driven and tactical strategies

(B) The objective of the fund is to seek to achieve high risk-adjusted return by capitalizing on the prospects resulting from market dislocations by investing opportunistically The fund utilizes various strategies, including equity hedge, tactical/directional relative value, and event-driven

(C) The objective of the fund seeks to generate high total returns by investing in a diversified portfolio comprised of collateralized loan obligations and other structured credit investments backed primarily by bank loans

(D) The purpose of the fund is to actively manage a core portfolio of primarily equity real estate investments in the United States The fund's real return performance objective is to achieve at least a 5 percent real rate of return (inflation-adjusted return), before advisory fees, over any given three- to five-year period

Note 5. Fair Value Measurements

The Fair Value Measurements and Disclosures section of the *FASB Accounting Standards Codification* establishes a framework for measuring fair value The framework consists of a three-level valuation hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows

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

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

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

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

The following table presents the financial instruments carried at fair value as of June 30, 2014, by investment classification, analyzed by the fair value hierarchy

	2014			
	Level 1	Level 2	Level 3	Total
Assets				
Assets whose use is limited				
Cash and cash equivalents	$ 7,112,384	$ 819,815	$ -	$ 7,932,199
Commercial paper	-	3,805,486	-	3,805,486
Certificates of deposit	-	1,633,715	-	1,633,715
U S Treasury debt securities	1,423,945	-	-	1,423,945
U S government agency debt securities	-	11,555,916	-	11,555,916
Corporate debt securities	-	3,350,893	335,863	3,686,756
Fixed-income mutual funds	113,625,037	2,293,201	-	115,918,238
Asset-backed securities	-	-	2,228	2,228
Equity mutual funds	296,210,192	-	-	296,210,192
Equity securities	-	-	16,500	16,500
Hedge funds of funds and hedge funds	-	-	72,180,998	72,180,998
Real estate partnership	-	-	15,349,531	15,349,531
	418,371,558	23,459,026	87,885,120	529,715,704
Interest rate swap instruments	-	228,743	-	228,743
Total assets	$ 418,371,558	$ 23,687,769	$ 87,885,120	$ 529,944,447
Liabilities				
Interest rate swap instruments	$ -	$ 25,737,188	$ -	$ 25,737,188

Note 5. Fair Value Measurements (Continued)

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

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

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

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

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

Fair values for Level 2 liabilities are based primarily on a discounted cash flow method The valuations also reflect a credit spread adjustment to the London interbank offered rate (LIBOR) discount curve in order to reflect the credit value adjustment for "nonperformance" risk The credit spread adjustment is derived from other comparably rated entities' bonds priced in the market

Fair values for Level 3, which primarily consist of alternative investments, are based on the practical expedient being net asset value, based on the net asset value of the fund as provided for in the audited financial statements and other fund reporting, as adjusted by management, where appropriate

Note 5. Fair Value Measurements (Continued)

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

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

	Corporate Debt Securities	Asset-Backed Securities	Equity Securities	Hedge Funds of Funds	Real Estate Partnership
Fair value at June 30, 2012	$ 310,619	$ 2,463	$ 16,500	$ 35,198,404	$ 12,969,119
Purchases, sales and maturities, net	(97,166)	-	-	-	-
Realized gains included in revenues and gains in excess of expenses and losses	57,461	-	-	-	-
Unrealized gains included in revenues and gains in excess of expenses and losses	97,771	186	-	2,699,230	1,273,962
Fair value at June 30, 2013	368,685	2,649	16,500	37,897,634	14,243,081
Purchases, sales and maturities, net	(92,071)	(265)	-	32,474,000	-
Realized gains included in revenues and gains in excess of expenses and losses	52,329	-	-	380,057	287,112
Unrealized gains included in revenues and gains in excess of expenses and losses	6,920	(156)	-	1,429,307	819,338
Fair value at June 30, 2014	$ 335,863	$ 2,228	$ 16,500	$ 72,180,998	$ 15,349,531
Change in unrealized gains (losses) related to financial instruments held at June 30, 2013	$ 33,019	$ (500)	$ -	$ 2,699,230	$ 1,273,962
Change in unrealized gains (losses) related to financial instruments held at June 30, 2014	$ 30,486	$ (440)	$ -	$ 1,429,307	$ 819,338

At June 30, 2014 and 2013, the fair value of all financial instruments approximates carrying value, except for fixed-rate long-term debt, which had a fair value in excess of carrying value of approximately $20,230,000 and $14,766,000, respectively The fair value of fixed-rate debt is estimated based on quoted market prices for similar issues (excluding the impact of third-party credit enhancements on Series 2008D bonds) or by discounting expected cash flows at the rates currently offered to CentraCare for debt of similar remaining maturities, as advised by investment bankers

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

Note 6. Property and Equipment

Property and equipment at June 30 consisted of the following

	2014	2013
Land	$ 25,767,332	$ 24,281,064
Buildings	670,466,751	622,426,745
Equipment	347,262,418	348,680,664
Construction in progress	17,138,060	5,666,806
	1,060,634,561	1,001,055,279
Accumulated depreciation and amortization	(449,802,063)	(413,508,664)
	$ 610,832,498	$ 587,546,615

Depreciation expense was $52,778,351 and $44,596,484 for the years ended June 30, 2014 and 2013, respectively, which includes amortization expense of assets under capital leases

Assets recorded under capital leases at June 30, 2014 and 2013, totaled $6,474,850 and $4,159,203, respectively, net of accumulated amortization of $3,001,564 and $1,701,115 at June 30, 2014 and 2013, respectively

Note 7. Long-Term Debt

Long-term debt at June 30, 2014 and 2013, consisted of the following

	2014	2013
Obligated Group Debt		
Health Care Refunding Revenue Bonds, Series 2012, maturing through 2042, variable-rate interest at an average annual interest rate of 1 0% in 2014 and 2013	$ 64,885,000	$ 64,885,000
Health Care Revenue Bonds, Series 2011A, maturing through 2019, at an annual fixed interest rate of 2 1%	9,390,000	9,700,000
Health Care Refunding Revenue Bonds, Series 2011B, maturing through 2021, variable-rate interest at an average annual interest rate of 0 9% and 1 0% in 2014 and 2013, respectively	25,295,000	28,455,000
Health Care Revenue Bonds, Series 2010A, maturing through 2030, at annual fixed interest rates from 4 3% to 5 1% (net of unaccreted discount of $507,828 in 2014 and $540,412 in 2013)	146,572,172	147,874,588
Health Care Revenue Bonds, Series 2010B, maturing through 2020, at annual fixed interest rates from 3 5% to 5 0% (net of unamortized premium of $689,785 in 2014 and $813,329 in 2013)	16,144,785	19,503,329

Note 7. Long-Term Debt (Continued)

	2014	2013
Obligated Group Debt (Continued)		
Health Care Variable Rate Demand Revenue Bonds, Series 2009A, maturing through 2042, at an average annual interest rate of 0 1% in 2014 and 2013, and Health Care Revenue Bonds, Series 2008D, maturing through 2039, at annual fixed interest rates from 5 4% to 5 5% (net of unaccreted discount of $294,593 in 2014 and $305,177 in 2013)	128,130,083	128,119,499
Non-Obligated Group Debt		
Gross Revenue Health Care Facilities Bonds, Series 2003C and Series 2009A (CCH—Monticello), maturing through 2023, at annual interest rates from 2 75% to 6 2%	14,147,552	16,085,633
General Obligation Crossover Refunding Bonds, Series 2005C (CCHS—Sauk Centre), maturing through 2034, at annual interest rates from 4 6% to 5 0%	9,802,372	10,239,352
Revenue Notes, Series 2003 and Series 2004 (CCH—Paynesville), maturing through 2024, rate adjustment in 2017, based upon the average yield on the 7-year U S Treasury Security Constant Maturity, 3 5% in 2014	7,285,510	-
Capital leases, due through fiscal year 2019	3,720,397	4,333,955
	425,372,871	429,196,356
Current portion of long-term debt included in current liabilities (net of unamortized premium of $80,372 in 2014 and 2013)	(12,281,719)	(10,810,497)
Portion of debt subject to short-term remarketing arrangements included in current liabilities	-	(2,421,250)
	$ 413,091,152	$ 415,964,609

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

The non-Obligated Group debt is that related to non-Obligated Group members of which interest and principal payments are assumed through lease and affiliation agreements with those entities CentraCare has entered into a guarantee agreement on the existing lease agreement for CCHS—Sauk Centre and CCH—Paynesville These guarantees and respective values are limited to the payment of all rent and other sums payable under the terms of the lease CentraCare has made no payments under these guarantees, and expectation of future payment is deemed remote

Note 7. Long-Term Debt (Continued)

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

In connection with the Series 2009A Variable Rate Demand Revenue Bonds, CentraCare is supported by a letter of credit with an expiration date of August 2014 Under the terms of the agreement, the bank would acquire the outstanding amount of the Series 2009A Variable Rate Demand Revenue Bonds ($48,425,000 at June 30, 2014) if tendered by the investors and not remarketed by the remarketing agent In the event that the bank purchased bonds under the letter of credit, the bonds will become bank bonds payable in equal quarterly installments over a five-year amortization period Bank bonds can be retired at par at any time during the amortization period The letter of credit had an annual commitment fee rate of 0 85 percent and an annual remarketing agent fee of 0 08 percent for the years ended June 30, 2014 and 2013

In August 2014, CentraCare refunded the Series 2012 and Series 2009A bonds (Obligated Group bonds) and terminated the related letter of credit CentraCare also issued $15,000,000 of Health Care Revenue Bonds to finance a portion of construction of a senior home community and care unit facility CentraCare entered into a variable-rate direct purchase agreement with a financial institution for $128,310,000 that will expire on August 1, 2021

Additionally, in August 2014, CentraCare refunded the Series 2003C bonds (CCH—Monticello bonds) CentraCare entered into a fixed-rate term loan agreement with a financial institution for $5,380,000 that will expire on August 1, 2022

Aggregate maturities and sinking fund requirements of long-term debt, presented using the amortization of the refunded bonds entered into in August 2014, for each of the next five years are as follows

Years Ending June 30,	
2015	$ 12,284,008
2016	12,542,315
2017	12,673,494
2018	12,679,983
2019	13,055,313

Note 7. Long-Term Debt (Continued)

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

Note 8. Interest Rate Swap Instruments

The following is a summary of the outstanding positions under interest rate swap agreements at June 30, 2014

Instrument Type	Original Bond Series	Notional Amount	Maturity Date	Interest Rate Paid	Interest Rate Received
Interest rate swap	2008	$ 120,000,000	May 1, 2042	3 184%	68% of 1-month LIBOR
Interest rate swap	2008	80,000,000	May 3, 2039	3 710%	68% of 1-month LIBOR
Interest rate swap	2011B	25,295,000	October 1, 2023	3 659%	70% of 1-month LIBOR
Interest rate swap (Basis rate)	2010	75,000,000	May 1, 2030	SIFMA (Securities Industry and Financial Markets Association)	67% of 3-month LIBOR + 0 5461%
Interest rate swap (Basis rate)	2010	75,000,000	May 1, 2030	SIFMA	67% of 3-month LIBOR + 0 54%

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

Note 8. Interest Rate Swap Instruments (Continued)

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

	Consolidated Balance Sheet Location	2014	2013
Derivatives	Interest rate swap instruments—asset	$ 228,743	$ 16,324
Derivatives	Interest rate swap instruments—liability	(47,071,858)	(48,181,440)
Collateral posted for derivatives	Interest rate swap instruments—liability	21,334,670	20,444,670
		$ (25,508,445)	$ (27,720,446)

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

Derivatives Not Designated as Hedging Instruments	Location Within Consolidated Statement of Operations and Changes in Net Assets	Amount of (Loss) Gain on Derivatives Recognized in Revenue and Gains in Excess of Expenses and Losses, Years Ended June 30 2014	2013
Realized losses on derivatives	Gain (loss) on interest rate swaps, net	$ (6,519,416)	$ (6,296,431)
Unrealized gains on derivatives	Gain on interest rate swaps, net	1,322,001	26,073,834
		$ (5,197,415)	$ 19,777,403

CentraCare's derivative instruments include certain collateralization requirements based on the market value of these transactions The amount required for collateral is determined daily based on the current market value of the derivative instruments and compared to the predetermined collateral threshold The aggregate fair value of all derivative instruments at June 30, 2014 and 2013, is a liability position of $46,843,115 and $48,165,116, respectively CentraCare posted collateral of $21,334,670 and $20,444,670 at June 30, 2014 and 2013, respectively, which collateralizes CentraCare's liability positions on certain derivative instruments CentraCare offsets fair value amounts recognized for the derivative instruments and fair value amounts recognized for the right to reclaim cash collateral (a receivable) based on the terms of the master netting agreement with the counterparties

Note 9. Pension Plans

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

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

Note 9. Pension Plans (Continued)

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

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

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

	Asset Allocation Target	2014	2013
Equity securities	43%	44%	44%
Fixed-income securities	51%	49%	49%
Real estate partnerships	6%	7%	7%
Cash	0%	0%	0%
	100%	100%	100%

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

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

	2014	2013
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	$ 153,039,137	$ 158,141,191
Interest cost	6,791,601	6,036,593
Benefits paid	(8,082,992)	(4,697,327)
Actuarial gain (loss)	10,569,483	(6,441,320)
Projected benefit obligation at end of year	162,317,229	153,039,137
Change in plan assets		
Fair value of plan assets at beginning of year	128,011,349	122,942,742
Employer contributions	397,374	24,393
Actual gain on plan assets	14,296,275	11,485,534
Benefits paid	(8,082,992)	(6,441,320)
Fair value of assets of the plans at end of year	134,622,006	128,011,349
Funded status of the plans (underfunded)	$ (27,695,223)	$ (25,027,788)

The accumulated benefit obligation at June 30, 2014 and 2013, was $162,317,229 and $153,039,137, respectively

Note 9. Pension Plans (Continued)

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

	2014	2013
Actuarial (gain) loss	$ 5,392,699	$ (6,907,419)
Amortization of actuarial loss, net	(4,542,421)	(4,753,735)
Total	$ 850,278	$ (11,661,154)

At June 30, 2014 and 2013, actuarial losses of $51,831,942 and $50,981,664, respectively, which have not been recognized in the net periodic pension (benefit) cost, are included in unrestricted net assets

Actuarial losses (gains) included in unrestricted net assets and expected to be recognized in net periodic pension (benefit) cost during the year ending June 30, 2015, are $4,511,456 Unrecognized actuarial gains (losses) are amortized as a component of net periodic pension (benefit) cost, only if the gains (losses) exceed 10 percent of the greater of the projected benefit obligation or the market-related value of plan assets

Net periodic pension cost (benefit) consisted of the following for the years ended June 30

	2014	2013
Interest cost	$ 6,791,601	$ 6,036,593
Expected return on plan assets	(9,119,491)	(9,275,443)
Amortization of unrecognized net actuarial loss	4,542,421	4,753,735
Net periodic pension cost (benefit)	$ 2,214,531	$ 1,514,885

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

	2014	2013
Discount rate at beginning of year (used to determine net periodic benefit cost)	4 51%	3 91%
Discount rate at end of year (used to determine benefit plan obligation)	4 05%	4 51%
Expected long-term return on plan assets	7 80%	7 80%

The overall weighted-average return on plan assets is determined by applying management's judgment to the results of computer modeling, historical trends, and benchmarking data During the year ending June 30, 2015, CentraCare expects to make contributions to the plan of $39,000

Note 9. Pension Plans (Continued)

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

Years Ending June 30,	
2015	$ 7,021,000
2016	7,210,000
2017	7,877,000
2018	8,164,000
2019	8,459,000
2020–2024	45,713,000

The plan assets measured at fair value on a recurring basis were recorded using the fair value hierarchy at June 30, 2014, as follows

	2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 77,585	$ -	$ -	$ 77,585
Corporate debt securities	-	-	182,544	182,544
Fixed-income mutual funds	65,195,704	-	-	65,195,704
Asset-backed securities	-	-	1,197	1,197
Equity mutual funds	59,889,594	-	-	59,889,594
Real estate partnership	-	-	9,275,382	9,275,382
Total plan assets	$ 125,162,883	$ -	$ 9,459,123	$ 134,622,006

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

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

Fair value methodologies for Level 1, Level 2 and Level 3 investments are consistent with the inputs described in Note 5

Note 9. Pension Plans (Continued)

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

Fair value at June 30, 2012	$ 7,837,638
Actual gain on plan assets	764,258
Fair value at June 30, 2013	8,601,896
Actual gain on plan assets	673,486
Fair value at June 30, 2014	$ 9,275,382

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

CentraCare sponsors a defined contribution retirement plan that covers substantially all employees Contributions are based on a percentage of eligible employees' salaries In addition, CentraCare sponsors a defined contribution savings plan, whereby employees can contribute a portion of their salaries as savings Under this plan, CentraCare will match 50 percent of the initial 3 percent of contributions made by employees Total amounts expensed for all defined contribution plans were $25,395,286 and $23,135,834 for the years ended June 30, 2014 and 2013, respectively

Note 10. Commitments and Contingencies

At June 30, 2014, CentraCare had commitments of approximately $14,400,000 to complete projects relating to capital construction

CentraCare has operating leases for occupancy space and computer, medical, communications and other equipment Rental expense associated with the operating leases was $9,402,079 and $8,494,082 for the years ended June 30, 2014 and 2013, respectively

Future minimum lease payments on operating leases in effect on June 30, 2014, for each of the next five years are as follows

Years Ending June 30,	
2015	$ 7,084,318
2016	4,259,582
2017	2,943,810
2018	2,612,546
2019	2,352,550
	$ 19,252,806

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

Note 10. Commitments and Contingencies (Continued)

CentraCare is self-insured for employee health claims with stop-loss coverage above certain limits At June 30, 2014 and 2013, CentraCare had estimated a liability for claims incurred that have not yet been reported based on historical claims experience, which were $4,900,763 and $5,255,966, respectively These benefits are reported as salaries and employee benefits on the consolidated statements of operations and changes in net assets

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

Note 11. Affiliations

Effective October 1, 2013, CCH—Paynesville, a Minnesota Limited Liability Company, executed a 30-year lease and affiliation agreement with Paynesville Area Hospital District to lease Paynesville Area Health Care System and its related operations in Paynesville, Minnesota Effective December 1, 2012, CCHS—Sauk Centre executed a 25-year lease and affiliation agreement with the City of Sauk Centre to lease St Michael's Hospital and its related operations Effective April 1, 2013, CCH—Monticello, a Minnesota Limited Liability Company, executed a 30-year lease and affiliation agreement with Monticello-Big Lake Community Hospital District to lease New River Medical Center and its related operations in Monticello, Minnesota The affiliations further CentraCare's strategy to grow health care services and expand its regional network within these areas Under the terms of the affiliations, CentraCare now controls substantially all the assets, liabilities and operations of these facilities, and the employees (including employed physicians) became those of the respective subsidiaries In accordance with accounting standards, these transactions are accounted for as business acquisitions The operating results of CCHS—Sauk Centre, CCH—Monticello, and CCH—Paynesville have been included in the consolidated financial statements since the respective dates of affiliation

Following is a summary of the fair values of assets and liabilities reported at the time of affiliations

	CCH—Paynesville	CCH—Monticello & CCHS—Sauk Centre
Cash	$ 1,061,483	$ 14,632,680
Patient accounts receivable	4,823,198	13,611,741
Investments	7,491,982	3,297,921
Other assets, net	2,354,295	7,290,467
Land, buildings and equipment	10,052,180	43,200,000
Current liabilities	(3,890,677)	(3,234,319)
Working capital loan	-	(6,732,992)
Long-term liabilities	(8,162,418)	(27,439,355)
	13,730,043	44,626,143
Less noncontrolling interest	-	3,011,882
Total contributed net assets of affiliations	$ 13,730,043	$ 41,614,261

Note 11. Affiliations (Continued)

The following table presents financial information attributable to CCH—Paynesville since the affiliation date that is included in the consolidated financial statements for the period ended June 30, 2014

Total revenue	$ 27,219,736
Excess of revenue over expenses	489,687
Changes in unrestricted net assets	1,329,459
Changes in temporarily restricted net assets	-
Changes in permanently restricted net assets	-

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

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

The following table presents unaudited consolidated pro forma financial information for the years ended June 30, 2014 and 2013, as if the closing of the affiliations had occurred on July 1, 2012 and 2013, respectively

	2014	2013
Total revenue	$ 1,060,783,756	$ 1,029,790,829
Revenues and gains in excess of expenses	102,489,393	108,897,672
Changes in unrestricted net assets	104,327,479	124,335,944
Changes in temporarily restricted net assets	(13,910)	(939,677)
Changes in permanently restricted net assets	-	-

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

Note 12. Functional Expenses

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

	2014	2013
Health care services	$ 827,851,793	$ 768,631,861
General and administrative	180,047,352	122,379,448
	$ 1,007,899,145	$ 891,011,309

Note 13. Subsequent Events

CentraCare has evaluated events and transactions occurring subsequent to June 30, 2014, through September 22, 2014, the date of issuance of the consolidated financial statements. During this period, there were no events requiring recognition in the consolidated financial statements. Other than the items described in Note 7, there were no nonrecognized subsequent events requiring disclosures.

McGladrey

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
CentraCare Health
St Cloud, Minnesota

We have audited the consolidated financial statements of CentraCare Health System as of and for the years ended June 30, 2014 and 2013, and have issued our report thereon dated September 22, 2014, which contained an unmodified opinion on those consolidated financial statements Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole

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

McGladrey LLP

Minneapolis, Minnesota
September 22, 2014

CentraCare Health

Consolidating Balance Sheet
June 30, 2014

Assets	St Cloud Hospital	St Benedict's Senior Community	CentraCare Corporate	CCHS—Melrose	CCHS—Long Prairie	Eliminations	Total Obligated Group
Current Assets							
Cash and cash equivalents	$ 42,245,379	$ 3,296,848	$ 1,635,702	$ 4,241,377	$ 3,688,786	$ -	$ 55,108,092
Accounts receivable							
Patients and residents, net	98,861,798	2,379,069	1,063,957	3,760,898	3,807,141	-	109,872,863
Other receivables	3,062,013	328,253	1,341,406	110,964	69,336	(372,960)	4,539,012
Inventories	7,091,474	-	568,870	630,159	273,713	-	8,564,216
Prepaid expenses and other	6,596,962	195,129	498,591	324,246	175,897	-	7,790,825
Third-party payor settlements	-	-	-	43,250	453,150	-	496,400
Current portion of funds held by trustees under bond indentures	54,330	-	-	-	-	-	54,330
Total current assets	157,911,956	6,199,299	5,108,526	9,110,894	8,468,023	(372,960)	186,425,738
Assets Whose Use Is Limited							
Funds held by trustee under workers' compensation agreement	3,120,720	-	-	-	-	-	3,120,720
Funds held by trustee under bond indentures, net of current portion	8,942,506	-	12,131,135	-	-	-	21,073,641
Funds designated by Board for future property and equipment replacement and expansion	399,577,432	25,811,043	552,634	21,631,863	5,200,144	-	452,773,116
Total assets whose use is limited	411,640,658	25,811,043	12,683,769	21,631,863	5,200,144	-	476,967,477
Property and Equipment, net	459,845,516	24,386,446	43,611,285	16,689,518	7,478,917	-	552,011,682
Deferred Debt Acquisition Costs, net	4,431,024	90,793	285,410	-	-	-	4,807,227
Due From Affiliated Organizations	9,400,967	305,856	8,283,974	-	-	(12,518,235)	5,472,562
Interest Rate Swap Instruments	228,743	-	-	-	-	-	228,743
Other Assets	2,658,308	-	8,312,048	530,530	434,229	-	11,935,115
Total assets	$ 1,046,117,172	$ 56,793,437	$ 78,285,012	$ 47,962,805	$ 21,581,313	$ (12,891,195)	$ 1,237,848,544

(Continued)

CentraCare Clinic	CCH—Monticello	CCHS—Sauk Centre	CCH—Paynesville	Central MN Emergency Physicians	CentraCare Surgery Center, LLC	CentraCare Pharmacies	CentraCare Health Foundation	Eliminations	CentraCare Health
$ 11,625,072	$ 12,272,611	$ 5,064,599	$ 1,575,051	$ 620,157	$ 728,454	$ 653,357	$ 951,965	$ -	$ 88,599,358
12,928,676	11,552,943	4,088,306	13,297,016	1,340,261	590,762	-	-	-	153,670,827
7,869,069	176,635	38,292	276,508	545,597	-	983,676	10,888,644	(5,431,231)	19,886,202
1,213,602	1,169,489	249,853	535,304	-	403,276	1,711,153	-	-	13,846,893
546,265	443,753	65,185	418,504	162,091	25,202	16,426	-	-	9,468,251
-	-	47,067	-	-	-	-	-	-	543,467
-	-	-	-	-	-	-	-	-	54,330
34,182,684	25,615,431	9,553,302	16,102,383	2,668,106	1,747,694	3,364,612	11,840,609	(5,431,231)	286,069,328
-	-	-	-	-	-	-	-	-	3,120,720
-	2,587,305	-	-	-	-	-	-	-	23,660,946
-	3,009,918	4,196,716	4,857,987	-	-	-	38,041,971	-	502,879,708
-	5,597,223	4,196,716	4,857,987	-	-	-	38,041,971	-	529,661,374
3,559,004	30,801,950	12,682,756	10,342,679	-	1,288,702	30,085	115,640	-	610,832,498
-	183,551	-	26,188	-	-	-	-	-	5,016,966
-	-	-	-	-	-	-	-	(5,472,562)	-
-	-	-	-	-	-	-	-	-	228,743
3,595,717	1,214,375	559,859	519,054	100,000	-	263,457	1,109,440	(383,100)	18,913,917
$ 41,337,405	$ 63,412,530	$ 26,992,633	$ 31,848,291	$ 2,768,106	$ 3,036,396	$ 3,658,154	$ 51,107,660	$ (11,286,893)	$ 1,450,722,826

CentraCare Health

Consolidating Balance Sheet (Continued)
June 30, 2014

Liabilities and Net Assets	St Cloud Hospital	St Benedict's Senior Community	CentraCare Corporate	CCHS—Melrose	CCHS—Long Prairie	Eliminations	Total Obligated Group
Current Liabilities							
Current maturities of long-term debt	$ 8,462,887	$ 709,747	$ 547,894	$ 122,407	$ -	$ (237,620)	$ 9,605,315
Accounts payable	27,519,213	895,002	1,537,089	1,713,137	970,482	(1,591,136)	31,043,787
Third-party payor settlements	5,452,856	40,533	-	66,223	175,000	-	5,734,612
Accrued salaries and benefits	37,010,117	2,673,264	16,324,993	1,785,683	1,520,064	-	59,314,121
Accrued interest and other	2,158,688	38,247	-	-	-	(27,610)	2,169,325
Total current liabilities	80,603,761	4,356,793	18,409,976	3,687,450	2,665,546	(1,856,366)	107,867,160
Long-Term Liabilities							
Long-term debt	344,877,594	17,215,640	29,250,234	1,825,505	2,469,555	(11,384,829)	384,253,699
Interest rate swap instruments	25,467,845	269,343	-	-	-	-	25,737,188
Accrued pension liability	26,961,719	426,646	182,371	-	-	-	27,570,736
Other liabilities	4,862,454	20,100	3,839,022	1,208,137	113,336	-	10,043,049
Total long-term liabilities	402,169,612	17,931,729	33,271,627	3,033,642	2,582,891	(11,384,829)	447,604,672
Total liabilities	482,773,373	22,288,522	51,681,603	6,721,092	5,248,437	(13,241,195)	555,471,832
Net Assets							
Unrestricted	563,343,799	34,501,786	26,603,409	41,235,686	16,299,828	350,000	682,334,508
Unrestricted—noncontrolling interest		-	-	-	-	-	-
Temporarily restricted	-	3,129	-	6,027	33,048	-	42,204
Permanently restricted	-	-	-	-	-	-	-
Total net assets	563,343,799	34,504,915	26,603,409	41,241,713	16,332,876	350,000	682,376,712
Total liabilities and net assets	$ 1,046,117,172	$ 56,793,437	$ 78,285,012	$ 47,962,805	$ 21,581,313	$ (12,891,195)	$ 1,237,848,544

CentraCare Clinic	CCH— Monticello	CCHS— Sauk Centre	CCH— Paynesville	Central MN Emergency Physicians	CentraCare Surgery Center, LLC	CentraCare Pharmacies	CentraCare Health Foundation	Eliminations	CentraCare Health
$ -	$ 1,616,954	$ 305,000	$ 754,450	$ -	$ -	$ -	$ -	$ -	$ 12,281,719
2,578,247	2,025,002	1,277,164	7,539,241	64,868	429,265	461,252	2,897,504	(10,750,477)	37,565,853
-	683,266	107,165	193,950	-	-	-	-	-	6,718,993
22,628,392	3,136,325	1,317,790	1,559,889	1,510,408	110,542	300,257	-	-	89,877,724
-	57,404	246,424	21,255	-	-	-	-	-	2,494,408
25,206,639	7,518,951	3,253,543	10,068,785	1,575,276	539,807	761,509	2,897,504	(10,750,477)	148,938,697
-	12,628,316	9,678,077	6,531,060	-	-	153,316	-	(153,316)	413,091,152
-	-	-	-	-	-	-	-	-	25,737,188
-	-	-	-	-	-	-	-	-	27,570,736
2,466,683	1,640,358	6,798,762	188,944	150,000	-	-	575,550	-	21,863,346
2,466,683	14,268,674	16,476,839	6,720,004	150,000	-	153,316	575,550	(153,316)	488,262,422
27,673,322	21,787,625	19,730,382	16,788,789	1,725,276	539,807	914,825	3,473,054	(10,903,793)	637,201,119
13,664,083	37,892,611	6,976,143	15,059,502	1,042,830	2,496,589	2,743,329	36,289,671	121,644	798,620,910
-	3,732,294	-	-	-	-	-	-	-	3,732,294
-	-	286,108	-	-	-	-	11,074,825	(504,744)	10,898,393
-	-	-	-	-	-	-	270,110	-	270,110
13,664,083	41,624,905	7,262,251	15,059,502	1,042,830	2,496,589	2,743,329	47,634,606	(383,100)	813,521,707
$ 41,337,405	$ 63,412,530	$ 26,992,633	$ 31,848,291	$ 2,768,106	$ 3,036,396	$ 3,658,154	$ 51,107,660	$ (11,286,893)	$ 1,450,722,826

CentraCare Health

Consolidating Statement of Operations and Changes in Net Assets
Year Ended June 30, 2014

	St Cloud Hospital	St Benedict's Senior Community	CentraCare Corporate	CCHS—Melrose	CCHS—Long Prairie	Eliminations	Total Obligated Group
Revenue							
Patient and resident service revenue, net of contractual adjustments	$ 682,219,906	$ 26,848,019	$ 27,782,611	$ 26,846,822	$ 23,427,578	$ (16,180,767)	$ 770,944,169
Provision for bad debts	(11,298,477)	(150,594)	(66,935)	(508,171)	(778,825)	-	(12,803,002)
Net patient and resident service revenue	670,921,429	26,697,425	27,715,676	26,338,651	22,648,753	(16,180,767)	758,141,167
Other operating revenue	24,992,124	876,554	30,885,844	1,379,400	1,391,253	(26,001,835)	33,523,340
Total revenue	695,913,553	27,573,979	58,601,520	27,718,051	24,040,006	(42,182,602)	791,664,507
Expenses							
Salaries and employee benefits	353,821,420	16,677,603	27,224,709	15,300,893	14,587,434	(12,226,332)	415,385,727
Supplies and other	238,713,540	7,149,376	32,749,138	7,628,864	7,750,327	(29,956,270)	264,034,975
Interest	11,976,957	792,185	1,524,076	97,600	145,103	(576,013)	13,959,908
Depreciation and amortization	38,653,372	1,687,008	2,502,723	1,389,976	840,982	-	45,074,061
Total expenses	643,165,289	26,306,172	64,000,646	24,417,333	23,323,846	(42,758,615)	738,454,671
Operating income (loss)	52,748,264	1,267,807	(5,399,126)	3,300,718	716,160	576,013	53,209,836
Nonoperating gains (losses)							
Investment income and gains, net	53,416,923	3,316,116	726,190	2,820,759	714,580	(576,013)	60,418,555
Gain (loss) on interest rate swaps, net	(5,169,414)	(28,001)	-	-	-	-	(5,197,415)
Contributed net assets of affiliations	-	-	-	-	-	-	-
Other gains (losses), net	23,609	(607)	360	13,250	(15,986)	-	20,626
Total nonoperating gains (losses), net	48,271,118	3,287,508	726,550	2,834,009	698,594	(576,013)	55,241,766
Revenue and gains in excess of expenses	101,019,382	4,555,315	(4,672,576)	6,134,727	1,414,754	-	108,451,602
Less revenues in excess of expenses attributable to noncontrolling interest	-	-	-	-	-	-	-
Revenue and gains in excess of expenses attributable to CentraCare	101,019,382	4,555,315	(4,672,576)	6,134,727	1,414,754	-	108,451,602
Other changes in unrestricted net assets							
Net assets released from restrictions	-	5,091	-	-	-	-	5,091
Adjustments to the funded status of the pension plan	(880,064)	34,762	(4,976)	-	-	-	(850,278)
Net transfers (to) from affiliated organizations	(20,238,000)	(832,000)	9,322,256	(881,000)	(754,000)	-	(13,382,744)
Other changes in unrestricted net assets, net	3,649,732	570,173	204,316	128,076	136,727	-	4,689,024
Increase (decrease) in unrestricted net assets	83,551,050	4,333,341	4,849,020	5,381,803	797,481	-	98,912,695
Temporarily restricted net assets							
Contributions	-	3	-	-	5,792	-	5,795
Net assets released from restrictions	-	(5,091)	-	-	-	-	(5,091)
Increase (decrease) in temporarily restricted net assets	-	(5,088)	-	-	5,792	-	704
Increase (decrease) in net assets	83,551,050	4,328,253	4,849,020	5,381,803	803,273	-	98,913,399
Net assets at beginning of year, CentraCare	479,792,749	30,176,662	21,754,389	35,859,910	15,529,603	350,000	583,463,313
Net assets at end of year, CentraCare	$ 563,343,799	$ 34,504,915	$ 26,603,409	$ 41,241,713	$ 16,332,876	$ 350,000	$ 682,376,712

CentraCare Clinic	CCH—Monticello	CCHS—Sauk Centre	Nine Months Ended 6/30/14 CCH—Paynesville	Central MN Emergency Physicians	CentraCare Surgery Center, LLC	CentraCare Pharmacies	CentraCare Health Foundation	Eliminations	CentraCare Health
$ 134,114,717	$ 62,775,285	$ 27,371,328	$ 26,970,378	$ 11,660,346	$ 5,573,983	$ -	$ -	$ (5,049,706)	$ 1,034,360,500
(2,555,904)	(2,600,362)	(592,589)	(327,732)	(1,490,159)	(84,231)	-	-	-	(20,453,979)
131,558,813	60,174,923	26,778,739	26,642,646	10,170,187	5,489,752	-	-	(5,049,706)	1,013,906,521
20,042,201	1,602,134	1,587,460	577,090	950,226	872	2,411,073	-	(22,454,152)	38,240,244
151,601,014	61,777,057	28,366,199	27,219,736	11,120,413	5,490,624	2,411,073	-	(27,503,858)	1,052,146,765
125,615,879	32,598,644	15,686,758	16,545,006	10,072,869	2,623,557	2,697,247	-	3,140,863	624,366,550
40,267,064	23,699,474	8,340,284	8,725,760	1,007,683	2,510,949	493,870	-	(33,227,841)	315,852,218
-	731,660	637,880	197,740	-	-	9,592	-	(9,633)	15,527,147
878,887	3,565,141	885,040	1,286,321	-	442,029	21,751	-	-	52,153,230
166,761,830	60,594,919	25,549,962	26,754,827	11,080,552	5,576,535	3,222,460	-	(30,096,611)	1,007,899,145
(15,160,816)	1,182,138	2,816,237	464,909	39,861	(85,911)	(811,387)	-	2,592,753	44,247,620
77,829	112,915	207,553	26,564	138	-	-	4,652,660	(9,633)	65,486,581
-	-	-	-	-	-	-	-	-	(5,197,415)
-	-	-	13,730,043	-	-	-	-	-	13,730,043
-	212,221	19,811	(1,786)	-	24,320	292,867	(6,735,512)	3,899,385	(2,268,068)
77,829	325,136	227,364	13,754,821	138	24,320	292,867	(2,082,852)	3,889,752	71,751,141
(15,082,987)	1,507,274	3,043,601	14,219,730	39,999	(61,591)	(518,520)	(2,082,852)	6,482,505	115,998,761
-	1,692,635	-	-	-	-	-	-	-	1,692,635
(15,082,987)	(185,361)	3,043,601	14,219,730	39,999	(61,591)	(518,520)	(2,082,852)	6,482,505	114,306,126
-	-	-	-	-	-	-	6,487,610	(2,451,718)	4,040,983
-	-	-	-	-	-	-	-	-	(850,278)
12,080,123	-	-	839,772	-	-	462,849	-	-	-
-	-	(224,486)	-	-	-	-	101,610	(4,226,132)	340,016
(3,002,864)	(185,361)	2,819,115	15,059,502	39,999	(61,591)	(55,671)	4,506,368	(195,345)	117,836,847
-	-	286,108	-	-	-	-	5,992,171	(2,256,373)	4,027,701
-	-	-	-	-	-	-	(6,487,610)	2,451,718	(4,040,983)
-	-	286,108	-	-	-	-	(495,439)	195,345	(13,282)
(3,002,864)	(185,361)	3,105,223	15,059,502	39,999	(61,591)	(55,671)	4,010,929	-	117,823,565
16,666,947	38,077,972	4,157,028	-	1,002,831	2,558,180	2,799,000	43,623,677	(383,100)	691,965,848
$ 13,664,083	$ 37,892,611	$ 7,262,251	$ 15,059,502	$ 1,042,830	$ 2,496,589	$ 2,743,329	$ 47,634,606	$ (383,100)	$ 809,789,413

Additional Data

Software ID:
Software Version:
EIN: 41-1813221
Name: CENTRACARE HEALTH SYSTEM

Form 990, Sch A, Part I, Line 11h - Provide the following information about the supported organization(s).

(i) Name of Supported Organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section)	(iv) Is the organization in (i) listed in your governing document?		(v) Did you notify the organization in (i) of your support?		(vi) Is the organization in (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
(A) ST CLOUD HOSPITAL	410695596	501(C)(3)	Yes		Yes		Yes		85339151
(A) CENTRACARE CLINIC	411806657	501(C)(3)	Yes		Yes		Yes		21220438
(B) CENTRACARE HEALTH SYSTEM - MELROSE	411865315	501(C)(3)	Yes		Yes		Yes		3123891
(C) CENTRACARE HEALTH SYSTEM - LONG PRAIRIE	411924645	501(C)(3)	Yes		Yes		Yes		3020766
(D) CENTRAL MINNESOTA EMERGENCY PHYSICIANS	411708142	501(C)(3)	Yes		Yes		Yes		1575476
(E) CENTRACARE HEALTH FOUNDATION	411855173	501(C)(3)	Yes		Yes		Yes		286798
(F) CENTRACARE HEALTH SYSTEM - SAUK CENTRE	452438973	501(C)(3)	Yes		Yes		Yes		3276422